
NORTHERN IRELAND ASSEMBLY

Tuesday 29 September 2009

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

Members observed two minutes' silence.

MINISTERIAL STATEMENTS

Joint Ministerial Committee Plenary Meeting

Mr Deputy Speaker: I would like to inform Members that I have received notice from the Office of the First Minister and deputy First Minister that the First Minister wishes to make a statement regarding the Joint Ministerial Committee plenary meeting.

The First Minister (Mr P Robinson): I wish to make a statement on a meeting of the Joint Ministerial Committee (JMC) in plenary format, held in London on 16 September, which the deputy First Minister and I attended.

The meeting was chaired by the Rt Hon Jack Straw MP, Lord Chancellor and Secretary of State for Justice, on behalf of the Prime Minister. The Prime Minister joined us for the latter part of the meeting. The other participants were: the Rt Hon Alex Salmond MP MSP, the First Minister of Scotland; Michael Russell MSP, the Scottish Minister for Culture, External Affairs and the Constitution; the Rt Hon Rhodri Morgan AM, the First Minister for Wales; and Ieuan Wyn Jones AM, the deputy First Minister for Wales.

The Rt Hon Jim Murphy MP, the Rt Hon Peter Hain MP and the Rt Hon Shaun Woodward MP, the Secretaries of State for Scotland, Wales and Northern Ireland respectively, also participated.

The Rt Hon Liam Byrne MP, the Chief Secretary to the Treasury, attended for part of the meeting to lead a discussion on the economy, with Ian Pearson MP, the Economic Secretary, replacing him for the remainder of the meeting.

We discussed issues of common interest, most notably the economy and inter-Administration relations. We all committed ourselves to regular engagement between the Administrations and agreed the need to maintain and build on successful co-operation in

tackling the challenges of economic recovery and pandemic flu. We will continue to work together in decision-making regarding contingency planning.

The discussion on the economy re-emphasised the need for continued co-operation and the sharing of economic information.

It was agreed that co-operation between Her Majesty's Government and the devolved Administrations in tackling the recession and preparing for the economic recovery through the JMC and the economic summits in Wales and Scotland had worked well and would continue.

A number of issues relating to finance were raised, including further public sector capital acceleration; difficulties over bank lending, particularly for small and medium-sized enterprises; and funding to deal with swine flu. Those will be discussed further over the coming weeks and at the next meeting of the Finance Ministers' quadrilateral, which is scheduled to take place in December 2009.

In the discussion on the state of relations, the positive developments since the last plenary session, particularly in the development of a new subcommittee, JMC(D), to deal with domestic matters, was noted. The subcommittee has held two successful meetings to date and plans to meet again in the coming months.

Recent recommendations on inter-Administration relations emanating from independent reports on the workings of devolution were raised, and it was agreed that a more detailed discussion to agree any improvements should be held at the forthcoming JMC (Domestic) meeting. It was also noted that the Secretary of State for Scotland stated that HM Government would publish a formal response to the Calman Commission report before the end of 2009.

Rounding off the meeting, the Prime Minister opened a discussion on preparations for the G20 summit in Pittsburgh. He spoke of progress since April in implementing the London G20 conclusions and of the continuing need to ensure sustained international co-operation as the world economy moved to the next phase. Each of the devolved Administrations took the opportunity to reinforce the message about the severe budgetary pressures being faced. We also underlined the importance of banks beginning to lend again and of the central Government tempering any easing of fiscal stimuli in recognition that businesses need working capital to avail themselves of an economic upturn.

Mr Moutray: I thank the First Minister for his statement. Can he outline how he sees the Joint Ministerial Committee developing in a devolved United Kingdom?

The First Minister: Over the past years, the JMC has extended its remit quite considerably. From having

a JMC plenary, known as the JMC(P), we have developed a JMC(E), which deals with European matters. I think that the JMC plenary has met on two occasions; the JMC(E) has met on nine. We now have the JMC(D), which will look at domestic issues and is due to meet soon. The Calman Commission report recommends the establishment of a JMC(F) to deal with finance, and a JMC(O), in which officials would meet together. Mr Deputy Speaker, we still have another 21 or so letters in the alphabet to go through to add a few extra.

If we deal with the issues that we have, we have considerably extended inter-relations within the United Kingdom. It is a useful setting for us to consider matters of mutual interest. Each Administration will, of course, want to look at issues themselves; they will have their own take on events. However, there will be matters for which there can be mutual support and on which there can be agreement and a benefit in acting together; that is what the JMC in its various formats will do.

Mr McElduff: Go raibh maith agat, a LeasCheann Comhairle. Tá ceist agam don Chéad Aire. Can the First Minister speak a bit more clearly about the status, purpose and remit of the Joint Ministerial Committee? Where does it fit in the overall architecture of governance east-west and North/South? What is the specific role of the Joint Ministerial Committee? Who provides the secretariat and who is entitled to attend?

The First Minister: There are various formats. The Prime Minister, or someone deputed by the Prime Minister, will chair the plenary session of the JMC. On this occasion, it was chaired by Jack Straw, though the Prime Minister himself attended, which shows something of the status of the event.

The meetings are held in various places, but most of the meetings take place before a British-Irish meeting or at Westminster. The most recent meeting was held in London in the precincts of the Houses of Parliament. Each of the devolved Administrations sends a team along. In most cases, it will be the First Minister and deputy First Minister, but if there is business on the agenda which relates to a specific Department, it is possible and likely that the devolved Administration will bring the Minister who has that particular responsibility.

The JMC does not have a decision-making role; it cannot make decisions for the whole of the United Kingdom. However, if the three devolved Administrations put forward a powerful case, as we have done on a number of issues, it becomes difficult for the central Government to resist. In most of the issues that we raise, there is a considerable amount of common ground among the representatives from the devolved institutions, which gives us a platform from

which to persuade and influence Her Majesty's Government on key issues, and it allows us to have an input on matters to which the devolved institutions might not normally have an input, such as the G20 summit.

Mr McCallister: I welcome the First Minister's statement. A lot of issues that are of importance to a great many people in Northern Ireland, such as increased bank lending, were discussed at the meeting. The First Minister spoke about the pressures and the budgetary positions of the devolved Administrations. Did he get any agreement or reassurance from Her Majesty's Government about increased funding to deal with the swine flu pandemic?

The First Minister: That is an issue that, separately and collectively, we have raised with the Treasury and with the Prime Minister. The short answer is that it is still under discussion. However, I think that we all recognise that if there is a reserve contingency fund, it would be hard to think of any issue that would have a greater call on it than the likes of a pandemic. Therefore we think that there is a strong case for a call to be made to the reserve for assistance. Some health-related matters can be planned for, and some cannot. The Health Minister could plan to have injection needles or masks and gloves available, but he cannot plan to have a specific vaccine in place. Therefore there was a strong call for the Government to take responsibility for the cost of the vaccine.

Mrs D Kelly: I thank the First Minister for his statement and for the focus that was put on the economy. He said that issues of joint concern were discussed. One such issue is the impact of climate change and the working together of Administrations in looking at best practice in meeting targets relating to gas emissions. Were there discussions on the green economy and the jobs that could arise as a consequence of that?

The First Minister: Climate change was not on the agenda for this meeting of the JMC, though it was on the agenda of the previous meeting at which our Administration confirmed that we would play our full part in assisting in the process of meeting UK targets, and that remains the position of the Executive.

References were made by various Administrations to the potential value in the green economy, but there was no specific discussion on it.

Mr Ford: I thank the First Minister for his statement. Following up on what Dolores Kelly has just said, and at the risk of creating JMC (C), may I ask the First Minister whether joint action is being taken in preparation for the UK's position at the Copenhagen summit later this year? Did he, along with his colleague, take the opportunity, on the margins of the conference, to have discussions with Rhodri

Morgan and Ieuan Wyn Jones about the specific interests of what I will not call JMC (B), but the difficulties that we and Wales experience from the Barnett formula — an interest that Scotland does not share with us?

The First Minister: The Copenhagen summit was not on the agenda. However, if there are issues that specifically relate to the devolved Administrations before such a summit is to take place, there will be contact with the Administration, and if the Executive have to take a position, we will bring the matter to the Executive before giving our view to the Government.

10.45 am

As regards the Barnett formula, I always urge colleagues who wish to open that particular can of worms to apply caution. If I were reviewing the Barnett formula, I am quite satisfied that I could present a very good case for an enhancement of Northern Ireland's share of the overall funding from the Treasury. Unfortunately, as soon as that can of worms is opened, arguments will be put to the United Kingdom Government that Northern Ireland already receives an inflated share, beyond that which is received per head of population in Scotland or Wales. There will always be pressures in both directions.

At the moment, the Barnett formula is based on population share. If the formula were to become needs-based, then Northern Ireland would have a strong case for improving its share of funding. However, whether that case would be sufficiently strong to occasion change is another matter entirely.

Mr Spratt: I also thank the First Minister for his statement. Will he indicate the extent to which the Northern Ireland Administration are involved in east-west institutions? Clearly, that aspect was neglected during the last mandate, and I am keen to know if the situation has been fully rectified.

The First Minister: The east-west relationship goes beyond the meetings of the Joint Ministerial Committee. There was a lack of balance between meetings of a North/South nature and those of an east-west axis during the last Administration, but that has now been addressed.

It is fair to say that co-operation in those forums is not simply a unionist thing. The other party to the JMC, the deputy First Minister, does not go to those meetings dragging his feet. Instead, he plays a full speaking role and contributes to debates, just as I enthusiastically attend meetings of the North/South Ministerial Council and play a full part in those meetings.

I am quite happy that there is a good North/South relationship, but structures did need to be built up on an east-west basis, and we now have the JMC in its various formats, and the British-Irish Council and the

sectoral formats that fall under that. Furthermore, a more relaxed attitude is now taken with both east-west and North/South relations, and one is now able to lift the telephone, or have an individual conversation with an appropriate Minister if issues arise. That is the way that it should be, so that there is not always the need for a formality of structure: if things must be done, one can get them done.

Ms Anderson: Go raibh maith agat. I also thank the First Minister for his statement. Does he accept that on certain issues, in particular on European policy, which has been covered in the nine meetings of the JMC(Europe), that there are instances where the British interest is at variance with interests here? That is particularly the case in relation to agriculture and fisheries, and Jim Shannon, who sits on the Committee for the Office of the First Minister and deputy First Minister (OFMDFM) with me, is very keen to highlight the differences that we experience in those areas in comparison to England, Scotland and Wales.

Will the First Minister assure the House that OFMDFM is seeking to develop a working practice in the meetings of the JMC, whether in European or plenary format, which will, when needed, allow the North to derogate from the British position? Will he assure the House that OFMDFM is presenting the case for farming, fisheries and other industries here directly to Europe?

The First Minister: I entirely accept the argument that there is a greater emphasis in Northern Ireland on agriculture issues than there is in the United Kingdom as a whole. That is why the JMC(Europe) is so important, because it affords not only Northern Ireland, but Scotland and Wales the opportunity to influence the role played by UK representatives in Europe.

The junior Ministers, who represent us at most of the meetings, have been able not only to deal with issues at that meeting, but to set up meetings outside the JMC so that our case can be properly represented. It is an important vehicle for that.

The derogation will be a United Kingdom derogation and, therefore, it is a matter of influencing Her Majesty's Government on those issues and, if the case is strong, I have confidence that my colleagues will be able to do that.

Mr Cree: I thank the First Minister for his statement. Did he have the opportunity to discuss the Presbyterian Mutual Society, either in the plenary sitting or in the margins of it?

The First Minister: Good try. The Member will not be surprised to learn that the Presbyterian Mutual Society was not on the agenda of the JMC. However, it is a key issue, and I take every opportunity to discuss the Presbyterian Mutual Society, either in the margins or in separate meetings. We have agreed a date at the

beginning of October — although I will not say exactly when in case other Ministers have difficulty in achieving that date — to take the matter to ministerial level. That is a response to a previous meeting that we had with the Chief Secretary to the Treasury and others. Indeed, officials discussed the matter in London yesterday, so it is being dealt with actively. We are looking at possible proposals, and I hope that when we come to the ministerial meeting at the beginning of October, we will have a proposal that we can all support.

Mr Gallagher: Along with my colleague and other Members, I thank the Minister for his statement. I have a question about cross-border workers, which is within the ambit of North/South and east-west arrangements. I refer particularly to the double taxation issue and tax credits, which are the concern of the Treasury. The tax credits are very complicated since the tax credit offices located in Newcastle or elsewhere else across the water say that they have nothing to do with tax credits.

Mr Deputy Speaker: Will the Member please come to his question? This is time for a question, not a speech.

Mr Gallagher: Will the First Minister raise that matter? Does he agree that it is unfair to ask cross-border workers to fill in the euro:sterling exchange rate when they complete their forms?

The First Minister: I am happy to look at the issue to see how it might best be addressed. It is probably more of an issue for the British-Irish Council at one of its sectoral meetings, rather than one for the JMC. I know that there can be problems with cross-border working, both with double taxation and tax evasion. A wide range of issues can be looked at, and our office will see where those can best be addressed.

Mrs I Robinson: I welcome the First Minister's statement. I do not apologise for returning to the burning issue of the swine flu pandemic. Will the First Minister indicate the views that those representing the other devolved institutions expressed on seeking assistance from Treasury to cover the expensive costs of making the vaccine available?

The First Minister: Our Minister of Health, Social Services and Public Safety and the Department of Finance and Personnel have done some work in estimating the likely cost; I think that they believe that it will be approximately £77 million. That £77 million will make quite a hole in the Budget, no matter what way we decide to handle the costs involved. The First Minister for Scotland and I had a conversation some months ago when the issue first arose of how the matter could be addressed. We both agreed that the three devolved institutions should work collectively to attempt to get Treasury to recognise its responsibility as far as the reserve is concerned.

The Finance Ministers have touched on the issue at a previous meeting. We raised it again at the meeting

of the JMC. There was a united view from Scotland, Wales and Northern Ireland that there had to be a contribution from contingency funding toward dealing with the issue. The belief of the Treasury that it can be absorbed within the devolved Administrations is, I believe, unsustainable.

The Treasury could argue that there are certain elements of the cost that can be absorbed and dealt with, but there is no good reason to believe that the vaccine, the need for which could not have been predicted or costed beforehand, should be a cost to the local Administrations. That would take some of the sting out of the cost element, but it still leaves us with a hefty bill, and the Executive will still have to decide how we deal with the costs that are coming our way. The Executive will start that decision-making process on Thursday.

Dr McDonnell: I thank the First Minister for his statement. I notice that he twice mentioned bank lending to small and medium-sized businesses and the importance of banks being able to lend again. Can he give us something of the tone of the meeting? Were we playing hardball or softball? Was it just happy talk, or was there any serious discussion about getting the banks moving? I am thinking in particular of Lloyds HBOS, which is now effectively 70% owned by the Government. That firm has a big interest here in that one of its main subsidiaries is located here. Will the First Minister tell us if there was any serious discussion, and can he give us any indication of where we go moving forward, and how we can get liquidity moving again? People are coming to my office day and daily screaming that there is no liquidity and that the banks are not providing money.

The First Minister: Whatever it was, it was not "happy talk". One does not have happy talk and talk about banks and lending in the same sentence. There was a united view — not just from the devolved Administrations but from the central Government — on the need for the banks to step up to the plate. The deputy First Minister and I have had a series of meetings with the four main banks, and, indeed, with the other banks in Northern Ireland, most recently with Barclays. The message that we get from the four main banks is that they have never lent more; they throw out statistics to that effect.

Then, when we go to a meeting with businessmen, we get exactly the same kind of message as the Member for South Belfast about the difficulty in getting access to lending, the high interest rates being charged in spite of the low interest rate that prevails, and the significant increase in arrangement fees. I get complaints from companies that overdrafts are being arbitrarily removed and reduced. I do not think that all of those difficulties are being pulled out of thin air. There are issues that the banks have to address.

At the meeting of the JMC, we asked the Prime Minister to use his special position, particularly in relation to RBS, of which the Ulster Bank is a subsidiary, to ensure that there is a flow of money. Unless we get lending moving again, the economy will still be held down. It is vital that the banks start to lend again. I am not suggesting that they go back to where they were — that is the very last thing that any of us want; we want to have responsible lending — but there seems to be an attempt on the part of the banks to hold back from lending to certain sectors, particularly in relation to development. If they continue to hold back, they stifle the construction industry, which has been the worst-hit part of our economy. The banks need to free up lending, particularly in relation to land and property.

Mr Hilditch: I thank the First Minister for his statement. On a theme similar to that of Mr McDonnell, will the First Minister indicate what the experiences of the other devolved Administrations are on the issue of banking?

11.00 am

The First Minister: It is precisely the same. As one would expect, because RBS is a big player in Scotland, in the same way that the Ulster Bank is one of our main banks, Scotland is faced with exactly the same circumstances. I can understand the caution that, in many cases, is shown by banks. In many ways, the banking industry was responsible for the credit crunch and the recession that we now face. Irresponsible lending practices were at the heart of those difficulties. Lending of up to 120% on property or land does not seem to be a sensible way forward. The banks need to start lending, and they need some form of regulation.

I was glad that there was a sense at the G20 summit that that matter should be taken forward on an international basis. It is no use for only the United Kingdom to have that regulation, because banking is of such an international flavour that, if one country were to regulate on its own, it would have no impact. Sensible regulation will take place internationally, but all Administrations have exactly the same difficulties. The banks are a problem, and they must start to lend in a realistic and sensible way.

North/South Ministerial Council

Trade and Business Development Sectoral Format

Mr Deputy Speaker: The Speaker has received notice from the Minister of Enterprise, Trade and Investment that she wishes to make a statement on the North/South Ministerial Council (NSMC) trade and business development sectoral format meeting.

The Minister of Enterprise, Trade and Investment (Mrs Foster): With your permission, I wish to make a statement in compliance with section 52 of the Northern Ireland Act 1998 regarding the meeting of the North/South Ministerial Council in trade and business development sectoral format. The meeting was held in Dublin Castle on Wednesday 8 July 2009.

The Executive were represented by me, in my capacity as Minister of Enterprise, Trade and Investment, and by Conor Murphy, Minister for Regional Development, in his capacity as accompanying Minister. The Irish Government were represented by Mary Coughlan TD, Deputy Prime Minister and Minister for Enterprise, Trade and Employment. This statement has been agreed with Minister Murphy, and I am making it on behalf of both of us. The Deputy Prime Minister, Mary Coughlan, chaired the meeting.

Ministers received a presentation from Mark O’Kane, managing director of Marlborough Engineering, Belfast, and from Martin McVicker of Combilift Ltd, Monaghan, who are both participants in InterTradeIreland’s Acumen programme. Marlborough Engineering employs 35 people, and Combilift employs 155 people and exports 96% of what it produces to 50 countries worldwide.

Ministers received a presentation from the chairperson of InterTradeIreland, Dr David Dobbin, on a strategic review of the body’s operations. The main themes for InterTradeIreland arising from the review are to increase economic outcomes to optimise the return on public expenditure through enhanced support in the public procurement market and facilitating new cross-border co-operation in sectors such as agrifood and renewables; to work in a more co-ordinated way with sponsor Departments and other economic development agencies; to focus on activities that offer the greatest economic benefit; and to increase focus on business and client needs, with greater clarity on InterTradeIreland’s work, marketing and communication.

InterTradeIreland’s chief executive, Liam Nellis, presented a progress report on the body’s work, including the fact that £65.45 million in business value was generated in 2008 through InterTradeIreland’s business networks and firms engaged in its projects.

He pointed out that, in 2008, 590 firms engaged in developing their competitiveness through InterTradeIreland's initiatives. The Council discussed progress on the body's business plan for 2009.

Ministers received a presentation from Aidan Gough, the strategy and policy director of InterTradeIreland, on the body's report on co-operation in the area of science, technology and innovation. The report also identified a number of areas of potential increased co-operation, such as policy co-ordination; research pooling; expansion of the US-Ireland Research and Development Partnership; business-to-business innovation vouchers; new market opportunities from technology convergence; a new market entry innovation programme; and the expansion of the Women in Technology and Science (WITS) re-enter programme.

The Council noted InterTradeIreland's annual review of activities and annual accounts of 2007.

The Council agreed that its next meeting in trade and business development sectoral format will take place in November or December 2009. I commend the statement to the Assembly.

Mr Campbell: I welcome the Minister's statement. Is the Minister going to look at the cost-effectiveness of InterTradeIreland and other bodies that operate between Northern Ireland and the Republic in order to ensure the greatest value for money for taxpayers?

The Minister of Enterprise, Trade and Investment: As the Member knows, the St Andrews Agreement review is ongoing. Obviously, if there is to be cost-effectiveness in Departments, both in Northern Ireland and in the Republic of Ireland, it is only right, as far as we are all concerned, that the same cost-effectiveness is required from North/South bodies. Certainly, InterTradeIreland is highly aware that value for money must be a key priority of its work. I keep a close eye on that.

We have not agreed the business plans for 2010 and 2011: it is hoped that we will be able to sign those off in the near future. In any event, the 2009 business plan will come before the next sectoral meeting in order to be signed off. It is hugely important that value for money is at the centre of the North/South Ministerial Council's work in this sector, as in others.

Mr Deputy Speaker: I call the Chairperson of the Committee for Enterprise, Trade and Investment, Mr Alban Maginness. I apologise, Mr Maginness, for not giving you your rightful place.

The Chairperson of the Committee for Enterprise, Trade and Investment (Mr A Maginness): Not at all, Mr Deputy Speaker.

I thank the Minister for her detailed statement. I welcome her home from India, where, undoubtedly,

she did good work on behalf of all Members of the House.

The Minister stated that a main theme for InterTradeIreland is:

"to increase economic outcomes to optimise the return on public expenditure through enhanced support in the public procurement market and facilitating new cross-border co-operation in sectors such as agri-food and renewables."

Is the Minister aware of the anomaly that exists in the systems that operate for renewables in Northern Ireland and the South? To sell electricity from renewable sources in Northern Ireland, a renewables obligation certificate is required, whereas, in the South, the system is based on feed-in tariffs. That means that if I were to produce energy from wind in west Tyrone, it would be disadvantageous for me to export that energy to Donegal. Will the Minister comment on that issue and raise it with the North/South Ministerial Council in order to create a situation in which renewable energy can be exported from one jurisdiction to the other with ease?

The Minister of Enterprise, Trade and Investment: I thank the Member for his kind words. I made it back from India, probably much to some people's dismay.

The point that I made about renewables in my statement referred mainly to sharing information on renewable-energy technologies. However, the Member has made a fair point; therefore, I will deal with the difference between the system in Northern Ireland and that of the Republic of Ireland. The Member is correct: the Republic of Ireland has a feed-in tariff system. That is how people are incentivised to get involved in the renewable energy market there. However, throughout the United Kingdom, a system of renewables obligation certificates is in operation.

Recently, we looked at the entire area of the Northern Ireland renewables obligation (NIRO). Later, during Question Time, I will refer to that issue. Soon, we will have consultation on the differences between the two systems; whether we need to look at other ways to incentivise people to become involved in renewable energy, and how we can make it attractive for producers of small amounts of renewable energy to get involved in the market.

That consultation, during which we will raise the issue of feed-in tariffs as opposed to renewables obligation certificates, will take place in the near future. We are looking into that.

I am very alert to the issue. However, we are without legislative cover to have a feed-in tariff at the moment. If, after discussion and consultation, it is decided that we need to look at the issue of a feed-in tariff, we will have to legislate for that.

The reason that we are without legislative cover is quite simple: when the renewables obligation legislation was going through the Parliament at Westminster, the House of Lords put in a new clause that allowed GB to have feed-in tariffs for small-scale renewables. Unfortunately, we did not have the opportunity to be involved in that, because I would have had to bring a legislative consent motion to the House, and we simply did not have the time.

Therefore, we do not have the legislative cover to provide for feed-in tariffs in the way that GB has for small-scale renewables. We are alert to the issue, and we hope to consult on it in the near future.

Ms J McCann: Go raibh maith agat, a LeasCheann Comhairle. I thank the Minister for her statement. She referred to the public procurement market. Other reports that are coming out today recognise the importance of the social economy sector in reducing deprivation and increasing labour participation. Was the issue of public procurement contracts being opened up to the social economy sector on a cross-border, all-island basis discussed at the meeting?

The Minister of Enterprise, Trade and Investment: Public procurement is an issue in which InterTradeIreland has been very much involved. The Member is probably aware that public procurement is a huge market that companies can get involved in across the Republic of Ireland and Northern Ireland. About £17 billion per annum is spent on public procurement in the two jurisdictions. That being the case, InterTradeIreland sees it as a very significant market opportunity for the companies with which it works. It has set up a scheme called Go-2-Tender that allows companies to access that market opportunity specifically.

I am talking about smaller companies in particular, because Members, including Ms McCann, have expressed concerns that some smaller companies — and let us face the fact that Northern Ireland has a small to medium-sized economy — cannot access public procurement. Go-2-Tender is an important programme that InterTradeIreland is working on to support people so that they have the opportunity to win those contracts. Given that £17 billion is spent on public procurement annually, it is vital that companies know how that works.

Some companies in Northern Ireland were able to avail themselves of Government contracts in the Republic of Ireland recently. However, some people in the Republic of Ireland were not too happy about that. During the summer, Members might have heard people on the radio condemning the fact that companies from Northern Ireland were able to get those Government contracts. However, I think that it is vital that we support those companies, because we want our companies to

be able to export and to find opportunities and go for them. The Go-2-Tender programme is a very important part of InterTradeIreland's work, and I very much want to see it expanding and doing more.

Mr Cree: I, too, welcome the Minister's statement and welcome her back from India. I thought that I got the whiff of "eau de madras" as she passed by.

The Minister referred to the fact that the business plan for this year is being prepared by InterTradeIreland. Will she advise us as to whether any change of emphasis or direction is being considered, bearing in mind that we are still going through the worst recession in living memory?

The Minister of Enterprise, Trade and Investment: I am glad to tell the Member that I was not in Chennai, so I did not have any madras. However, I was in three other cities.

We found it regrettable that we did not have the 2009 business plan before us in July, because we would have liked to have been able to sign off on that. We know that the economic climate in Northern Ireland and the Republic of Ireland has become extremely difficult. I think, therefore, that it was right to look again at the business plan.

11.15 am

My Department and the corresponding Department in the Republic of Ireland published guidance on efficiency savings recently. We hope that that will mean that the revised 2009 business plan — and, indeed, the 2010 business plan — will come forward in the near future. Hopefully, that will be available at the next sectoral meeting, which is to be held in November or December. Those plans will be subject to ministerial approval by me and by the Deputy Prime Minister in the Republic of Ireland, Mary Coughlan. When we get those plans, we will look at how they deal with the current economic crisis.

However, we cannot be short term in what we do as regards InterTradeIreland or Invest Northern Ireland, a subject to which I am sure we will return later today. It is true that we need to plan for what is happening now. However, we also need to look to the medium term and the longer term, and I hope that the business plan will take that into account.

Mr Moutray: Will the Minister indicate what InterTradeIreland is doing to help Northern Ireland companies to secure new business in the Republic of Ireland, especially given the current advantageous sterling:euro exchange rate?

The Minister of Enterprise, Trade and Investment: I mentioned already public procurement and the Go-2-Tender programme. At present, the competitiveness of Northern Ireland firms is partly what makes them attractive, and the exchange rate

gives us a competitive advantage. We are ensuring that InterTradeIreland is working with companies in Northern Ireland to allow them to take advantage of that.

There are a number of programmes through which companies do that. For example, I referred to the Acumen programme. We had presentations from a company in Belfast and another in Monaghan explaining how they used the Acumen programme to help identify new market opportunities in the two jurisdictions. Network+Getwork is another such programme, and it is a buyer-and-supplier programme. That is delivered in partnership with the Chamber of Commerce movement, and it helps companies to break into the supply chains of some of the largest organisations.

There is a recurring theme, in that we have small companies that need the knowledge that will empower them to break into the bigger markets. InterTradeIreland is working collaboratively with Invest Northern Ireland and with Enterprise Ireland in the Republic of Ireland so that it can give as much information as possible to our smaller firms.

Mr Butler: Go raibh maith agat, a LeasCheann Comhairle. I welcome the Minister home, and I hope that the trade mission to India was a success.

The Minister mentioned InterTradeIreland's report on innovation, science and technology. The report on the independent review of economic policy (IREP) shows that there needs to be a greater emphasis on innovation and research and development. Does the Minister agree that if those are to be increased, there must be greater co-operation with InterTradeIreland and more investment by her Department?

The Minister of Enterprise, Trade and Investment: The Member referred to the IREP report, which is published today. That report states that there is a need for greater emphasis on innovation and research and development, and InterTradeIreland recognises that.

I talked about looking to the short term, medium term and long term. If we examine only the difficulties that we are experiencing now, it is very easy for us to look for jobs, of any description, and get them into our economy. People are hurting and they need jobs, and I recognise that. However, if we are to make the step change that is required for Northern Ireland through Invest Northern Ireland, we need to look at innovation and research and development. I know that that is a difficult message at this particular time, dealing as we are with the economic crisis. However, if we invest in those areas, I believe that the economy will grow and become the open regional economy that we very much want it to be.

Invest Northern Ireland and InterTradeIreland work collaboratively on issues such as innovation and research and development. I do not want duplication,

and I am sure that the Member would agree with that. However, if there are ways in which those organisations can work together and enhance each other's work, that is the sort of thing that I want to see happening.

Mrs I Robinson: I welcome the Minister back from her travels, and I welcome her statement.

Will the Minister indicate whether there was a ceiling on the number of women who qualified for participation in the pilot exercise for the WITS re-enter programme? Given that the success of that exercise in attracting women back into the workforce is there for all to see, are there any plans to roll out the programme across Northern Ireland and the Republic of Ireland?

The Minister of Enterprise, Trade and Investment: The expansion of the programme is something that we want to look at, and it is something that InterTradeIreland feels should be looked at. This is about encouraging more women to come back into the workplace, particularly in the areas of science and technology.

There were 20 recruits in the pilot exercise: five were from Northern Ireland and 15 were from the Republic of Ireland. Fifteen of them have already returned to careers in science and technology and a further four are actively seeking employment. Of the five Northern Ireland participants, four have returned to careers in science and technology, which is a good indicator that the programme has worked well. I want to see it developing and that there is no ceiling on the number of participants so that more women can become involved. We should be encouraging women to return to work after childbirth.

Dr McDonnell: I thank the Minister for her statement. She does herself an injustice: the charm, energy and gravitas that she brings to the Assembly and the Executive have been missing for the past week. A sense of lethargy and limpness had crept in, but I can feel that fading fast this morning.

In some of the questions that I have heard asked this morning —

Mr Deputy Speaker: Order. This is the time for questions, Dr McDonnell. You seem to have a great difficulty using five words instead of 20. I ask you get to your question.

Dr McDonnell: I was about to.

In some of the questions this morning, there has been an undercurrent of perceived underachievement with regard to InterTradeIreland. Has the Minister had any serious discussions with the chairperson of that body, David Dobbin, or the chief executive, Liam Nellis, on the achievement of its targets in the past year and what the aims are for next year? I sense that

InterTradeIreland is achieving a lot, but I am worried about the undercurrents of perceived underachievement.

The Minister of Enterprise, Trade and

Investment: First, I thank the Member for missing me: it is nice to be missed.

InterTradeIreland is doing a very good job, and so is Invest Northern Ireland. I spent a week in India with Invest Northern Ireland and saw the level of research that it carries out and the number of meetings that it arranges — 26 companies were at over 100 meetings in India. That does not take away from the fact that we need to look continuously at such organisations, which is what today is about for Invest Northern Ireland.

That is also what the strategic review did for InterTradeIreland, which is why David Dobbin briefed Ministers on the strategic review at that meeting. It was important for us to hear the issues that he mentioned, such as the need by the two Departments that sponsor InterTradeIreland to work in a more co-ordinated way; the need to work with other economic development agencies, such as Enterprise Ireland and Invest Northern Ireland; the need to focus on activities that offer the greatest economic benefit, which Members will agree is very important; and the need to have greater clarity on the work of InterTradeIreland, such as its marketing and communications.

The Member is correct, but he will agree that there is always a need to review organisations, which is why David Dobbin was very clear in his comments to me at that meeting.

Mr McElduff: Go raibh maith agat, a LeasCheann Comhairle. Will the Minister detail the main obstacles to cross-border mobility that remain in the areas of trade and business and outline how she and her Department plan to address them?

Will she also detail the main characteristics and benefits of the Acumen programme? The Minister said that the programme tries to identify new market opportunities. How successful has it been?

The Minister of Enterprise, Trade and

Investment: The Acumen programme has been one of the success stories for InterTradeIreland. Perhaps the Member is aware of companies in his constituency that have taken advantage of the programme. A number of companies in Northern Ireland — some in my constituency — have benefited greatly from the Acumen programme. It is a sales and marketing programme that goes into small companies, gives them the expertise to sell their wares — that is, sadly, sometimes lacking in some smaller companies — and helps them to identify and scope out new market opportunities. That is just one of the programmes in which InterTradeIreland engages. It also works in co-operation with some of Invest Northern Ireland's programmes.

Aidan Gough, InterTradeIreland's strategy and policy director, suggested areas in which he felt that there was a need to expand or to look at new ways to work together, whether in policy co-ordination, research pooling, new market opportunities, the WITS re-enter programme, to which I referred, and new market-entry innovation programmes.

InterTradeIreland is working in a number of areas, and it is working better with Invest Northern Ireland. It helps that some InterTradeIreland board members are also on the board of Invest Northern Ireland. There is, therefore, a crossover and an understanding of what is going on in the two bodies.

Mr McCarthy: I, too, welcome the Minister's statement. My concern is about Invest Northern Ireland and InterTradeIreland working together, an issue that she has mentioned. I congratulate InterTradeIreland for the volume of business that it has brought across the whole island of Ireland. How can that best be taken forward by Invest Northern Ireland?

The Minister of Enterprise, Trade and

Investment: InterTradeIreland and Invest Northern Ireland have different remits and roles. There has been a concern that there may have been some duplication in what they did. InterTradeIreland is meant to operate in areas of business competitiveness that are common to all economic development agencies, but it engages only in those initiatives that require funding in both jurisdictions; that is, the Republic of Ireland and Northern Ireland. In addition, when we do economic appraisals on InterTradeIreland, one marker that we use is that it must not duplicate what other agencies are doing.

In the past, InterTradeIreland was, perhaps, perceived as a body that worked only along the border, in areas such as Fermanagh, Tyrone and Armagh. I have recently seen InterTradeIreland going into places such as Ballymena, holding road shows and helping to deal with the credit crunch in those areas. I applaud InterTradeIreland for doing that and want to encourage it in that, because it has much to offer Northern Ireland.

Ms Anderson: Go raibh maith agat. I thank the Minister for her statement. I am aware that my point may be a repetition of points that have already been made. I appreciate that the Minister probably feels a need to defend or support Invest NI. However, given the review into Invest NI, and in the context of the Minister's statement that referred to the review into InterTradeIreland and a need for better co-operation and collaboration, there are genuine concerns in constituencies about Invest NI. There are concerns about it working with agencies such as Enterprise Ireland and how a more collaborative and co-operative approach will be achieved.

I am concerned that if the recommendations and findings are not embraced fully in order to make Invest

NI a more effective, efficient and better economic development agency that will work with Enterprise Ireland, and then, together, work with InterTradeIreland, we might lose an opportunity. I ask the Minister to take into account — as I am sure she will — all those recommendations, but to do that in the context of improving the relationship between InterTradeIreland and Invest NI.

11.30 am

The Minister of Enterprise, Trade and Investment: In the past, there may have been some overlap between InterTradeIreland and Invest Northern Ireland, and relationships may not have been as strong as they should have been. Those relationships have improved, and I think that they will continue to improve. I do not feel the need to defend Invest NI. When Members receive the report, which is quite hefty, they should take the time to read it. It contains constructive criticism, and Members should bear that in mind.

There is little point in my asking for an independent report on Invest Northern Ireland and, indeed, my policies in the Department of Enterprise, Trade and Investment for it to recommend no changes. We need to examine the report in its totality, consider the constructive criticism and take on board any ways in which we might improve the Northern Ireland economy's overall performance. I hope that people will take the time to read the entire report. Thereafter, I intend to make it subject to a short consultation period — probably around six weeks — and proceed from there.

I assure the Member that, given that I commissioned the report, I will read it and consider its comments very carefully.

Mr Deputy Speaker: That concludes questions to the Minister of Enterprise, Trade and Investment on her statement. The Minister of Finance and Personnel is not yet in his place, so I ask Members to take their ease until the Minister arrives.

North/South Ministerial Council

Special EU Programmes Sectoral Format

Mr Deputy Speaker: The Speaker has received notice from the Minister of Finance and Personnel that he wishes, albeit late, to make a statement on the meeting of the North/South Ministerial Council (NSMC) in special EU programmes sectoral format.

The Minister of Finance and Personnel (Mr S Wilson): I hope that the title “late Finance Minister” does not become attached to me. I apologise for my delay in arriving in the Chamber.

The North/South Ministerial Council met in special EU programmes sectoral format in Dublin on 8 September 2009. It was the first NSMC meeting in that format since November 2007. The Government of the Republic of Ireland were represented by the Minister for Finance, Brian Lenihan, who chaired the meeting. I represented the Northern Ireland Executive and was accompanied by junior Minister Gerry Kelly.

The meeting began with a presentation from Pat Colgan, chief executive of the Special EU Programmes Body (SEUPB), who updated the Council on developments since the meeting in November 2007. Mr Colgan noted a number of achievements over the two-year period, including the ongoing work to close the old Peace II and INTERREG IIIa programmes. SEUPB expects both programmes to earn all available EU receipts. Mr Colgan informed the Council that the SEUPB's annual report and accounts for 2007 and 2008 are fully up to date and have received clean audit reports from the Comptroller and Auditor General for Northern Ireland and his counterpart in the Republic.

Mr Colgan updated the Council on the current Peace III and INTERREG IVa programmes, both of which have been open to funding applications since the end of 2007. Several hundred project applications have been assessed. Of those, close to 150 have met the agreed project selection criteria and have been approved for funding. However, the very ambitious levels of Peace and INTERREG programme spending that the SEUPB had forecast for 2008 were not fully achieved. Nonetheless, SEUPB is confident that both programmes will achieve their respective first EU spending targets by December 2009.

Finally, Mr Colgan mentioned the SEUPB's ongoing work to develop local projects that might compete for funding under the EU's transnational and inter-regional programmes. The Council welcomed the progress that has been made in implementing the Peace III programme. More than 100 projects have been approved, representing €156 million of programme funds. That is close to half the available programme budget of €333 million, and includes the €13 million

allocated to Ilex to take forward the construction of the Foyle footbridge and €55 million that has been made available to councils, North and South, to take forward their peace and reconciliation local action plans.

The Council welcomed progress on the Peace III theme 'Acknowledging and Dealing with the Past', which has a special focus on the needs of victims and survivors of the terrorist campaign. To date, 55 projects have been approved under that theme, on which €22 million of programme funds have been spent. Ministers noted that the SEUPB has been engaged proactively in outreach measures with groups that are under-represented among the programme beneficiaries, including the Protestant community. The purpose of that outreach work is to ensure that all communities participate fully in the programme. Ministers also noted the work that is under way to share the experiences of peace funding through the development of a peace network.

Ministers welcomed the progress that has been made on the INTERREG IVa cross-border programme, which has a budget of €256 million. To date, 34 projects have been approved, representing funding of €151 million — more than half the programme total. The continued participation of the five local authority partnership groups was noted and welcomed. Those groups were a particular success of the earlier INTERREG programme.

Ministers welcomed the participation of Scotland, which is newly eligible under the INTERREG IVa programme. To date, Scotland has been a very active newcomer; Scottish partners are involved in 13 of the projects thus far approved.

The Council noted that this year, and in all subsequent years, the significant challenge under Peace III and INTERREG IV is to translate commitments into actual expenditure. Both programmes will have to meet the challenging annual spending targets set by the European Commission.

Ministers were encouraged by the SEUPB's work to promote North/South participation in the EU's transnational and inter-regional programmes. The Council discussed the SEUPB business plan and budget for 2009, including the need for efficiencies. Finally, the Council noted the SEUPB's annual report and accounts for 2007 and 2008. The Council aims to meet again in special EU programmes sectoral format early in the new year.

The Chairperson of the Committee for Finance and Personnel (Ms J McCann): Go raibh maith agat, a LeasCheann Comhairle. I thank the Minister for his statement. I want to ask him about match funding. I am sure that he is aware that many organisations that have already received special EU funding were unable to secure match funding, which made things difficult for

them. Was there any discussion, or was any information provided, about following the example of other European Governments who have given full match funding to similar organisations in their countries?

The Minister of Finance and Personnel: The issue of match funding was not raised. Nevertheless, I understand the point that the Member has made. I will make a note of it and seek to raise the issue at the next meeting, which will take place early in the new year. It is something that we can examine before that meeting, as can the SEUPB.

I was not aware that there was flexibility to move away from match funding; my understanding was that it was an intrinsic part of funding that is made available through the programmes. If there are ways in which other countries have dealt with match funding, that is well and good.

If match funding was possible, and was to be done, it would simply mean that all funding would come from the same pot, and fewer projects would be able to secure funding. Therefore, there would also be a downside. The whole point of match funding is that EU money would lever in money from other sources, therefore adding value.

Mr Weir: I thank the Minister for his statement. He indicated that the INTERREG programme spending forecast for 2008 had not been met, but that the SEUPB was confident that both programmes would achieve their EU spending targets by December 2009. Can the Minister indicate what the level of shortfall was for the targets in 2008? What action is being taken to ensure that those can confidently be met by December 2009?

The Minister of Finance and Personnel: I hope that I have not given the wrong impression. The first target date is at the end of this year. In working to that target, it would be a wise precaution for any organisation to have a profile of how it expects to spend its money until that target date. I do not have the exact figure on the shortfall to date.

One reason why the profile might not be continuous is that a lot of the programmes and projects are now much larger than they were in the past. Previously, a lot of small programmes spent smaller amounts of money. In moving towards larger programmes, each with a larger spend, the profiles may be less even than they were in the past.

A number of projects are in the pipeline, some of which have tight deadlines. For example, Members from the Foyle constituency will be aware of the Ilex programme. Some large programmes will require planning permission, and so forth, which can cause delays and affect the profile of spend. I have been assured that local authorities have been working hard to ensure that they will do all that they can to facilitate

those projects. Again, the Ilex project is a good example, in that planning was brought forward more quickly to enable the project to be on stream for the end of the year. In doing that, the targets should be met.

Mr McNarry: The Minister alluded to the fact that, in light of the further expansion of the EU, the ongoing recession and fiscal constraints, EU funding programmes are less likely to be prevalent in Northern Ireland in the forthcoming years. We are aware of that; however, large parts of Northern Ireland's social economy are reliant on EU funding. What steps are the Executive taking to prepare Northern Ireland's social economy for such changes? Have any discussions taken place at a North/South level about making our social economy more sustainable?

The Minister of Finance and Personnel: I did not say in my statement that we expect EU funding to fall in the future, although I suppose that one may surmise that to be the case. The social economy does rely heavily on EU funding, and that is an issue that individual Departments need to deal with. For example, DSD has a huge interface with the social economy and with a lot of community groups, and, through the kinds of projects that are now being granted permission, it is working hard on the infrastructure that will be attached to those community groups. Such infrastructure should, therefore, help to give them a sustainable income afterwards. That is the way forward.

11.45 am

There is always a conflict about whether to fund workers or to fund infrastructure. Funding infrastructure will give groups the ability to generate income and to be more sustainable in the future. We have all had a debate about that conflict. A lot of people are employed in the social economy on the basis of the grants that are coming forward. However, we are moving in the right direction in the long term. We are looking at improving infrastructure, which will hopefully enable groups to become more sustainable.

Mr O'Loan: I very much welcome the fact that, as part of the Peace III measure 'Acknowledging and dealing with the past', €22 million has been spent on the needs of victims and survivors. What is distinctive about the Peace III spend on victims and survivors? It is very important that what is done on the ground in relation to victims and survivors meets the Executive's top-down policies. Following the Eames/Bradley report, will the Minister give his commitment to a very robust method of finding the truth about the past? Pain and embarrassment will be caused to many people, but does the Minister accept that that is necessary if we are to deal with the past properly?

The Minister of Finance and Personnel: There was widespread concern about the way in which Peace II funding was used because of the emphasis that was

placed on one side of our society. It is welcome that, for the first time, much more money is being spent on victims and survivors' groups than has been spent on ex-prisoner groups. People demanded, and will welcome, that shift.

I do not want to dictate the kind of projects that victims and survivors, groups should undertake. Some of the work may be about finding out what happened in the past. I am more disposed towards groups that work to help people who are still suffering from what happened in the past, whether physically, financially or through keeping some kind of contact to avoid isolation. However, whatever groups require should be the emphasis of the funding. The main theme is to acknowledge and deal with the past, but people have their own way of dealing with the past. I am not necessarily of the view that dealing with the past simply means digging up everything that happened in a search for explanations.

Dr Farry: I declare an interest as a member of the Community Relations Council.

What efforts are being made to ensure that the Peace III investment is co-ordinated with other good-relations projects? Efforts must be made to ensure that there is no duplication; that the two approaches complement each other; and that long-term funding programmes are not undermined by the impact of a short-term injection of Peace III money.

A number of bodies that were funded under Peace II are unlikely to qualify for funding under the Peace III criteria. What steps are being taken to manage expectations and to explain to groups why they are no longer in a position to receive funding because of changes in the rules?

The Minister of Finance and Personnel: Groups know well that Peace III was not a continuation of Peace II, and great lengths were gone to explain that. Some of the groups may not like that answer, but there has never been any attempt to hide the answer or an explanation of the new criteria from them.

The Member makes an important point about duplication. One of the ways in which we have attempted to get around duplication and the plethora of bodies that deal with funding is by rationalising the number of local strategy partnerships from 26 to 11 and reducing the number of implementing bodies. That, in itself, helped to remove some of the confusion and duplication. As a result, SEUPB took on more work. That is one reason why SEUPB's staffing levels have gone up considerably, although that issue must be dealt with in the future.

Mrs D Kelly: I declare an interest as a member of the East Border Region Committee (EBRC). I thank the Minister for his statement. Will he explain why that NSMC meeting was the first in that sectoral format?

I am sure that the Minister is well aware, from his experience as a local councillor, that organisations are always chasing deadlines, because there is a delay, either at programme body or European level, in their receiving information and application forms. Will he explain that?

Will the Minister tell the House how much money was returned to the EU last year and why? Will he conduct an analysis of that to ensure that it does not happen again? I also ask him to give us a flavour of the types of projects that cross-border bodies are funding and to tell us which ones are particularly welcome?

The Minister of Finance and Personnel: First, I hope that the Member does not blame me for the fact that there had been no NSMC meeting in special EU programmes sectoral format since November 2007. I arranged this month's meeting as quickly as I could. Delays occurred partly as a result of difficulties in the Irish Republic. A first meeting was delayed because Ministers in the Republic were diverted by the first referendum on the Lisbon Treaty. I suppose that if the vote does not go the way in which Europe wants it to on Friday, there will be a third referendum, because that is how Europe tends to work — it just wears people down. I would have thought that it would have been sufficient for Europe for the people of the Irish Republic to speak once, but apparently not. Europe never takes no for an answer.

A second meeting, which was to be held in November 2008, was cancelled because our Executive were not meeting.

Mrs D Kelly: I wonder why that was.

The Minister of Finance and Personnel: I think that we know the reason. The irony is, of course, that the Executive were not meeting because Sinn Féin had some difficulty, and I am afraid that it was the fault not of unionists but of republicans that cross-border meetings did not happen. That is one of the ironies of our situation.

The meeting that was scheduled for April 2009 was cancelled, at the request of the Dublin Minister, who was tied up with emergency Budget business.

I hope that the Member can see that unionists were not to blame for any of the delays. They were caused by a combination of Ministers and events in the Republic and the difficulties that existed with the Executive and Sinn Féin. I hope that the Member is assured that we are not dragging our heels on the matter.

Secondly, the delays should not have impacted on funding applications, because the North/South Ministerial Council does not deal with the detail of applications.

As far as the shortfall and the amount of money given back is concerned, no money was returned and, therefore, no analysis is required.

I know that Members are allowed to ask only one question. However, Mr Deputy Speaker, you indulged the Member, but I cannot remember her third question. If she wants to repeat it, I will try to give her an answer.

Mr Deputy Speaker: I call Mr John Dallat.

Mr Dallat: I also welcome the Minister's statement. He referred to the wonderful Ilex project in Derry that includes the provision of a footbridge across the Foyle. Is he aware that another means of crossing the river a bit further downstream, the Foyle ferry service, may no longer be available from tomorrow? Will he tell the House whether any efforts have been made to obtain funding for that service?

The Minister of Finance and Personnel: I picked up on that in the news yesterday. I understand that the Foyle ferry had been jointly funded by councils in the Republic and Northern Ireland, but that both have decided not to continue providing that support. I am not aware that any application has been made for funding through any of the EU programmes. I will ask whether that is the case and write to the Member.

EXECUTIVE COMMITTEE BUSINESS

Water and Sewerage Services (Amendment) Bill

Second Stage

The Minister for Regional Development (Mr Murphy): I beg to move

That the Second Stage of the Water and Sewerage Services (Amendment) Bill [NIA 3/09] be agreed.

The Bill amends the Water and Sewerage Services (Northern Ireland) Order 2006 to extend by three years the period during which my Department is prepared to subsidise NI Water (NIW) in lieu of customer payments. If the change were not made, the existing provision for the payment of a subsidy would expire on 31 March 2010.

In wider terms, the effect of the Bill is to provide for the continuance of a sound legal basis on which the Executive can pay domestic customers' bills on their behalf. It gives financial stability to NIW and ensures that the funding to allow the delivery of services is provided.

I appreciate that much wider questions exist about how the Assembly should deal with the future funding of water, but the Bill does not address those: that is a matter on which the Executive must decide. The three-year extension of the subsidy simply provides for the continuance of current funding arrangements.

I have set out the principle that underlies the legislation and what will be achieved by its introduction, the necessity for which is self-evident. I commend the Bill to the Assembly.

The Chairperson of the Committee for Regional Development (Mr Cobain): As Chairperson, I welcome the opportunity to contribute to the debate on the Second Stage of this important Bill. The issue today is whether the Assembly is content to endorse the principles of the Water and Sewerage Services (Amendment) Bill 2009. In the absence of funding through payment by customers, the Bill aims to ensure the continued provision of a subsidy to Northern Ireland Water.

Under article 213(3) of the Water and Sewerage Services (Northern Ireland) Order 2006, the Department for Regional Development (DRD) is required to make grants to Northern Ireland Water equal to the amount of discounts provided to customers in the initial period. The 2006 Order defines the initial period as three years from the coming into operation of the Order. During that three-year period, the direct rule Administration had intended to phase in charges for water and sewerage services. That initial period expires on 31 March 2010,

and the Department has stated its willingness to make grants to Northern Ireland Water after that date.

As the Minister said, the Executive have yet to make a decision on the future funding of water and sewerage services. Even if a decision were to be taken next week, the indications are that Northern Ireland Water would not be in a position to issue bills and collect revenue by April 2010 as there would not be sufficient time.

The Committee for Regional Development is mindful of the need to progress business in an efficient and effective manner while discharging its responsibility for scrutiny to the entire Assembly thoroughly and conscientiously. The Committee will take that approach with the Bill.

12.00 noon

The Committee does not intend to oppose the principles of the Bill. It is important that Northern Ireland Water operates within a stable financial environment to ensure that the much-needed sewerage infrastructure investment programmes make progress and that the planned efficiencies and service improvements are delivered.

However, significant financial implications for Northern Ireland arise from the deferral of charging for water and sewerage services. This Bill creates the mechanism to put into action a decision by the Executive to continue to defer water and sewerage charges. Recently, there have been some discussions in the media about the impact on the Northern Ireland block grant of deferring water and sewerage charges. The Committee explored some of those issues with DRD officials during pre-introduction briefings and over the course of the previous session as the issues emerged.

At Committee Stage, we will seek clarity of the costs of continued deferral, including the costs that are associated with the reclassification of Northern Ireland Water for public expenditure purposes, the basis for valuing Northern Ireland Water assets and the ongoing ability of Northern Ireland Water to reclaim its input VAT. The Committee will also seek clarity of the financial impact that ongoing deferrals may have on the Northern Ireland block grant as a whole, the DRD budget and the budgets of other Departments. The Committee looks forward to receiving this Bill at Committee Stage. I assure the House and the Minister that this Bill will be treated by the Committee as a matter of priority.

Miss McIlveen: As the Chairman of the Committee for Regional Development indicated, the Committee discussed the principles of the Water and Sewerage Services (Amendment) Bill and has agreed to support them.

It is a very short Bill that appears to be mainly technical in nature, the purpose of it being to continue the customer subsidy to Northern Ireland Water (NIW). As was indicated, the power that was given to the Department under the Water and Sewerage Service (Northern Ireland) Order 2006 to pay the grant equal to the amount of discounts to customers comes to an end on 31 March. Obviously, the direct rule Administration had anticipated that the phasing in of charges for water and sewerage services would have been complete at that stage. Members are clearly aware that that is not the case and that water charges have been deferred, hence the requirement for this legislation.

It is my understanding that if the payment does not continue from 1 April 2010, Northern Ireland Water will be unable to pay for the delivery of what we very much take for granted; that is, water and sewerage services. Due to a legacy of many years of under-investment in our infrastructure, Northern Ireland has lagged behind the rest of the United Kingdom. Only in recent years have we started to see the benefits of investment. I know that in my constituency, a substantial number of infrastructure programmes are being carried out and are planned for. Future investment in water is critical from an environmental and a health perspective.

The issue of water and how it is paid for is hugely emotive. The Chairman highlighted the issues around the continued deferral of water charges. However, it would probably be mischievous and unwise for us to deviate from the principles of the Bill that is before us today. At this stage, I am content to accept the principles of the Bill. I look forward to the Committee Stage.

Mr McCartney: Go raibh maith agat, a LeasCheann Comhairle. Ar dtús, ba mhaith liom a rá go mbeidh Sinn Féin ag tacú leis an Bhille, agus táimid ar son leanúint ar aghaidh leis an obair seo.

Sinn Féin will support the taking forward of this Bill. The Water and Sewerage Services (Amendment) Bill is designed to ensure the continued provision of a subsidy to NIW by the Department. Therefore, as has been stated, it is very much a technical Bill.

The current situation is that the Department's ability and legal competence to pay a subsidy to NIW expires on 31 March 2010. That was a condition that was laid out in the Water and Sewerage Services Order 2006, which, in essence, established the company on 1 April 2007. If that Order expires, there will be no provision for the Department to provide grants or subsidies to NIW. Therefore, the company's ability to exist and its ability to continue with the provision and management of our water and sewerage system will come to an end. This Bill will provide the basis to move forward and allow NIW to continue with its investment programmes and related works.

I welcome the decision, as outlined by the Chairperson, that the Committee for Regional Development supports the principles of the Bill. We look forward to working with it. Irrespective of decisions that were made in the past by previous Administrations — all of us have our own views of those decisions — as the Chairperson pointed out, it is incumbent on all of us to ensure that NIW operates within a financially stable environment and to allow the continuation of its work. The Bill allows that to happen.

We also support the Bill because it creates a mechanism by which the Executive can continue to defer water and sewerage charges. I agree with the Chairperson that it will be important to seek clarification at Committee Stage of the direct and indirect costs of deferral. Those issues have been discussed on many occasions at the Committee and will, undoubtedly, be revisited at Committee Stage.

I welcome the commitment of the Chairperson, the Deputy Chairperson and the Committee to prioritise the Bill. I assure the Minister of the full co-operation of Members on this side of the House as he takes the Bill forward. Go raibh maith agat.

Mr Gallagher: I apologise to the House, and to the Minister in particular, for being a few minutes late for the debate; I was delayed at a meeting of the all-party Assembly group on learning disability.

The SDLP has serious concerns about the Bill. For one thing, the full financial implications have yet to be debated fully and openly. We are being asked to support a Bill that, we are led to believe, will give the Executive the option to continue to fund Northern Ireland Water through the payment of a customer subsidy. However, neither the Department for Regional Development nor the Department of Finance and Personnel (DFP) will state convincingly that they will use that option if the Bill is approved by the Assembly.

Members should remind themselves that, at present, the public are worried, mainly about their jobs, mortgages and impossible increases on rates bills. The shadow of potential water charges now hangs over that. Only last week, the Minister for Regional Development said that he was unable to rule out the introduction of water charges during this Assembly's lifetime. Around the same time, the Minister of Finance and Personnel said that he may be forced to introduce water charges because of pressures on the block grant. Indeed, his Department's costings for previous years included allowances for payments through water charges.

Those comments and documents from the heart of Government, some of them leaked, tell us that, despite the absence of debate, the public are completely bewildered about water charges, particularly in relation to the positions of Sinn Féin and the DUP. Prior to elections, those parties told the public that they would

stop the introduction of water charges. That is not what happened.

Mr Hamilton: My party's position is perfectly clear; the position of the Member's party, on the other hand, is a little more confused. If he is so opposed to the introduction of water charges at any stage and under any circumstances, will he explain why his colleague the Minister for Social Development, Margaret Ritchie, voted in the Executive for a Budget predicated on the introduction of water charges by now?

Mr Gallagher: We all understand very well that we have a strange democracy here, in which, under a ministerial code, Ministers are required to support Executive decisions. *[Interruption.]*

I am outlining the party's position, and I referred to the position of Mr Hamilton's party because it is so well known.

Despite all the promises to which I referred, what happened in 2008? Water charges for businesses were introduced at a 50% rate, and, in April 2009, they were increased to full charges. How do we explain that to the public? The best way is to have a full and open debate in the Assembly, and that has not happened. We have never been afforded that opportunity.

Yet serious problems in relation to Northern Ireland Water emerge almost every week. Recently, the Utility Regulator published 'Water and Sewerage Service Price Control 2010-2013: Draft Determination Summary Report'. It rightly raised the infrastructural problems which we have inherited and which have to be tackled. It also showed that Northern Ireland Water had bid for £136 million more than the Utility Regulator deemed necessary. In July, Northern Ireland Water admitted that it had been overcharging some business customers. There is a great deal that is not right within the system, and in the way that we are taking forward the Bill, we are not facing up to that. Let us see what happens when the Bill gets to Committee Stage. We all know that there has been no public consultation prior to the introduction of the Bill, so there is a great deal of work to be done as it progresses through the Committee. There is a very short time frame, and we are all being put under pressure to pass the Bill.

I have referred to the infrastructural problems. There is no doubt that the public wants to see a water service that works efficiently and provides for the utilities as it is supposed to. Behind all of this lies the question: has the Treasury put the Executive on notice that it will not allow us to continue subsidising Northern Ireland Water? That question needs to be answered. When it is answered, there will be a wider debate on how the issue is going to be handled. At the Committee Stage, the SDLP will continue to express

very grave concerns about that. At least, we will try to open up a debate about it.

Mr B Wilson: I reluctantly support the Bill. It is disappointing that, after two years, we have not yet resolved the issue of how to pay for our water, and it is now necessary to rush this Bill through the Assembly to ensure that Northern Ireland Water can have funding in the new financial year. However, I recognise that we must keep that option open and we have to pass the Bill. If we fail to pass it, Northern Ireland Water could be left in April without funding. However, even if we pass the Bill, we should not assume that Northern Ireland Water will be funded automatically from the block grant in the next financial year.

I am opposed to water charges based on property values, which is the obvious alternative. They are grossly unfair and they fall heavily on the elderly and those on fixed incomes. However, I recognise that we must find an alternative means of funding the water and sewerage services. It cannot continue to be met from the block grant, as that would be at the expense of other services. Under the Barnett formula, there is no provision for water in the block grant. In the rest of the UK, consumers pay the charges directly to water companies and there is no call on public finance. Therefore, we get no money for the funding of Northern Ireland Water.

Northern Ireland Water must be funded from existing sources. The alternatives are to fund it from the regional rate or from the block grant. If the Executive decide to continue funding it from the block grant, it must inevitably mean a reduction in the resources available for other services such as housing, health and education. I highlighted that issue in my Budget speech in November 2007, when I pointed out that, because there was no alternative funding for water, the budget for the Health Service would have to be reduced — and that that would inevitably lead to cuts in service and significant redundancies. I pointed out at the time that the increase in the health budget was only 2.6%, which was the lowest for 10 years, and that, in practice, because of demographic trends and because NHS inflation is significantly higher than basic inflation, the 2.6% increase for the Health Service represented at best a freeze in overall expenditure, compared to a 4% increase in real terms for the Health Service in England. Funding our water means that there is less funding available for the Health Service.

12.15 pm

The Budget also referred to new demands that we had to meet, such as those of the Bamford review. I was just at the learning disability —

Mr Deputy Speaker: Order. Mr Wilson, the debate is about the Water and Sewerage Services (Amendment) Bill; please stick to the issue at hand.

Mr B Wilson: Yes; I am sorry, Mr Deputy Speaker. The Bill proposes that water and sewerage services be funded from the block grant. If that is done, there will be an impact on all other services. I feel that that is a perfectly legitimate argument to use.

The Independent Water Review Panel, which was chaired by Professor Paddy Hillyard, examined in detail the question of the funding of Northern Ireland Water. The Green Party welcomed that report. We had always argued that water services should be funded from general taxation, and, therefore, we supported the recommendation that there be no separate water charges. In accepting the report's main recommendation, which is that the regional rate be frozen for two years, the Executive gave the impression that the problem of paying for water and sewerage services had been resolved. In fact, nothing had changed. Any public celebrations were premature. The issue has not gone away, and, as we now see, the money is not available for next year because we did not take any action on the Hillyard report.

Mrs Long: Does the Member agree that an opportunity to study in more depth ways to levy separate water charges fairly and affordably has also been missed? The assumption was that, because the charges were being deferred, they would not be implemented. We could now be facing a situation in which they are implemented in what is not a fair, affordable and transparent way, despite the fact that there has been a deferral.

Mr B Wilson: I thank the Member for that intervention. She raised one of the major points that I was going to discuss. We had the situation whereby we were going to introduce the charges based on property values. That would have been grossly unfair, because it would have hit the poor, the elderly, and those who are on fixed incomes. We should have been looking at alternative forms of funding at that stage. The fact is that the opportunity to find fair and alternative forms of funding has been overlooked. We are now left, in the few months that remain before the funding runs out, with having to rush this legislation through the Assembly. We should have been looking at other forms of taxation that are based on the ability to pay.

We should be looking at the Lyons and Burt reviews from Scotland and England on other forms of local government finance, for example. We should be considering options such as a local sales tax, a service tax, and green taxes that would help the environment as well as raise revenue and that would be based on the principle that the polluter pays. We should also be looking at something such as a land value tax. For the past two years, we have not taken the opportunity to consider the alternatives, and we are now being pushed into accepting that the charges will come out of the block grant. If that happens, it must inevitably be at the

expense of other services. Therefore, we will see a reduction in those other services.

Therefore, although I support the Bill, I feel that we should not be rushing it through the Assembly. I hope that the —

Mr Weir: I am curious about the Member's assertion that the Bill is being rushed through the Assembly. There is no accelerated passage, and the Bill will have a full Committee Stage. How is it being rushed through the Assembly?

Mr B Wilson: As far as the business of the Committee for Regional Development is concerned, everything else has been set aside for the next month. I assure the Member that the parliamentary timetable is extremely tight.

In conclusion, I support the Bill, but I hope that we will find alternative ways of funding the services in question, because the present method of funding from the block grant or from property taxes is unacceptable.

Mr Bresland: Although the issue of water charges is one that gives rise to strong views and often heated debates, it is important to remember that the Water and Sewerage Services (Amendment) Bill is technical in nature and that we are debating its Second Stage. We are considering the principles behind the Bill. Those principles are concise and clear. We need the Bill if Northern Ireland Water is to be able to continue to provide a water and sewerage service and maintain its networks beyond next April.

If the Bill is not passed, we will have a real crisis, and water charges will have to be introduced from next April. There will be many more opportunities for a full and frank discussion on the future funding of water and sewerage services, but, this morning, we must control ourselves and limit our debate to the Bill that is before the House.

I support the Second Stage of the Bill, and I hope that the rest of the Assembly will do likewise.

Dr Farry: I am happy to support the Second Stage of the Bill. However, I want to follow up on some of the comments that were made by Mr Cobain, the Chairperson of the Committee for Regional Development, and by my friend Brian Wilson about the context in which the Bill is being progressed. There is a financial crisis facing Northern Ireland, and the Executive need to find major efficiency savings. Furthermore, it is clear that the Exchequer will call for further cuts at some stage in the future.

A lot of parties are engaging in cheap populism over the issue; they are taking stands and saying that there will be water charges in Northern Ireland over their dead bodies. I am not sure whether that approach is realistic and whether they are being frank with the people of Northern Ireland. In fact, one can foresee a

situation in which we will be forced, under European Union directives, to introduce separate water charges. Leaving that aside, our current financial context may well mean that it is something that the Executive have to consider.

The Alliance Party has been consistent and straight with people on the issue. We have not ruled out a situation in which water charges may have to be introduced, and we were clear on that in our 2007 manifesto for the Assembly elections. The Executive have a duty to find efficiencies in what they are doing now, before they go down the path of water charges.

The Alliance Party stresses the importance of addressing the cost of division, and other parties have their hobby horses with regard to efficiencies. Therefore all those issues are in the mix, but one must be realistic and recognise that that may not be enough. The Executive will be faced with a choice. Put simply, and as Brian Wilson outlined, the Executive will have to consider whether to go for deeper cuts in public services or look towards the introduction of a form of water charging.

A lot of people talk about water charges affecting people who are in need or who are on the margins of society. That brings us to the whole issue of affordability and ability to pay: a water charge that is based upon the value of property will not properly reflect that. Neither would such a system reflect the relative usage of households. For instance, a situation could arise in which a single pensioner is living next door to a family of four adults who all earn a wage and who use a lot more water. It would be unfair to base the water charges for both households on the value of property. However, if we can find a fairer way of imposing water charges, it will be a progressive way of raising revenue.

On the other hand are people who are in difficulty because of their need for access to public services. They are often the most needy and disadvantaged people in our society, and they would not be eligible to pay water charges, if they were introduced. If steep cuts are imposed on the Health Service, those are the people who will suffer the most. When people talk about suffering and the disadvantaged in society, let us not focus entirely on the charges that the Assembly may or may not pass on to individuals; let us look at the nature and quality of the public services that we are funding and bear in mind that people are dependent on those and on a high quality of service.

If water charges are introduced, there is the issue of people paying twice for water, as part of the regional rate already covers water. If water charges are introduced, these Benches expect a proportionate reduction in the regional rate to account for the

element that is currently being paid into the regional rate being transferred into any future water charges.

In broader terms, the deferral of water charges could be costing the Executive approximately £200 million a year, which is a considerable sum. It is the democratic choice of a devolved Executive to defer water charges, because, as Brian Wilson said, it does not form part of the Barnett formula. Therefore, the Executive are essentially taking money from the block grant to fund that deferral and are forgoing the opportunity of spending resources elsewhere.

The Assembly passed a Budget that was based on the initial deferral of water charges, but water charges have continued to be deferred without that Budget being modified to take into account the cost of that deferment. Therefore, decisions and announcements on water charges are now being made in advance of the budgetary and financial framework having caught up, and the Executive are having to find money in different areas to plug the gaps. That is not an appropriate or mature approach to the financial management of Northern Ireland's scarce resources.

I appreciate that the Bill is designed to give options. I am happy for everything to remain on the table, but we must be realistic about where we are heading as a society. If the introduction of water charges is being considered, we must be straight with people; we must not lead them up the garden path by telling them that those charges will be withheld at all costs. Furthermore, if water charges are introduced, we must ensure that the system of charging used reflects people's ability to pay and is based on their usage rather than on the value of their property. That system is a very blunt and, frankly, regressive form of taxation, which I hope all Members would reject; although I have my doubts.

Mrs Long: I concur with everything that my colleague said, and I will not repeat the points that he made.

The Water and Sewerage Services (Amendment) Bill, if passed, will allow the Department for Regional Development to continue to fund water and sewerage services, and the Alliance Party has no objection to that. What is now termed "water and sewerage services" was for a long time called public health engineering, and that was for good reason. The biggest improvement that we, as a nation, have witnessed in public health came as a result of the introduction of proper water and sewerage services. Indeed, the introduction of those services probably made the biggest contribution to increased length and quality of life. Therefore, it is absolutely critical that we continue to fund that service appropriately for the future and to ensure that there is no regression.

Water charges, particularly separate water charges, are required under the EU water framework directive.

That directive not only requires that separate charges be introduced, but the ethos behind the directive is that those charges should encourage water conservation. One of the problems with the previously envisaged structures to levying water charges here was that they were based on the price of a property, which has no reflection on the amount of water used. Therefore, water charging in that form does not fulfil the requirements of the directive. From the perspective of the Alliance Party, the question is not whether we pay for water but how we pay for water: charging must be fair, transparent, affordable, and also preferably and, importantly, it must be linked to usage.

The continuing deferral of water charges has created a sense among the public that the introduction of charges is not on the agenda. Therefore, I am glad that the Bill has come to the House, because it demonstrates that the Executive are not in a position to make the decision to defer water charges indefinitely at this time and in the current financial circumstances. I hope that it raises public awareness of the fact that the debate is ongoing.

12.30 pm

The deferral has not, as I had hoped, bought time so that alternative approaches to levying fair charges could have been considered. Instead, it has simply put the issue on the back burner to be dealt with at a later stage, with no particular improvement to the kind of charges that are envisaged. That is an unfortunate wasted opportunity. As we agree the Second Stage of the Bill, I hope that work is ongoing in NI Water and in the Department for Regional Development to look at how charging — if it has to be introduced — is made fair, affordable and transparent and linked to usage. No one wants to pay taxes, but when we have to pay taxes — and we all recognise that we have to fund our public services — we want to know that those moneys are being dealt with affordably and accountably.

I want to raise one other issue, which relates to today's Adjournment debate: the need for continued investment in water and sewerage services. We will be discussing the flooding that took place in my constituency and the investment required to deal with that. No doubt the Minister will be harangued by many Members at a constituency level for what are seen as the failings of the Department to deal with those issues. We have to be realistic and say that, without significant investment in the next five to 10 years, it is conceivable that the problems that we are experiencing locally will be more widespread and continue to cause problems.

There are difficult financial decisions ahead. However, we need to prioritise the issue of water and sewerage. Although it may not be one of the more

glamorous aspects of our work, it is absolutely fundamental to public health, and it is important to focus investment in that area. As my colleague has stolen most of my thunder, I am happy to concur with what he has said and not repeat anything.

Mr Deputy Speaker: 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, when the Minister will conclude and wind up the debate.

The sitting was suspended at 12.32 pm.

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

2.00 pm

The Minister for Regional Development: Go raibh maith agat, a LeasCheann Comhairle. I thank all the Members who commented on the Bill. I welcome the support for the Bill from the Chairperson and the Deputy Chairperson of the Committee for Regional Development and from other Members.

Mr K Robinson: On a point of order, Mr Deputy Speaker. I am sorry to interrupt the Minister in full flight, but do we have a quorum in the Chamber?

Mr Deputy Speaker: It is obvious from looking around the Chamber that there is not a quorum.

Notice taken that 10 Members were not present.

House counted, and there being fewer than 10 Members present, the Deputy Speaker ordered the Division Bells to be rung.

Upon 10 Members being present —

Mr Deputy Speaker: The Minister may continue.

The Minister for Regional Development: Go raibh maith agat arís, a LeasCheann Comhairle. It appears that when Members are speaking to the media, these are important issues, but when it comes to debating them in the Chamber, they are not so important as to warrant significant attendance. Nonetheless, as I was saying, I welcome the support for the Bill from the Chairperson, the Deputy Chairperson and the members of the Committee for Regional Development and from most, if not all, parties.

The exception appears to be Mr Gallagher, although I am not sure whether he indicated that he would be voting against the Bill or whether his opposition to it means that his party proposes the immediate introduction of payments for water, because that is the only circumstance in which we would not need to extend the legislation. The main point of extending the subsidy provision is to maintain our water and sewerage services on a sound financial basis, and any other, wider decisions in relation to water and sewerage services will be taken separately.

Most Members who spoke understood and supported the purpose of and necessity for the legislation. I look forward to working with the Committee, along with my officials, during Committee Stage. It was interesting that some Members referred to the “rushed nature” and “compressed time frame” of the Bill. The Bill is following normal process, so I am not sure where those concerns arise. The Executive could have sought accelerated passage for the Bill, but they have brought it forward to allow the Committee to have its full say in the debate, as is rightly the case. The Committee will arrange its

own timetable and programme of work to accommodate that, and I am grateful to the Committee for that.

I wish to respond to some of the issues that were raised. Mr Gallagher raised what he termed “serious concerns”. He alleged that there had been no debate on the issue, that I was unable to rule out charging for water, and he asserted that the public were bewildered. If there is bewilderment among the public, he should examine his own attitude, statements and record — and those of his party — on the issue over the past decade. I could go into the history and implications of the reform and reinvestment initiative, which was launched and lauded by his current party leader, Mr Durkan, and by the former First Minister, David Trimble.

I refer Mr Gallagher to a few points. If he is worried that a lack of consistency has bewildered the public, I suggest that he look to himself in the first instance to correct that. He berates me for not ruling anything out, but the last Finance Minister from his party said in 2002, around the time that he launched the review of rating and water policy:

“nothing has been ruled in and nothing ruled out... But we must be under no illusions, as private citizens we pay considerably less in local taxes than people do in England and, while it may be unpalatable, we may also have to accept that if we want better public services here we will have to pay more for them.”

When the Member is looking for consistency when debating these issues, he should look to himself.

Strangely, when his own party made a submission to that review, despite what its Finance Minister had said — it was during a period of suspension — the SDLP said:

“water supply is a basic service... that we believe should be guaranteed to all and free at the point of use.”

However, in response to the panel that I established when I took up office, that party expressed its position as:

“no privatisation, no water-metering, no separate water charges or double taxation, but water revenue as a clear component of rates.”

In my experience, most of the parties have been quite consistent. If the public are bewildered because of any lack of consistency on the issue, the Member may wish to look to his own party to firm up the consistency. In the past few years, the SDLP seems to have advocated at least three different positions on the issue [*Interruption*]. I notice that the Member is trying to make comments from a sedentary position. I am happy to give way if he feels that he has something intelligent to contribute to the debate. Obviously, he does not.

Mr Gallagher alleged that no debate has taken place on the issue, and he bemoaned that. He is free, at any stage, to bring a motion to the House for debate. I have not noticed that he has tabled such a motion. He is now a member of the Committee for Regional Development, and he is free to raise the matter through that Committee.

He must be clear in his facts. Some of his statements were factually incorrect, which for any Member would be worthy of criticism, but it is hard to understand how a member of the Regional Development Committee could be incorrect with their facts. He stated that the Executive had introduced business charges and that they had implemented them at 100%. Neither part of that is true. Most non-domestic customers have had water charges for years. They were not introduced by the present Executive, which unanimously decided to keep those charges at 50%.

If Mr Gallagher wishes to assist with what he believes to be some degree of public confusion, perhaps he should table a debate on the matter, but he should be sure of his facts and be consistent on his position if he does so. The Executive, on which his party is represented, unanimously decided on the issues.

In response to Mr Hamilton, he said that “we have a strange democracy” where a party is obliged to take a position in one forum but can take a different position in another forum. Indeed, it is a strange form of democracy when the SDLP’s representative on the Executive can vote for a certain position and the party feels free to adopt a completely different position in the Chamber and in front of the general public. If Mr Gallagher feels that the public are bewildered, I suggest that he might look to address that.

Mr Gallagher raised a few other points in relation to billing errors. NIW has taken steps, in consultation with the Consumer Council, to address that. Improvements to data and to systems are being made in conjunction with the regulator, and I certainly welcome those. Mr Gallagher also raised the issue of the draft determination from the regulator that NIW had asked for too much money. The regulator’s document is only a proposal, which is subject to consultation, and my aim is to ensure proper engagement between the regulator and Northern Ireland Water to get the right level of resources so that adequate water and sewerage services can be provided and to make up for the historic underinvestment in those services.

Brian Wilson said that the legislation was being rushed through. Given that the normal processes for putting legislation through are being followed, I am at a loss to see how he can describe the legislation as being rushed. He spoke for some time about the unfairness that he felt about different ideas that have perhaps been suggested by him and other parties. I have certainly not suggested those ideas. He said that alternative means had to be found, and I waited patiently to hear those. He quickly rattled off a couple of suggestions to do with using land taxes and green taxes. I have never heard the sole representative of the Green Party put those ideas forward for debate on the Floor of the Assembly, and he has never brought those ideas to my attention. If the Member has ideas on how water and

sewerage services should be funded, I am sure that the Assembly and the Executive will be pleased to hear them. Two and a half years into the process, the Member has made a few offhand remarks.

Mr B Wilson: I made all of those points during the debate on the Budget in November 2007. At that time, I called for a review of how local finance should be funded, and I went into the details of each of those proposals. My concern is that nothing has been done since then. We have to look at alternative sources of funding.

The Minister for Regional Development: The Member’s suggestion that nothing has been done is incorrect. We are doing something now: we are extending the legislation to allow the Executive to continue to cover the additional costs of water and sewerage services. That is the third decision that we have taken in relation to this. When I took office, Sinn Féin had the position — similar to those of many parties, although some of them have wavered back and forth — of being opposed to the direct rule propositions on water charging.

My party opposed privatisation of the Water Service. It wanted a full inquiry so that the costs that are required for water and sewerage services can be ascertained and so that a degree of transparency can be brought to the matter.

Every one of those pledges has been delivered. The Executive have stopped the direct rule proposition for water charges. They gave the independent panel a remit that would rule out the privatisation of water services. They brought forward the panel’s report, which continues to be the subject of debate on all matters that are connected to the requirements for water and sewerage services.

Therefore, if the Member has alternative propositions, I would certainly be glad to hear from him. If, as he says, the Executive have done nothing on the matter since the Budget debate in November 2007, I would not be in the Assembly debating a piece of legislation that would allow us to continue to do what we have been doing.

Dr Farry and Mrs Long raised a number of wider issues about water payments, and they pointed out that the Executive have never advocated double payments for households. The Independent Water Review Panel’s proposals addressed that. The Executive have yet to decide on any methodology for household payments. As is the case with any other Executive decision, we have made the commitment to consult publicly on anything that we do.

Therefore, a LeasCheann Comhairle, I trust that I have dealt with a number of points that were raised in the debate. As I said, I am somewhat at a loss when Members say that the issues have not been debated; I

have discussed them on many occasions in the Assembly. Of course, Members are free to table any motion on those matters that they so wish, and I am sure that the Business Committee would consider the merits of any of those motions for debate.

Certainly, as I said at the outset, the Bill proposes to allow the Executive to continue the current funding arrangements. Since they came into office, the Executive have made two decisions: first, to continue those arrangements; and secondly, to extend that ability to ensure that the necessary investment — which, in many ways, is catch-up investment — in water and sewerage services that was not made under direct rule continues to be made.

Of course, the Executive will continue to struggle with all the financial issues that face us. However, the Bill allows us to continue to make that subvention to Northern Ireland Water.

Question put and agreed to.

Resolved:

That the Second Stage of the Water and Sewerage Services (Amendment) Bill [NIA 3/09] be agreed.

EXECUTIVE COMMITTEE BUSINESS

Rates (Amendment) Bill

Consideration Stage

Mr Deputy Speaker: Members will have a copy of the Marshalled List of amendments detailing the order for consideration. The amendments have been grouped for debate in the Speaker's provisional grouping of amendments selected list.

There are two groups of amendments, and we will debate the amendments in each group in turn. The first debate will be on amendment Nos 1 and 2, which extend information-gathering powers to the domestic sector. The second debate will be on amendment No 3, which provides a minor technical amendment that is consequential to clause 7 of the Bill.

I remind Members who are intending to speak that, during the debates on the two groups of amendments, they should address all the amendments in each particular group on which they wish to comment. Once the initial debate on each group has been completed, any subsequent amendments in the group will be moved formally as we go through the Bill, and the Question on each will be put without further debate. The Questions on stand part will be taken at the appropriate points in the Bill. If that is clear, we shall proceed.

Clauses 1 to 5 ordered to stand part of the Bill.

Clause 6 (Extension of liability for unoccupied hereditaments to dwelling-houses, etc.)

Mr Deputy Speaker: We now come to the first group of amendments for debate. With amendment No 1, it will be convenient to debate amendment No 2.

These amendments extend information gathering powers to the domestic sector.

2.15 pm

The Minister of Finance and Personnel (Mr S Wilson): I beg to move amendment No 1: In page 8, line 10, at end insert

“(5) Until such day as the Department may by order appoint, the power conferred by Article 26(2A) of the principal Order (power of Department to require information in respect of unoccupied hereditaments to which Schedule 8A to that Order applies if name and address of person entitled to possession unknown) shall by virtue of this subsection be exercisable as if any hereditament which is included in a capital value list were a hereditament to which Schedule 8A to the principal Order applies.

(6) In subsection (5) ‘hereditament’ and ‘capital value list’ have the same meaning as in the principal Order.”

The following amendment stood on the Marshalled List:

No 2: In clause 19, page 13, line 24, at end insert “section 6(5) and (6);”. — [*The Minister of Finance and Personnel (Mr S Wilson).*]

The Minister of Finance and Personnel: I will speak to amendment Nos 1 and 2 because both deal with the information-gathering powers related to the rating of empty homes.

Amendment No 1 is minor in nature but is necessary to ensure that Land and Property Services (LPS) has the powers to verify and obtain information on the people who will be liable to pay rates when the rating of empty homes is introduced. I stress that this amendment simply extends a power enabling the details of liable persons to be obtained that is already available in the current rating legislation but is restricted to commercial properties, to which unoccupied rating already applies.

Although in the course of its duties Land and Property Services can request information on the persons entitled to possession, in the absence of amendment No 1 there will be no statutory recourse if the information is not provided. The amendment provides a statutory backing for LPS to request the necessary information and will ensure that the LPS database on empty homes is as robust as possible. The power needs to apply prior to the rating of empty homes in order that it can be effectively introduced. That should make billing and recovery more robust. The absence of the information gathering power prior to the rating of empty homes being introduced may reduce the revenue — estimated at between £6 million and £8 million — by 50%.

As I have already indicated, this is not a substantive policy change; rather, it is a minor and technical amendment to extend an existing power relating to unoccupied property for the purpose of effectively introducing the rating of empty homes. Amendment No 2 provides that amendment No 1 will come into operation once Royal Assent is obtained.

Mr O’Loan: I have some little concern about amendment Nos 1 and 2, but the Minister may be able to allay those. The Bill was granted accelerated passage because of the considerable delay in the prior process. Given that delay, one would have thought that the Department would have fully considered its position on all matters relating to the Bill. I am, therefore, disappointed that amendments have been put forward only now, after the initial presentation was made to the Committee and after the Bill had its First Stage and Second Stage readings in the Assembly.

I am also disappointed that, when the amendments came forward, Members were not simultaneously provided with explanations for them. We had to do some research to find out the nature of the amendments, because the language used in them is extremely technical. However, I am not so sure that the effects of them are only

technical, as has been described. I thank the Minister’s departmental officials for providing information on the amendments to Committee members; however, that was done only yesterday.

As the Minister said, amendment No 1 relates to the powers of the Department to obtain further information on the ownership of vacant property and the persons to whom it might serve a bill. I am concerned about the strength of those powers. When the Committee received evidence from the Minister and his officials, we were given strong assurances that the sharing of information will benefit the persons about whom the information is obtained by enabling them to obtain reliefs. However, the amendment is quite different; it gives the Department strong powers to gather information for billing purposes.

It enables it to serve a notice to the owner of the property and to a considerable number of bodies, such as district councils, NIE, BT and other communication and telecommunication providers. I presume that the serving of a notice puts those bodies under a legal duty to provide any information that the Department asks for. We are told that that is an extension of powers that are used in other cases. That may well be so; however, it is a significant addition to the Bill. Therefore, I am concerned that that amendment was proposed at a late stage. It is a significant addition to the Bill, and there ought to have been time for it to have been fully explained to the Committee so that any concerns that I, or others, may have, could have been allayed.

I had considered proposing a further amendment about the rating of vacant non-domestic property, which is an issue that I raised with the Minister. If there is an issue about not bringing in the power to rate vacant domestic property at this time, the same issue applies to the rating of vacant non-domestic property. The evidence shows that ratepayers with a business property that they cannot use because of the economic downturn are carrying a significant burden as they have to pay rates on that property. That is something that was introduced only fairly recently. However, no amendment was necessary, because the power to deal with that is already in the hands of the Minister. After I spoke during the Second Stage of the Rates (Amendment) Bill, the Minister said that his Department was conducting an evaluation of the impact and effectiveness of the policy of rating empty non-domestic properties. It would be good for the outcome of that evaluation to be made known quickly. Perhaps the Minister will consider that.

Mr F McCann: Thank you, a LeasCheann Comhairle. Unlike Declan, I did not see the amendments until a few minutes ago. I share some of his concerns. In Committee, Declan asked questions about the precise nature of the legislation, the gathering of information, and the sharing of information that would allow people who are in need of rate relief to better tap into what is available. I have just become aware of the additions,

and, as I said, I share Declan's concerns. Later, I want to speak about the issue of empty homes.

In common with many other political parties, including the DUP, Sinn Féin has raised concerns about the use of accelerated passage. However, in this case, we were informed that accelerated passage was not only a necessity but that it was essential to ensure that people, especially those with small businesses, could get relief. Therefore, we supported it.

In the past, other Committees raised concerns about the use of accelerated passage. When we supported its use, we found that when we came to the Assembly, we were berated for daring to take part in a debate when accelerated passage had already been agreed. That is not a criticism of the Minister; it is a criticism of the widespread use of accelerated passage. The Committee agreed to the use of accelerated passage; however, it is difficult to make a decision when amendments are proposed at such a late stage. Declan said that he saw the amendments yesterday. I have not been clued in because, as I said, I saw the amendments only minutes ago.

The Minister of Finance and Personnel: I think that there is a bit of confusion. The data-sharing aspect of the Bill, which was designed to benefit pensioners and those who are eligible for rate relief, and which both Members referred to, is not in that part of the Bill.

To that extent, Mr Deputy Speaker, Members have wandered beyond their remit, dipped under your radar and spoken on matters about which they should not have spoken. However, I am happy to deal with that confusion. Although the date for introducing the rating of empty homes has not been decided, the point of the amendment is to ensure that there will be a level playing field when it is introduced and that all legal owners of empty homes will be uniformly subject to the regulations.

Information is available about the owners of non-occupied commercial premises, and they can be fined if they do not supply the relevant information. The amendment is technical and will ensure that the same powers are available in the domestic sector. No Member wants a system in which those who are wily or who are able to hide property ownership are exempt from a charge that is being imposed on other people. The point of the amendment is to ensure that there is equity in the application of the regulation if and when it comes into force. Once again, I emphasise that we have not decided when the rating of empty homes will be introduced.

Mr F McCann: That is one of the issues that most people have been concerned about. Due to the Bill's accelerated passage, which we all agreed to, people were concerned about the non-rating of empty homes. They took into consideration the economic downturn

and the additional pressure that introducing the rating of empty homes could bring.

Parties have different points of view on the rating of empty homes. My party raised the issue during a debate a couple of years ago, which may have started the process. We are concerned that the rating of empty homes may be an added burden at present, and it is difficult to determine when the process should start. Thousands of people are being added to the waiting list for houses every year, and it is possible that some empty homes could be used to ease that pressure.

If the rating of empty homes is postponed this year, will we be in a position to introduce the measure next year or the year after? That is something that has caught everyone's imagination over the past couple of years.

The Minister of Finance and Personnel: The Member's intervention has made me even more puzzled. I thought that his original concern was that we were introducing a power that would enable us to find out who owned empty homes so that we could impose rates on them.

Mr F McCann: Will the Minister give way?

The Minister of Finance and Personnel: I will take the intervention in a minute.

From the Member's latest intervention, and I am quite happy for him to make himself clear in a moment or two, it seems that he is concerned that we are not introducing the rating of empty homes quickly enough, and that the measure is needed because so many people are on the waiting list for houses. If he wants the rating of empty homes to be introduced quickly, he can make that point when we review the situation and the Committee expresses its view.

I want to make it clear to the Member that the power that the Department is seeking, through the amendment, is to ensure that when the rating of empty homes is introduced, the very point he has made can be facilitated. There will be a financial obligation on the owners of empty houses to pay rates on their properties, which will, hopefully, encourage them to put such properties on the market. I thought that the Member would have welcomed that change instead of being critical of it.

2.30 pm

Mr F McCann: Go raibh maith agat, a LeasCheann Comhairle. We would welcome that. We pointed out at the Committee that we reluctantly agreed to the empty homes amendment because of the economic downturn. I just had a glance at the additional amendments that came through this morning. The amendments that I was speaking about were additional legislation that would allow people to move away from tapping into their rates relief and allow them to expand that into other pieces of information. I was talking about two completely different things.

With regard to rating empty homes, Sinn Féin has argued for a considerable period that the sooner it is introduced the better.

The Minister of Finance and Personnel: I hope that you understood that, Mr Deputy Speaker. I assure the Member that the amendment — and it is a technical amendment — is to ensure that if and when the rating of empty homes is introduced, LPS has the same powers as it has for commercial properties; that it can trace the owner and know to whom to send the bill. That creates a level playing field, and Members should welcome that.

Mr F McCann: Declan O’Loan said that it would have been better if we had had this information earlier. I received information about the amendments on my computer about half an hour ago. It is difficult to prepare for a debate when one is fed amendments only at the last minute.

The Minister of Finance and Personnel: I made it clear that I would rather not see Bills introduced by accelerated passage. I will endeavour to ensure that that does not happen, although this was beyond my control. Indeed, the Member might be more easily able than I to upbraid those who were responsible.

I made officials available to brief the Committee. This was not a last-minute panic measure. The amendment was identified earlier in the process, but it could not be introduced earlier due to the fact that the Bill had been approved by the Executive. Therefore, this was the only stage at which the amendment could have been introduced without again going through the process of getting an amended Bill approved by the Executive.

Mr O’Loan raised the issue of rates on empty commercial properties and the fact that the Department said that it would evaluate the impact and effectiveness of the policy of rating empty non-domestic properties. That evaluation was always planned, and it has, as Mr O’Loan pointed out, been given added importance due to the effect of the recession on the commercial market. As part of that evaluation, the Department is taking soundings from stakeholders to get their views on the effect of the policy. I will take on board those views, as well as the views of the Committee for Finance and Personnel. I want to consider all factors in order to have a detailed analysis before the Department decides how best to proceed.

Mr O’Loan: The Minister did not come back to me with an explanation of why the amendments were brought forward so late. They were entered no later than last Thursday. My party staff made enquiries on Friday and got good verbal explanations from departmental officials. The Committee, through its secretariat, was informed only yesterday, when members were given a full written explanation of the amendments. When one gets complex

amendments like this, it causes the Committee concern if we do not simultaneously have a clear explanation in language that we can understand of what the amendments are about.

Given the long delay in bringing the Bill forward, I find it surprising that all the issues were not covered, that those amendments were not in the Bill when it was presented to the Assembly at its First Stage, and were not then explained in full to the Committee when it was briefed by departmental officials and the Minister himself.

The Minister of Finance and Personnel: I thought that I had provided an explanation. The Bill had already been approved by the Executive and could not be amended. Amendments cannot be made and published until after the Bill’s Second Stage. As the Member knows, the Second Stage took place late on Tuesday evening or early on Wednesday morning; I cannot remember exactly when it was passed. Therefore, the amendments were tabled as soon as possible thereafter. We did move quickly.

The Member makes a good point. The amendments are technical rather than complex, and I hope that I have at least explained the rationale behind them. The powers that are already available for commercial properties will now be available for domestic properties. Information must be provided to show who owns a property. If that information is not provided, sanctions can be imposed, including a fine of up to £1,000. That is the explanation of the amendment. I hope that I have explained the reason behind it, which is one of fairness and equality.

Although there would have been a longer discussion had the Bill undergone a Committee Stage, I am, nevertheless, happy to explain the thinking behind it in this format. I hope that I have explained why the tabling of the amendments was delayed until last Thursday. That is part of the arrangements in the House for tabling amendments. Therefore, they could not have been tabled any sooner.

Mr McNarry: In case the Minister is worrying, which I am sure he is, I will explain the reasons why the Ulster Unionist Party will make no interventions during the Consideration Stage. Although we sympathise with Members’ points, we are content, as we have said since the start, to allow the Bill to proceed.

I wonder whether I could have the Minister’s attention. I raised the issue of carers with him. I want to take the opportunity to thank him and his officials for the manner in which they have dealt with the issue of carers in relation to the introduction that I had to this Bill, particularly with regard to rates relief for carers. I met his officials, and I am satisfied that, as a result of my requests in the House and at the Committee, we may be — I will put it no stronger than that — able to find a way to determine whether there is a way to address

that issue. I want to put on record that I am grateful for all the assistance that I have received.

The Minister of Finance and Personnel: I thank the Member for his gracious intervention. I am sure that he will not make a habit of it. I thought that he perhaps wanted to intervene again to ensure that I did not get the wrong end of the stick.

Mr McNarry: He wants me to repeat it again and again; do not get carried away.

The Minister of Finance and Personnel: I will not get carried away. I will take such a gracious intervention when it is available, because I know that it will always be tempered with other kinds of intervention and speeches on other occasions. I had made a promise — I know that we are wandering off the subject — that officials would meet the Member, and I am glad that it was a useful and productive meeting.

Moreover, I am also glad to receive assurance from the Member about the Ulster Unionist Party's support for this important measure, which many people outside the Assembly want to be introduced. That is one reason why Members from all parties agreed to accelerated passage.

Amendment No 1 agreed to.

Clause 6, as amended, ordered to stand part of the Bill.

Clauses 7 to 18 ordered to stand part of the Bill.

Clause 19 (Commencement)

Mr Deputy Speaker: Amendment No 2 has already been debated and is consequential to amendment No 1's having been made.

Amendment No 2 made: In page 13, line 24, at end insert "section 6(5) and (6);". — [*The Minister of Finance and Personnel (Mr S Wilson).*]

Clause 19, as amended, ordered to stand part of the Bill.

Clause 20 ordered to stand part of the Bill.

Schedule 1 (Minor and consequential amendments)

Mr Deputy Speaker: We now come to the second group of amendments for debate. There is only one amendment, amendment No 3, which provides a minor technical amendment that is consequential to clause 7.

The Minister of Finance and Personnel: I beg to move amendment No 3: In page 14, line 20, at end insert

"4A. In Article 52 (procedure on appeal to Commissioner), in paragraph (4A)(b), for the words from '12(1)' to the end substitute '15 of Part 1 of Schedule 12 (subject to paragraphs 7(3) and 12)'."

Members may wish to note that the amendment is minor and technical in nature and is consequential on the new anti-avoidance powers that are set out in clause 7.

It will help if I first provide an overview of clause 7, which is intended to address measures that ratepayers may take to avoid liability through deliberately damaging property or by disregarding any changes that have an effect on its valuation for a certain period.

Clause 7 will enable my Department, by regulations, to amend the valuation assumptions that apply to domestic property. It also contains a power to include additional matters in regulations, including assumptions that changes have been made to the state of the property in comparison with an earlier time.

Article 52(4)(a) and (b) of the Rates (Northern Ireland) Order 1977 provides that, where the Commissioner of Valuation for Northern Ireland makes an alteration in the valuation list, he may alter the valuation of any comparable property, having regard to the valuation assumptions. It will therefore be necessary, in respect of that, to take account of any changes to the valuation assumptions provided for in clause 7 where the property is an empty home. Amendment No 3 gives effect to that.

Amendment No 3 agreed to.

Schedule 1, as amended, agreed to.

Schedule 2 agreed to.

Long title agreed to.

Mr Deputy Speaker: That concludes the Consideration Stage of the Rates (Amendment) Bill. The Bill stands referred to the Speaker.

2.45 pm

COMMITTEE BUSINESS

Public Accounts Committee Reports

Mr Deputy Speaker: The Business Committee has agreed to allow up to two hours for the debate. The proposer of the motion will have 15 minutes in which to move the motion and 15 minutes in which to make a winding-up speech. All other Members who are called to speak will have seven minutes.

The Chairperson of the Public Accounts Committee (Mr P Maskey): I beg to move

That this Assembly takes note of the Public Accounts Committee Second (23/08/09R) and Third (38/08/09R) Composite Reports and of the following Committee Reports:

Report on Managing Sickness Absence in the Northern Ireland Civil Service (38/07/08R)

Report on Sea Fisheries: Vessel Modernisation and Decommissioning Schemes (06/08/09R)

Report on Statement of Rate Levy and Collection 2006-07 (13/08/09R)

Report on Delivering Pathology Services: The PFI Laboratory and Pharmacy Centre at Altnagelvin (16/08/09R)

Report on Warm Homes: Tackling Fuel Poverty (18/08/09R)

Report on Shared Services for Efficiency - A Progress Report (21/08/09R)

Report on Brangam, Bagnall & Co: Legal Practitioner Fraud Perpetrated Against the Health and Personal Social Service (26/08/09R)

Report on Road Openings by Utilities (33/08/09R)

Report on the PFI Contract for Northern Ireland's New Vehicle Testing Facilities (35/08/09R)

Report on Control of Bovine Tuberculosis in Northern Ireland (40/08/09R)

Report on Review of Financial Management in the Further Education Sector in NI and Governance Examination of Fermanagh FE College (41/08/09R)

and the following Department of Finance and Personnel Memoranda of Reply:

Report on Managing Sickness Absence in the Northern Ireland Civil Service (NIA 47/08-09)

Report on Sea Fisheries: Vessel Modernisation and Decommissioning Schemes (NIA 60/08-09)

Report on Statement of Rate Levy and Collection 2006-07 (NIA 74/08-09)

Report on Delivering Pathology Services: The PFI Laboratory and Pharmacy Centre at Altnagelvin (NIA 74/08-09)

Report on Warm Homes: Tackling Fuel Poverty (NIA 91/08-09)

Report on Shared Services for Efficiency — A Progress Report (NIA 91/08-09)

Report on Brangam, Bagnall & Co: Legal Practitioner Fraud Perpetrated Against the Health and Personal Social Services (NIA 110/08-09)

Report on Road Openings by Utilities (NIA 125/08-09)

Report on the PFI Contract for Northern Ireland's New Vehicle Testing Facilities (NIA 168/08-09)

Go raibh maith agat, a LeasCheann Comhairle. The motion will give Members some indication of the remit and range of the work of the Public Accounts Committee. I will not go into detail on every item listed in the motion, but I will remind Members of the scope of the Committee's work.

The Public Accounts Committee is a Standing Committee that considers reports on accounts laid before the Assembly. The accounts of all Departments and of most public sector bodies are prepared and laid before the Assembly by the Comptroller and Auditor General, the head of the Audit Office. The Comptroller and Auditor General may also make value-for-money reports, as well as reports of investigations that his office carries out as a result of audit findings.

The Audit Office's role is to examine public expenditure closely from the position of the independence of government. As such, it performs a natural partnership function with the Assembly, assisting in its scrutiny role and complementing its systems of checks and balances, which are fundamental to a healthy democracy. Audit Office reports are an invaluable tool in enabling the Public Accounts Committee to improve accountability and good governance in the public sector.

I commend the Audit Office for the excellent support that it provides to the Committee. I also thank the Committee Clerk and her staff, who work very hard every week to make members' deliberations easier. There have been some changes in the Clerk's team, but the secretariat staff have worked very hard to ensure that those changes were seamless. The Committee thanks all the clerical staff and the secretariat.

The Committee has welcomed a new Comptroller and Auditor General this year in Kieran Donnelly — Comhghairdeas le Kieran. Congratulations to Kieran on his successful application for the role. He has already established a good working relationship with the Committee, which is to his credit. The Committee also thanks John Dowdall, the previous Comptroller and Auditor General, for his mentoring. He gave us many good years.

The Committee has worked again this year to improve standards in public life, stewardship of the public purse, financial governance systems, and processes and controls to maintain accountability and value for the taxpayer. In each of its inquiries, the Committee endeavours to identify key shortcomings and to recommend improvements for future practice, continually promoting learning in

public spending. Those lessons are particularly relevant in the current climate of recession.

As in the past year, the Committee addressed some of its business into composite reports, which examined by correspondence certain issues of concern. Those have been circulated to Members, who will be familiar with the contents. The Committee also selected Audit Office reports to deal with as a priority, using the order of expenditure, impact on the taxpayer, and the extent to which lessons could be learned as selection criteria. The Committee studied those reports in detail, and heard evidence from the accounting officers of the relevant spending bodies, and probed and dissected all the evidence in order to come to its conclusions.

I will particularly focus on two reports: the Committee's 'Report on Statement of Rate Levy and Collection 2006-07', and the 'Report on Brangam, Bagnall & Co: Legal Practitioner Fraud Perpetrated Against the Health and Personal Social Services'.

George Brangam, solicitor and owner of the legal practice Brangam Bagnall and Co, was found to have fraudulently extracted at least £278,000, over a period of seven years, from six of the 11 health bodies to which his practice provided legal services. Public sector fraud is always a headline issue for the Committee. The Committee was relieved that the Department recovered money and legal costs of £123,000 in full. Nevertheless, on behalf of the Committee, I reiterate the gravity of the case.

Fraud is an abuse of position and trust, and no level of fraud is acceptable. Systems and controls, no matter how simple, must be in place to prevent anyone from deceiving the taxpayer in such a way. The Brangam case was particularly frustrating because the fraud could have been prevented and detected easily through basic payment checks. Unfortunately, the checks and supervisions were dispensed with because the health bodies were working with a professional person: a lawyer who had previously been a colleague.

Information sharing is another area in which lessons should be learned from the case. The Committee repeatedly recommends that Government must create a culture of openness in which employees are encouraged to flag up non-compliance with controls and to identify problems early on. Allegations about the solicitor's conduct, behaviour and probity were not shared with the Health Service. The Committee was not satisfied with the Department's handling of the solicitor's departure from the Health Service, particularly with regard to the conflict of interest arising from his involvement in the procurement of legal services. That was a factor in the Committee's conclusion that it had never before seen an example of such poor procurement practices.

The Committee also challenged the adequacy of the Department's investigation into the fraud, and it made

a number of recommendations for the scope and terms of reference of future forensic investigations. The Committee gained a broad understanding of the implications of the case by seeking the additional perspective of the Law Society in its capacity as a regulatory body of legal practitioners. In December 2008, the Committee heard evidence from the Law Society and the accounting officer of the Department of Health, Social Services and Public Safety before making its recommendations.

The Committee agrees that the Department has reduced risk to the Health Service by transferring most legal advice to an internal health and social care directorate. The Department has also introduced new procedures that do not permit cheques in settlement of legal cases to be channelled through solicitors where there is no sensible business case to do so. Those procedures would have prevented the majority of frauds perpetrated by George Brangam if they had been in place. The Committee remains of the view that the Department must learn lessons from the case for future forensic investigations and ensure that there are no conflicts of interest among the personnel who are responsible for the procurement of services.

The Health Service is, arguably, the priority for taxpayers. For good reason, it receives the bulk of the local Budget. As a constituency politician from the vibrant but deprived area of West Belfast, I deem this report to be the most significant of the year because it deals with prolonged and systematic malpractice in the most crucial and cherished front line public services that are offered here. As Chairperson, I have no doubt that the Committee's inquiry has strengthened public service for the benefit of taxpayers in every constituency.

I now turn briefly to another inquiry that has significant implications for every taxpayer. In the 'Report on Statement of Rate Levy and Collection 2006-07', the Comptroller and Auditor General was unable to give the Assembly any assurance on Land and Property Services' assessment and collection of rates in that year. That was due to significant system control problems that arose following the introduction of a new IT system.

The Committee decided to prioritise the topic because of the considerable impact of rates revenue, which is assessed at £1 billion a year, on local and central government. The Committee reported on rate collection activity during a time of considerable change in policy, systems and management structures. We considered that the Department of Finance and Personnel and the agency were trying to do too much in too little time.

On 1 April 2007, domestic rates bills were issued under a completely new regime. For the first time, annual rates bills were based on a home's estimated selling price rather than on rental values that were

determined some 30 years previously, as had been the case for many years. A new computer system was installed in October 2006 to process bills based on the new policy. However, as new policy and new computer systems were being introduced, senior management and staff were handling the additional challenge of setting up a new agency.

Land and Property Services was created by merging four existing agencies — the Rate Collection Agency, the Valuation and Lands Agency, Ordnance Survey and Land Registers — over a two-year period. The Committee's overall conclusion was that the implementation of the new IT system was poorly managed and resulted in significant additional costs being incurred to resolve basic failings in the system that had not been discovered before it went live. Members found it hard to believe that short cuts were being taken to implement a complex and large IT system and that staff were transferred from operational duties to ensure that the system went live on time.

The Committee considered that the decision to proceed with the implementation of the new system was based on a fundamentally flawed risk assessment. The Department did not take sufficient account of the huge risk of inadequate system testing, the impact of transferring front line staff to work on the introduction of rates reforms and the enormous financial consequences of postponing the collection of arrears.

On the subject of arrears, the Committee noted that ratepayer debt rose from £48 million in 2006 to £124 million in 2008 as a result of the decision to delay the recovery of arrears. That financial impact had been significantly underestimated in the Department's plan. Although the Department achieved its objective of successfully calculating and issuing bills based on capital values by April 2007, that did not provide either central government or local government with any additional revenue.

New reforms may have led to a fairer allocation of rates, with some ratepayers paying less and others paying more, and various reliefs and allowances, such as the lone pensioner allowance, were introduced for those in great need. Nevertheless, the Committee's view was that a properly considered risk assessment would have avoided many of the problems that were encountered, by postponing the reforms by one year.

The Committee made a number of important recommendations for the Department and Land and Property Services to ensure that what went wrong will be fixed and that the resulting adverse consequences to ratepayers, councils and staff can be quickly resolved. The Committee also noted wider lessons on implementing complex new IT systems. Many of the lessons are already incorporated in best practice, but the mistakes seem to be repeated time and again by civil servants. In

the Department's memorandum of response issued in January 2009, the Department accepted the Committee's recommendations and advised that a financial review was being carried out by Land and Property Services to ensure that all outstanding system problems would be addressed.

The Committee continues to monitor progress, and I believe that the Deputy Chairperson, Roy Beggs, may discuss recent updates regarding some of the reports. I am glad of the opportunity to present to the Assembly the work of the busy and dedicated Public Accounts Committee. I appreciate that we have little time before Question Time, but I know that the debate will continue after that. Go raibh mile maith agat.

Mr Deputy Speaker: Members will be aware that questions to the Minister of Enterprise, Trade and Investment will start at 3.00 pm. Members can take their ease until that time. The debate will resume at 3.30 pm, when the first Member to be called to speak will be Mr Jonathan Craig.

The debate stood suspended.

3.00 pm

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

Oral Answers to Questions

ENTERPRISE, TRADE AND INVESTMENT

Mr Deputy Speaker: Question 1 has been withdrawn.

Unemployment: Economic Strategy

2. **Mr O’Loan** asked the Minister of Enterprise, Trade and Investment, given that the latest labour market figures released by her Department show an increase in unemployment of 1,600 people last month, for her assessment of the need to reassess the economic strategy in order “to grow a dynamic, innovative economy”.

(AQO 121/10)

The Minister of Enterprise, Trade and Investment (Mrs Foster): I acknowledge the impact of the increase in unemployment on many families in Northern Ireland. As with other parts of the United Kingdom, Northern Ireland continues to feel the effects of the global recession.

However, it is important to stress that the pace of the downturn appears to be lessening. The 1,600 increase in the number of claimants, for example, to which the Member’s question refers, is among the lowest in the past year. Furthermore, the Executive and my Department have taken specific steps in an effort to limit the short-term impact of the downturn on people and businesses: last year, the Executive announced a £44.5 million package; Invest Northern Ireland hosted credit crunch seminars; a £5 million accelerated support fund aimed at providing fast-track support to client companies was set up; and a £15 million short-term aid scheme is available to Invest Northern Ireland client companies and the wider business community.

It is also important for the medium to long term that we remain focused on the economic goals outlined in the Programme for Government. We must grow a more dynamic and innovative private sector; otherwise the short-term increases in unemployment could become more structural and long term. I will give careful consideration to the findings of the independent review of economic policy. I commissioned the review in December 2008, and it was published earlier today. In particular, I note that the review panel endorsed the

economic goals that the Executive have identified in the Programme for Government.

Mr O’Loan: Even if, as I hope, we emerge from the recession, all indications are that unemployment will continue to rise. The Minister’s colleague the Minister of Finance and Personnel has made it clear that his Budget for next year is in serious trouble. In the past few days, details have been emerging of the Barnett report on Invest Northern Ireland. It suggests that Invest Northern Ireland does not deliver jobs in the way that we expect it and need it to do. In light of those facts, will the Minister support my call for a full revision of the Budget? Will she use SDLP documents as the basis for that revision?

The Minister of Enterprise, Trade and Investment: What the Member presents as facts are, of course, not facts. To take account of changing circumstances and ensure that we are focused on addressing the key challenges, the Executive are committed to an ongoing review and the necessary revision of the Programme for Government. I set up a panel to carry out an independent review of Invest Northern Ireland and the Government’s wider economic policy. I ask the Member to accept that the Barnett review pointed out that the Executive were right to make the economy their number one priority.

After much media spin on the review from certain quarters, it is important to set the record straight. The report is balanced; it contains some criticism, but that criticism is constructive. Page 6 of the Barnett report states:

“Invest Northern Ireland has contributed significantly to NI’s economic performance in terms of employment growth. Offers of assistance through SFA were associated with 28,000 new jobs, 15,000 safeguarded jobs and £2.4 bn of investment over the period 2002/03-2007/08”.

It is simply wrong, therefore, for commentators and Members to say that £1 billion was wasted in that period. Are they saying that they did not want those 28,000 jobs? I do not think so, because Members consistently ask me what I am doing to safeguard jobs in their constituency or to bring new jobs there.

Very rarely in this House do I hear talk of closing the productivity gap. The report rightly looks at the issue of closing the productivity gap, which I am committed to doing. However, if that is what this House wants us to do, there are choices that have to be made. There is no point in Members coming to this House and saying that they want Invest Northern Ireland to bring low-paid jobs to their constituencies if, when they next come to the Assembly, they criticise Invest Northern Ireland for doing exactly what they asked it to do.

There is a job of work to be done in relation to the report. I am content to look at the report and to take it

forward, and I hope that Members will do it the justice of reading it in its entirety.

Mr McFarland: In light of the economic downturn, the Department recently introduced a short-term aid scheme for businesses. Will the Minister advise us of the actual take-up by businesses, rather than the number of applications? In other words, how successful has the scheme been so far?

The Minister of Enterprise, Trade and Investment: The short-term aid scheme has been successful. I am quite happy to write to the Member with the specific details. To date, I think that somewhere in the region of 18 companies have taken up the scheme. Yesterday, when I met employees of Stream International from the city of Londonderry, I told them that one of the ideas that we are considering to help that company is the short-term aid scheme, so that the company can retain the skills and the management that are required to keep it going in the short term. The short-term aid scheme has been an incredibly useful tool to have in the armoury of Invest Northern Ireland, and I will follow up with the specific details for the Member.

Mr Neeson: I am glad that the Barnett review has been published. I very much regret that it was not seen by the members of the Committee for Enterprise, Trade and Investment before it went to the press, but I know that the Minister had no control over that.

How does the Minister intend to respond to the Barnett review? How does she respond to the suggestion that the Department of Enterprise, Trade and Investment and the Department for Employment and Learning should merge?

The Minister of Enterprise, Trade and Investment: In respect of the first part of the question, I intend to have a very focused period of consultation — probably in the region of six weeks — so that I can hear what the community and interested parties have to say about the content of the review. It is important to do that. It is more than likely that I will then make a statement to this House and take the matter to the Executive, because a large number of issues in the review are cross-cutting. The Member mentioned one of them: the recommendation that we should have a Department of the economy instead of having the Department for Employment and Learning and the Department of Enterprise, Trade and Investment.

From a political point of view, it should come as no surprise to Members that I very strongly support that recommendation. We believe that there is a need to cut the number of Government Departments. We believe that that would be efficiency in government, which is what people want to see us doing in this place. We should cut the number of MLAs and the number of Government Departments, so, from a political point of view, I wholeheartedly support that recommendation.

However, I will of course listen to the views of others in relation to the consultation, and I will take it to the Executive in the near future for discussion.

Mr Deputy Speaker: The Member who was due to ask question 3 is not in her place, and question 4 has been withdrawn.

10-day Payment Rule

5. **Mr P J Bradley** asked the Minister of Enterprise, Trade and Investment what discussions her Department has had with the Department of Finance and Personnel to ensure that a greater percentage of small sub-contractors, employed to service large Government contracts, benefit from the ten-day payment rule adopted by Departments. (AQO 124/10)

The Minister of Enterprise, Trade and Investment: The Department of Enterprise, Trade and Investment (DETI) has not been in discussion with the Department of Finance and Personnel about the matter. However, I have raised concerns with the Minister of Finance and Personnel. At the request of the Finance Minister, contracting authorities are encouraged to pay suppliers within 10 days of the receipt of a valid invoice. However, that is not a contractual requirement. The Minister of Finance and Personnel advised that in the case of construction-related works and services contracts that are procured throughout his Department, the contracting authority is required to pay main contractors within a maximum of 24 days from the receipt of a valid invoice. Subcontracts include terms that complement the main contract.

For non-construction related contracts for supplies and services, the payment of all sums that are due to be paid by the main contractor to subcontractors is required within a specified period that does not exceed 30 days from the receipt of a valid invoice. I am advised that the Department of Finance and Personnel will keep payment terms in contracts under review.

Mr P J Bradley: Will the Minister undertake to give more help to local businesses to enable them to compete for large tenders? I give the recent Invest Northern Ireland advertising contract as an example.

The Minister of Enterprise, Trade and Investment: After an open procurement exercise, that contract was awarded to the person that complied with the contract tender. I regret that the Member was not in his seat to hear me when I talked about public procurement this morning. However, public procurement is one of those areas in which Government can help a lot. We have seen InterTradeIreland introduce the Go-2-Tender programme, which has been successful in helping a number of companies in Northern Ireland secure Republic of Ireland Government contracts. We should welcome

very much the work that InterTradeIreland is doing in that regard.

Small companies that I visit raise the issue of public procurement with me. The fact that sometimes there is a ceiling on the amount of money in turnover that those companies must have before they can apply for Government procurement contracts is an issue about which I wrote to the Finance Minister last week, because it was mentioned when I visited a company.

I know that the Committee for Finance and Personnel is conducting an inquiry into public procurement, but it is an area on which we must keep a close eye so that our small businesses get access to it. We know that 82% of Northern Ireland businesses are small or medium in size. We need to tell them that there is a route into Government procurement. On that, I agree with the Member wholeheartedly.

Mr Ross: Will the Minister tell us how her Department's performance compares with that of others in meeting that 10-day payment target? Will she tell us whether that performance has been improving or worsening over recent months?

The Minister of Enterprise, Trade and Investment: I am glad to say that DETI is one of the better payers in Government. Around 88% of its invoices are paid within 10 working days each month. One may say that that is all very good for DETI, but it is important that my Department shows a lead. I am pleased to say that it is doing so. Our non-departmental public bodies pay 73% of invoices within the 10-day target. The performance of those public bodies is improving monthly, and it is something that we are watching.

Ms J McCann: Go raibh maith agat, a LeasCheann Comhairle. Given that she emphasised the need for small and medium-sized businesses and the social economy sector to have equal access to public procurement contracts, what input has the Minister's Department had into the Committee for Finance and Personnel's inquiry?

The Minister of Enterprise, Trade and Investment: I do not have that information to hand, but I want to contribute to the Committee's investigation. As I said in answer to an earlier question, public procurement is a recurring theme in my visits to companies, particularly those in the construction sector, which often question why they cannot get access to Northern Ireland Water or other contracts.

My Department and Invest Northern Ireland organised a successful event at the new South West Acute Hospital in Enniskillen, during which we introduced a number of small suppliers to the principal contractor on the site. That worked well, and we will consider repeating that in other large scale contracts.

Rev Dr Robert Coulter: Are all Departments co-operating actively in applying the 10-day payment rule?

The Minister of Enterprise, Trade and Investment: As far as I am aware, all the Departments are being monitored against the 10-day payment target. I recall seeing a table that listed all the Departments and the percentage of payments that they make within 10 days. I am sure that table will be made available to the Member if he asks for it.

Renewable Energy: Feed-in Tariff

6. **Mr B Wilson** asked the Minister of Enterprise, Trade and Investment if she has any plans to introduce the feed-in tariff for renewable energy to encourage the development of the renewable sector. (AQO 125/10)

The Minister of Enterprise, Trade and Investment: There are no immediate plans to change the Northern Ireland renewables obligation (NIRO) from being the main support mechanism for encouraging renewables development. However, DETI is about to publish a consultation on changes to the NIRO to ensure its consistency with the GB obligations. That consultation will seek initial views on the feed-in tariff as an alternative mechanism. However, any proposal to introduce a feed-in tariff needs more detailed assessment and consultation and, if agreed, would require changes to both primary and subordinate legislation.

3.15 pm

Mr B Wilson: I thank the Minister for her response, although I find it disappointing. Feed-in tariffs have been very successful in Europe, and, in many European countries, they have led to a big increase in the number of renewable systems. Next year, the UK will introduce feed-in tariffs, so we should follow suit. Will the Minister look at what the UK Government are doing and consider implementing those measures here?

The Minister of Enterprise, Trade and Investment: That is another subject that we discussed in the House this morning, and I explained why we are different from the rest of the United Kingdom in that respect. Feed-in tariffs for small-scale renewables were not in the Westminster legislation, although the House of Lords tabled an amendment to include such tariffs in legislation. Unfortunately, because there was not enough time to bring a legislative consent motion to this House, we were unable to be included in that legislation. That is why there is a disparity between us and the rest of the United Kingdom.

This Friday, I will launch a consultation process on how we should incentivise small-scale and other renewables, and as part of that process we will discuss feed-in tariffs. However, the Member must be aware that if, after consultation and discussion, we intend to

go down that road, primary and secondary legislation will be required. In the meantime, there are other ways of incentivising the renewables sector. As I said, the consultation process will be launched on Friday.

Mr Hamilton: I am sure that the Minister will join me in welcoming the success of SeaGen's marine current turbine project in Strangford Lough. Given the additional boost to our economy that can come through developing renewable technologies, such as the SeaGen project, what support is the Minister's Department giving to the development of offshore renewable energy generating technology for wind and wave power?

The Minister of Enterprise, Trade and Investment: That is a matter of awarding various bands of Northern Ireland renewables obligation (NIRO) certificates; the higher the band, the more valuable it is. Therefore, we have been looking at ways of incentivising newer energies, such as those to which the Member referred.

This is an exciting time for energy policy in Northern Ireland. The strategic energy framework is out for consultation, which will close soon. We also have the bioenergy consultation process. That is going on at a time of flux for energy policy. In addition, we are carrying out a strategic environmental assessment of tidal energy off the north Antrim coast. A great deal is going on with respect to energy policy, but we must do all of that if we want to be a key player in the area. I am confident that Members will play their part in developing the policy.

Mr P Maskey: Go raibh maith agat, a LeasCheann Comhairle. What progress have we made on the renewable energy targets in the draft strategic energy framework, and are they still achievable?

The Minister of Enterprise, Trade and Investment: The consultation on the strategic energy framework has not yet closed. Nevertheless, the Member is right: the 40% target in the framework is challenging; however, in order to meet our renewable energy commitments, I felt that it needed to be included.

I welcome the fact that the Minister of the Environment delayed the publication of the supplementary planning guidance on Planning Policy Statement 18 until we were able to assess whether that should be the target and until we had a detailed assessment of its potential effect on wind-turbine development. That is an example of joined-up government. After we have looked at the 40% target, it is important that we consider its implications on electricity prices, which, as the Member will know, is an important issue, and on our medium to long-term energy mix, security of supply and competitiveness. Those matters are also of keen importance. I want to look at the consultation responses, and we will do so in the near future.

Renewable Energy: Targets

7. **Mr Easton** asked the Minister of Enterprise, Trade and Investment what assistance is available to help businesses meet the renewable energy targets set out in the draft strategic energy framework. (AQO 126/10)

The Minister of Enterprise, Trade and Investment: As I said, the most significant target in the strategic energy framework is to increase the amount of electricity from renewable sources to 40% by 2020. The primary source of financial assistance to developers whose renewable energy businesses will contribute to this challenging target is the Northern Ireland renewables obligation.

The Assembly voted for increased assistance under the NIRO for newer renewable technologies in the banding of the NIRO, which was brought in on 1 April 2009. I have also ensured that the Northern Ireland landfill gas developments are maintained at one renewables obligation certificate per megawatt hour, unlike elsewhere in the United Kingdom. That is a clear case of devolution delivering for Northern Ireland. The draft strategic energy framework highlights the significant potential to generate increased economic opportunities from sustainable energy activities in Northern Ireland.

As an example of how the Government are helping businesses to make the most of those economic opportunities, Invest NI is hosting a Northern Ireland energy and environment conference in the Waterfront Hall on 14 October. The event will cover real business opportunities in wind, marine, bioenergy and other low-carbon technologies, giving businesses access to the Crown Estate, and the European Union water and United Nations procurement programmes. Invest Northern Ireland's strategy for the renewables sector also includes a range of initiatives that is aimed at increasing the deployment of sustainable technologies and improving energy efficiency, including direct business support provided by the Carbon Trust.

Mr Easton: What is Invest Northern Ireland doing directly to help local businesses that are interested in the development of sustainable energy?

The Minister of Enterprise, Trade and Investment: Invest NI has taken on board the views of the green new deal group, which, as Members know, issued a report some months ago. The group wants to take up the opportunities provided by the green new deal, grasp them and take them forward. It has chaired the economic opportunities subgroup of the interdepartmental working group on sustainable energy. That working group specifically examines the opportunities to create green jobs and skilled development in Northern Ireland, with the aim of developing and agreeing an action plan among the relevant Departments by the end of December

2009. That section of Invest NI is examining renewable energy. It is important that that is done because there are great opportunities in that area.

Mr McNarry: Will the Minister inform the House what discussions are ongoing with regard to developing the Northern Ireland Civil Service estate as a major renewable energy user? If there are no such discussions, will she encourage them to take place?

The Minister of Enterprise, Trade and Investment: Discussions are ongoing on that issue. In an earlier answer on the 10-day payment rule, I said that it is important that the Government lead, and the interdepartmental working group on sustainable energy includes representatives from across Government, who feed back into their own Departments. It is important that we hear from the government estate, especially from the Departments that own a lot of property, such as the Department of Health, Social Services and Public Safety, the Department of Education and the Department for Regional Development. We need to know what they believe to be the best way forward. In the Department for Employment and Learning, much work has been done in some colleges of further education. The Omagh campus of the South West College has carried out much work on renewable energy, and that work was done in an exemplary way.

Mr McGlone: Go raibh maith agat, a LeasCheann Comhairle. I thank the Minister for her responses so far on the assistance that is available to businesses, which I want her to broaden. I know that she has been active and vigorous in local areas. I met her in my constituency because she was involved in a job creation project.

Has the Minister discussed the possibility of reducing rates on non-domestic vacant properties with the Minister of Finance and Personnel? That would help smaller businesses to reduce their current excruciating overheads.

The Minister of Enterprise, Trade and Investment: We have not discussed that issue. However, to increase the energy efficiency of small companies and to decrease their energy bills, the Department puts a large amount of funding into the Carbon Trust, which visits companies and advises them what to do. In some instances, the change has been dramatic. Some large companies have saved about 17% on their energy bills because of the intervention of the Carbon Trust.

I urge small companies that are having difficulties with their energy bills, and I am sure that there are many, to consult the Carbon Trust. The organisation is willing to talk.

Signature Projects

8. **Mr Doherty** asked the Minister of Enterprise, Trade and Investment for an update on the five signature projects and if all five will be delivered on target. (AQO 127/10)

The Minister of Enterprise, Trade and Investment:

In the Walled City signature project, which is now in phase 2, the culture and animation programme is complete. The Playhouse project is complete, and the theatre is due to be officially opened in autumn 2009. Contractors will be appointed at the end of October 2009 for St Columb's Cathedral and the First Derry Presbyterian Church projects.

In the Apprentice Boys of Derry Memorial Hall project, the needs and costs involved to appoint a project manager have been assessed and evaluated and a detailed business case has been completed. That is currently being considered and the outcome will be communicated to all concerned in due course. The Northern Ireland Tourist Board remains supportive of this project and is keen to see it proceed.

An economic appraisal of the Guildhall project is under way, and the lighting strategy and Aras Colmille projects have been economically appraised. The latter is completing the interpretative plan to meet the Heritage Lottery Fund's requirements for funding.

The Giants Causeway visitor centre economic appraisal has been completed. A number of minor queries are being addressed by the Tourist Board. Subject to necessary approvals, it is hoped that a letter of offer will be issued in December 2009 and the project is expected to be delivered by spring 2012.

For the Mourne signature project, St Patrick's signature project, and the Causeway signature project, excluding the visitor centre, 74 successful applications are going through the economic appraisal process. The Tourist Board has been working on those with the Northern Ireland Environment Agency, the Department of Agriculture and Rural Development and the Planning Service.

On 27 November 2008, the Executive confirmed support of up to £43.5 million for the Titanic signature project, subject to satisfaction of certain conditions. The project is at an advanced stage of consideration. Harcourt Construction continues to work on site at risk, with the secant piling complete for the basement walls, the excavation complete for the signature building, and the piling for the signature foundations having commenced.

Mr Doherty: Go raibh maith agat, a LeasCheann Comhairle. I thank the Minister for her detailed and lengthy answer. Given the potential of the Sperrins region for activities such as hillwalking, does the Minister have any plans to invest in that area with a view to making it a signature project?

The Minister of Enterprise, Trade and Investment:

It will not surprise the Member to know that I would have preferred it had a certain area in Fermanagh been considered for a signature project as well. The signature projects were awarded before I came into this office,

so I am playing the hand I was dealt. However, the new tourism strategy for Northern Ireland will be issued at the end of this month or the beginning of next month, and I am very hopeful that we will see the way forward for Northern Ireland tourism in that, as well as the importance of the five signature projects.

The tourism development scheme has attracted two applications from the Omagh District Council area in West Tyrone. One relates to An Creagán team-building facility: the project cost is in the region of £65,000 and the grant sought is half of that at £32,500. The other project in the Member's constituency is the Tennessee Plantation House, which is also being half funded: the total project costs £300,000 and it is being funded to the tune of £150,000. Both applications have been approved in principle for financial support, subject to economic appraisal.

Therefore, although I understand why the Member is asking me the question in relation to West Tyrone, I want to assure him that we have not forgotten about other areas throughout Northern Ireland — perish the thought — and we will continue to support those other areas. I hope that he understands that those two projects are being supported.

Mr Craig: Will the Minister outline what she proposes to do with regard to the production of a new tourism strategy for Northern Ireland?

The Minister of Enterprise, Trade and Investment: As I indicated, the new strategy is being developed. The steering group that I set up has been meeting tourism leaders and business and public sector representatives. I very much hope to have that tourism strategy in the near future. It will give me a clear and inspiring vision for an action plan for the development of Northern Ireland as a tourism destination.

When I was in India last week, I took the opportunity to promote Northern Ireland as a place for people from India to visit. It gave me great pleasure to do that, because I believe that we have a tourism product that is increasing in value, and we need to continue to promote it as much as we can.

3.30 pm

Mr Deputy Speaker: That concludes Question Time. I ask Members to take their ease until the Speaker takes the Chair.

(Mr Speaker in the Chair)

COMMITTEE BUSINESS

Public Accounts Committee Reports

Debate resumed on motion:

That this Assembly takes note of the Public Accounts Committee Second (23/08/09R) and Third (38/08/09R) Composite Reports and of the following Committee Reports:

Report on Managing Sickness Absence in the Northern Ireland Civil Service (38/07/08R)

Report on Sea Fisheries: Vessel Modernisation and Decommissioning Schemes (06/08/09R)

Report on Statement of Rate Levy and Collection 2006-07 (13/08/09R)

Report on Delivering Pathology Services: The PFI Laboratory and Pharmacy Centre at Altnagelvin (16/08/09R)

Report on Warm Homes: Tackling Fuel Poverty (18/08/09R)

Report on Shared Services for Efficiency — A Progress Report (21/08/09R)

Report on Brangam, Bagnall & Co: Legal Practitioner Fraud Perpetrated Against the Health and Personal Social Service (26/08/09R)

Report on Road Openings by Utilities (33/08/09R)

Report on the PFI Contract for Northern Ireland's New Vehicle Testing Facilities (35/08/09R)

Report on Control of Bovine Tuberculosis in Northern Ireland (40/08/09R)

Report on Review of Financial Management in the Further Education Sector in NI and Governance Examination of Fermanagh FE College (41/08/09R)

and the following Department of Finance and Personnel Memoranda of Reply:

Report on Managing Sickness Absence in the Northern Ireland Civil Service (NIA 47/08-09)

Report on Sea Fisheries: Vessel Modernisation and Decommissioning Schemes (NIA 60/08-09)

Report on Statement of Rate Levy and Collection 2006-07 (NIA 74/08-09)

Report on Delivering Pathology Services: The PFI Laboratory and Pharmacy Centre at Altnagelvin (NIA 74/08-09)

Report on Warm Homes: Tackling Fuel Poverty (NIA 91/08-09)

Report on Shared Services for Efficiency — A Progress Report (NIA 91/08-09)

Report on Brangam, Bagnall & Co: Legal Practitioner Fraud Perpetrated Against the Health and Personal Social Services (NIA 110/08-09)

Report on Road Openings by Utilities (NIA 125/08-09)

Report on the PFI Contract for Northern Ireland's New Vehicle Testing Facilities (NIA 168/08-09) — *[The Chairperson, of the Public Accounts Committee (Mr P Maskey).]*

Mr Craig: For my sins, I have been asked to speak about private finance initiatives (PFI). The Public Accounts Committee has looked at a number of PFIs in the past year. One of the first PFI contracts that the Committee looked at was the upgrade of MOT centres to the tune of £57 million. The contract was to provide installation and maintenance of new MOT testing equipment. For whatever reason, this was state-of-the-art equipment, and it has been in operation since 2003. However, given the time that the equipment has been in operation, the full test is not being carried out in line with EU requirements, and the targets for test times included in the PFI contract are not being achieved.

It was interesting to note in that investigation that the Driver and Vehicle Agency (DVA) has not claimed or received compensation from the private contractor. One thing that the Committee outlined and underlined in the course of its work was that any future contracts need to be clearly and properly structured and have built-in enforceable penalty clauses to cover circumstances in which the private sector does not deliver on the targets set out in the PFI contract. In the case of the MOT centres, it looks as though the private contractor found a get-out clause and managed to walk away.

However, the Committee welcomed the fact that DVA's performance against the 18-minute test time in the MOT contract has improved drastically in recent times. Anybody who has had to MOT their car in the past year will fully recognise that the waiting lists are well down. However, that improvement has come with a huge price tag to the public sector. It took £6 million in extra staffing costs to bring about that reduction in waiting lists.

The DVA is considering that it is no longer realistic to conduct an MOT in 18 minutes, and it is looking at a 27-minute period as a more accurate time for each test. All those issues will have a knock-on effect with regard to throughput in all centres.

For example, if MOT centres were to take 27 minutes rather than 18 minutes to complete a test, it would not be possible to inspect the same number of vehicles, and there would be huge cost implications. Huge additional resources would be required, and those resources would no doubt be sought from the public purse.

The Committee considered the Driver and Vehicle Agency to have done too little to resolve its difficulties, and it urged it to complete quickly a full performance review of the entire contract. On my speaking notes, I have underlined the phrase "complete quickly" because that recommendation was made in the then Comptroller and Auditor General's report three years earlier, and yet that review has never been carried out. That is very telling.

There is wide recognition that, when it comes to MOTs, the standard in Northern Ireland is probably a great

deal higher than it is anywhere else. I am very tempted to say that it is higher than anywhere else in Europe — anywhere else in the world, come to that — yet whether we need it to be of such a high standard is another matter. However, the Committee did receive reasonably positive feedback that the situation had improved under the PFI contract.

Another PFI contract that the Committee examined was the contract to build the laboratory and pharmacy services centre at Altnagelvin, a key component of the £250 million redevelopment of the Altnagelvin Area Hospital complex. The project involved the construction of a highly complex newbuild at the site, but, despite its complexity and cost, the Committee was still genuinely surprised to learn that the whole project would not be completed until 2015-16 — more than 20 years after the redevelopment programme was launched. The centre took over six years to be developed and there were inbuilt delays, which caused an increase in the initial cost of approximately £4 million. Those costs were reflected in an increase in the unitary charges over the 25 years of the contract.

However, all the Committee members were genuinely impressed that, despite the complexity of the project and the inbuilt delays of the process, the costs were kept under control. That was the result of the use of exemplar design in the management of the project, and it was quite clear from the Committee's investigation that the use of that process had enabled the contractors to keep the costs under control, and one of its recommendations was that future PFI projects should make use of that process. The project at Altnagelvin did not meet its projected timescale, but its costs were kept under control, and those costs ultimately would have had to have been met from the public purse.

Mr Beggs: I also pay tribute to the staff of the Public Accounts Committee, and to the staff of the Northern Ireland Audit Office, without whose assistance we would not be able to function appropriately. Given the recent retirement of Comptroller and Auditor General John Dowdall, who had served for many years, it is also appropriate that Committee members should record our appreciation for his advice and guidance.

Accountability is the key to good management and to the deliverance of good performance. The Northern Ireland Audit Office, and the subsequent scrutiny of its reports by the Public Accounts Committee, holds permanent secretaries and other senior civil servants to account for expenditure. The Committee's recommendations endeavour to prevent the repetition of bad practice so that better use is made of public funds.

During the 2007-08 and 2008-09 sessions, the Committee examined a wide range of reports. Although it normally highlights the need for improvements to be

made, the Committee also highlighted some of the good practices that it has come across.

The PFI laboratory and pharmacy centre project at Altnagelvin was mentioned earlier. During the Committee's investigation it found that, although not subject to a full gateway review, it was subject to a health check to ensure a final appropriate contract specification. It also made use of exemplar design. The views of stakeholders were incorporated so that the final design met the needs of those who would use the service.

The Committee covered a wide range of Departments in its investigation. I have chosen to concentrate on some specific reports where Departments must do more work.

From the perspective of a local councillor — and I declare an interest as a local councillor — I encountered some of the difficulties that arose from the miscalculation of the penny product. Indeed, I, along with other councillors, experienced huge variations in the amounts of money that we could expect to raise during the estimation of our rates calculations for the subsequent years. At one stage, we were told that additional moneys would have to be raised locally, and we were then told that extra money would be coming to us. We found it very difficult to have a stable base from which to plan and work the rates process. Indeed, several councils wrote to the Committee to draw attention to that issue. The Committee addressed those issues in the course of its inquiry, which it followed up recently. Councils have had difficulty in setting an accurate rate, given such variations in the penny product.

The Public Accounts Committee also exposed the scale of the failure of Land and Property Services to inspect vacant property. Surely, that is one of the most basic functions of a rates collection agency. Fortunately, local council staff worked subsequently with Land and Property Services to assist in invoicing an additional £21 million. That money will be available to the Northern Ireland Executive and councils to pay for public services, and it will help to keep down the cost for ratepayers who have been paying their rates. It is important that that aspect of the work is carried out.

During the evidence session, I related to civil servants the difficulty that I had in requesting a rates bill. I had to chase Land and Property Services repeatedly for a bill to pay. That is a very strange phenomenon for an organisation whose job it is to collect money. I assure Members that no business would have such difficulty. That, and other issues exposed by the Public Accounts Committee, contributed to the decision to have the performance and efficiency delivery unit (PEDU) examine Land and Property Services's operations and the subsequent action plan.

I had a brief look at the action plan, which lists some basic issues: the need for integration between the

valuation and revenue functions; the need to focus on its business priorities; a clear sense of purpose for the organisation; strengthening the understanding of and focus on the agency's key customers; and maximising revenue collection against accurate and timely assessments. Those points are not rocket science. However, the need to have them listed illustrates that Land and Property Services must have lost its way if those basics were not central to what it was doing. I welcome the fact that those issues have been highlighted as key points.

It is hoped that additional moneys will be raised and available for public use. A more timely intervention should reduce rates arrears and bad debt. Regrettably, however, poor past performance will, undoubtedly, result in increased levels of bad debt being declared and less money being available for public use. I hope that there will be significant improvements in that area.

I turn now to the report on managing sickness absences in the Civil Service. It is estimated that the private sector has an average of six days' absence for each employee each year; the Civil Service in Great Britain has an average of 9.3 days' absence for each employee; the Northern Ireland Civil Service had an average of 13.7 days' absence for each employee for 2006-07. Although there are increasing strains on public finance, it is even more critical today to get more value for the money that we spend. Paying for absentee staff is not good value.

The vast majority of civil servants have a good attendance record and others have certified illnesses, but some are abusing sickness entitlement and putting additional pressure on their colleagues.

3.45 pm

The Committee's second recommendation was that the Department should keep a firm spotlight on that and that the reports should be significantly disaggregated to identify absentee hot spots in Departments and agencies. I hope that that will occur. It is important that all managers recognise their accountability and manage the absenteeism of their staff. Equally, there is a role for Committees in that area. During the evidence session we also advised that —

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

Mr Beggs: There is no reason why there should be lower levels of attendance in the Civil Service than in the private sector.

It has been a busy year for the Committee, which has covered a wide range of subjects, and regrettably we have had to return to some subjects, but —

Mr Speaker: The Member's time is up.

Mr Dallat: I wish to focus on the PAC report on financial management in the colleges of further education prior to the reorganisation into six regional colleges in 2007. I will try to explain why I believe that that was a very important report. It outlines a classic example of hands-off bodies stashing money that they do not need and which could be spent on providing educational services that are in great demand and under pressure.

A total of £44 million was in the vaults of six colleges, doing nothing for the people for whom it was intended. It fails me to understand why those colleges could not find a use for that money to improve the educational prospects of people who look to the colleges of further education for a second chance to learn skills that would improve their prospects of getting a job, or, indeed, developing their skills to get a better-paid and more secure job. If those colleges were so well heeled, they could have handed the money back so that it could be used to fund front line services, such as the Health Service, which was starved of money.

The report found that senior management teams in the pre-regional colleges were not equipped with the skills and experience necessary for financial governance responsibilities. That was a damning indictment of the Department, which should have ensured that recipients of public money had the basic skills in how to manage it. If there is any good news from the report, it is an undertaking from the Department — given only last week — that in future, no more than 10% cash balances will be retained. The Public Accounts Committee welcomes that.

In trying to understand how so much money could lie idle in bank accounts, the PAC discovered that the Department was negligent in several ways. Monitoring reports were frequently submitted late with no penalty, and no action was taken when the reports flagged up serious financial practices. The Department, I am glad to say, has given an assurance that improved governance arrangements have been put in place for the six new colleges; however, I have to question that because problems have arisen in the new Belfast Metropolitan College, and the Department has not been able to explain why.

Speaking personally, it is a great source of frustration that, after the PAC devoted a great deal of time and energy to scrutinising reports produced by the Comptroller and Auditor General, we find that our recommendations are frequently ignored. That suggests that greater penalties are needed to ensure that the PAC is fully effective in the job that it does — and does with great commitment.

It would be remiss of me not to spell out how serious the incompetence of the colleges of further education has been and how their lack of financial management skills has affected the people who should benefit from

the services that they are supposed to deliver. One quarter of the total population between the ages of 16 and 64 lack basic skills — skills that may just make them employable at a time when unemployment has doubled in the past 12 months. Those who are in employment could have upgraded their skills and gone on to obtain more highly skilled jobs that would be less at risk in the present economic downturn.

I have often said in the Chamber that education is the greatest weapon for resolving inequality and offering political stability. I declare an interest in that I owe my further education to the technical college in Coleraine, and I have nothing but admiration for the people who have delivered vocational education there to many students for more than 70 years.

The case of Fermanagh College of Further and Higher Education, which was covered by the Committee's report, was particularly worrying. Fundamental breaches of public accountability and basic financial mismanagement resulted in the college having to repay more than £1 million of improperly claimed funding. That money had been claimed before class numbers had been finalised. Clearly, there was no clear leadership or sense of strategic direction at the college.

It is gratifying that the Department for Employment and Learning has responded to the Committee's concerns with a review of governance arrangements. The Department has also undertaken to effectively communicate lessons to all the colleges through a programme of health checks, which are to commence before March 2010, with a workshop for all college senior managers to take place this autumn. Further training programmes are to take place in the future.

I wish to put on record my personal thanks to the former Comptroller and Auditor General Mr John Dowdall for his outstanding contribution to tackling financial irregularities, poor service and, indeed, fraud in public bodies. He was extremely concerned about the rights of the people whom I mentioned at the beginning of my speech, the 25% of people who lack basic skills and who could have their lives transformed if colleges of further education were to make best use of the resources that they are given.

Stashing the money in the vaults was a serious injustice. Let us hope that the publication of the report will mean that never again will that kind of embarrassment hang over the Assembly. In future, let us hope that FE colleges will be known for their students' successes and that the great history that they have had will be restored. That can happen only if the people who work in those institutions have the financial support and expertise in the future that they clearly did not have during the time that I have just spoken about.

Mr Lunn: I have been asked to talk about the general subject of fraud in the public sector, rather than about a specific report.

Fraud is a serious problem, and it is estimated that it costs the public sector in Northern Ireland around £500 million every year. Given today's economic climate, in which we are in the teeth of a recession, the public sector must be even more vigilant in guarding against fraudulent activity.

The cliché that fraud is not a victimless crime is worth repeating because every pound that is stolen by a fraudster is one pound less for the improvement of public services. I notice that the Minister of Finance and Personnel is in the Chamber; if he were able to get his hands on some of that £500 million, he would be more than pleased. It might make a difference to the figure of £370 million that is being bandied about in the other direction.

The Comptroller and Auditor General has been given powers to deal with the problem. Under statutory provisions that were inserted in the Audit and Accountability (Northern Ireland) Order 2003 by the Serious Crime Act 2007, the Comptroller and Auditor General has the power to conduct data-matching exercises for the purposes of assisting in the prevention and detection of fraud.

That legislation provides a significant opportunity to tackle and reduce the scale of fraud in Northern Ireland and beyond, and it should provide a strong deterrent against future fraudulent acts. Data matching is a powerful tool in combating fraud, as is demonstrated by the national fraud initiative, which was established by the Audit Commission in 1996. The Audit Commission has so far helped participating bodies to identify around £400 million of fraud and overpayments.

In consultation with the Information Commissioner and other stakeholders, the Audit Office has prepared a code of practice for data matching. On 25 July 2008, that code was laid before the Assembly. It promotes good practice and data matching. It helps to ensure compliance with the law, especially the provisions of the Data Protection Act 1998.

The first exercise was undertaken by the Comptroller and Auditor General as part of the national fraud initiative exercise for 2008-09. The Audit Commission, on behalf of the Comptroller and Auditor General, carried out key aspects of the exercise, including the collection and processing of data.

A total of 70 public sector bodies provided data for the first round of the exercise. They included Departments and their executive agencies; larger non-departmental public bodies; Health Service bodies; and district councils. A small number of other bodies provided data voluntarily.

The types of data sets included information on payroll; pensions; trade creditors; housing benefits; housing tenants; blue badge holders; rates; and the electoral register. Those data sets were gathered in October 2008. The matching exercise took place shortly after that. In February 2009, bodies started to receive their results, which they are now in the process of examining. It is hoped that by the end of 2009, the process will be substantially completed. The Audit Office then proposes to compile a report on the national fraud initiative. We look forward to that report.

The Chairman outlined the Brangam Bagnall and Co inquiry in some detail; therefore, I will not. That inquiry has given me a perspective on public sector fraud, which, certainly, informs my work as a PAC member. In 2007, we looked at a relatively minor case of fraud that involved the Ordnance Survey of Northern Ireland. In 2008, we produced our report on social security benefit fraud and error. In 2009, we have dealt with the inquiry into suspected fraud in the education and library boards.

The Committee has also dealt with certain aspects of a report on Valence Technology, which is due to be published soon. We could not get to the bottom of certain matters. As a result, the Committee has repeated recommendations on counter-fraud policies and the importance of basic checks and supervisory arrangements. Those simple steps can identify and prevent fraud at an early stage.

As is evidenced in the report on Brangam Bagnall and Co, and in other cases to which I have referred, fraud is often simple. It relies on the incompetence of supervisory staff; on basic checks and procedures being lax; and, in the case of Brangam Bagnall and Co, on friendship and trust replacing a businesslike approach and general vigilance. The late Mr Brangam exploited the old boys' network shamelessly. No one came out of that case with any credit; not even the Department of Health, Social Services and Public Safety or the Law Society, which were supposed to supervise his activities.

The data-matching exercise reinforces the Committee's recommendations in its inquiries. Departments must allow information sharing in order to prevent fraudsters from repeating offences. An environment of open communication is encouraged. It contributes to early detection of non-compliance with controls and can help to identify problems early.

It is also a key part of the culture that is required for a robust, whistle-blowing policy to be maintained and fully implemented. During the course of its work on various reports, the Committee has found that, often, whistle-blowers' allegations, which should be properly investigated, are not.

Many times, as a constituency politician, I have heard misgivings that have been voiced by members of the

public, which, when investigated, have led to significant findings of malpractice and conflict of interest, in particular. Therefore, I fully endorse all efforts by Departments to promote a whistle-blowing culture. I commend the national fraud initiative as an example of good practice and robust efficiency. The role of the Public Accounts Committee, as the guardian of taxpayers' money, is to ensure that no fraud is deemed acceptable.

Earlier, I mentioned Valence Technologies. The report on that case is due to be published on 1 October 2009. Therefore, I cannot discuss it. Let me just say that some reports have been known to highlight matters other than fraud; perhaps, the need to maintain good practice, even under pressure, and to learn lessons from previous experiences and, indeed, previous PAC reports, such as that which was produced on the DeLorean inquiry.

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

Mr Lunn: I will finish there, Mr Speaker.

4.00 pm

Mr Wells: The other day, someone asked me to describe the role of a Back-Bencher in controlling the Executive, and I said that trying to control the Executive is like standing jeering at a passing steamroller. To a large extent, that is how one feels about one's role as an obscure Back-Bencher in this House.

However, the Public Accounts Committee (PAC) is the one Committee that really seems to have teeth. That is because Departments fear the arrival of the Comptroller and Auditor General in their offices, and they fear the PAC's reports.

I spent a very happy 15 or 16 months on the Public Accounts Committee; it was interesting to watch it in action. I pay tribute to the staff, particularly the outgoing Comptroller and Auditor General, Mr John Dowdall, who is a remarkable individual. At his farewell meeting with the Committee, I said to him that he has the intellect of an accountant and the voice of an archbishop. He has that resounding air of authority that makes people respect him. I knew that his staff were in very good hands. He has since retired, and on behalf of the people of the Province, I pay tribute to his controlling investigations into the misuse of expenditure. My colleague Mr Craig also congratulates Mr Dowdall on his hard work. I wish Mr Dowdall all the best for a long and happy retirement.

When I was on the Committee, I saw two extremes in its reports. During the Committee's investigation of the pathology laboratory at Altnagelvin Area Hospital in Londonderry, I kept asking myself what we were doing and why we were there, because the only scandal that I saw was that there was not a pathology laboratory such as that in Altnagelvin in either Newry or Downpatrick. It is an outstanding facility with wonderful staff who

do tremendous work. The only crimes that the trust was perhaps guilty of were excelling in patient care and trying to do too much for patients. The laboratory might have run over budget, but the motivation behind that was getting a gold-plated facility for the people of the north-west. I congratulate the trust for that.

I know that the Committee felt obliged to look at that issue. However, I felt that the trust came out of that process with shining colours. I ask that there be similar facilities in Daisy Hill Hospital and Downe Hospital so that the Committee can investigate those as well. My constituents would love to have such wonderful facilities.

That is one extreme of the type of work that the Committee does. I suppose that we must look at the good guys as well as the bad guys to give a sense of balance. The Committee also looked at the issue of absenteeism. I worked for the National Trust for 10 years during the late 1980s and early 1990s. That was a wonderful time; however, not everyone understood my role. I once asked someone to join the National Trust, and he said that his money was with Bradford and Bingley already. Therefore, not everyone understood the role of the National Trust in Northern Ireland.

During my time with the National Trust, I noticed a fact about absenteeism that came out in the Committee's 'Report on Managing Sickness Absence in the Northern Ireland Civil Service'. I had hourly paid staff who did not get paid if they did not turn up and monthly paid staff who got paid no matter what happened. It was, therefore, no surprise that absenteeism was 14 times higher among the monthly paid staff than it was among the hourly paid staff. Both were doing identical work and hours, but if the hourly paid staff did not turn in, they did not get paid. Will someone explain to me why monthly paid staff can catch a range of plagues, diseases and illnesses when hourly paid staff are as fit as Olympic runners? There must be some reason for that.

Will someone also explain to me why pestilence swept through my office on Friday afternoons and Monday mornings but did not seem to affect the office on Tuesdays and Wednesdays? I never understood that. That report found that discrepancy: in certain workplaces staff got very ill, while in others, staff were very healthy.

I do not know what was going on in DRD or DARD, but staff in both those Departments seemed to be very happy; everyone came in, and nobody got ill. However, Members cannot say that that was because of the Ministers — *[Laughter.]* The Committee's report dealt with the pre-devolution situation, so those Ministers, who remain utterly unmentionable, cannot claim that staff were happy because they worked for them.

Why is it that in DARD the absenteeism rate was considerably lower than in DSD, DOE, or other Departments? It may be that the DARD staff were happier in their work, or there may be other reasons.

However, there can be no excuse for the fact that absenteeism in some Departments within the Northern Ireland Civil Service is almost double that in certain parts of private industry.

Quite simply, there are some civil servants who, unfortunately, consider that there are a number of days a year that they can take off as what are known as “sickies”. For example, they feel that it is allowable to take a few days off to go Christmas shopping. That is simply not allowable. It is not allowable for MLAs, it is not allowable for our staff, and, therefore, it should not be allowable for civil servants.

We may all laugh about that and it may seem very amusing. However, when you add up the total cost to the Exchequer of absenteeism in Northern Ireland, it equates to several new hospitals or several thousand new nurses. It is important that we get to grips with absenteeism, and, therefore, I think that it was important that the PAC did a report and exposed the difficulties that we face. We must drive down absenteeism to the average of private enterprise. That simply has to be the case. We cannot tolerate the *laissez-faire*, easy-going attitude that there is.

That said, being a member of the PAC was an enjoyable experience. It is hard to judge, but I think that I have moved on to perhaps slightly higher things. However, I know that the Committee is in good hands, and I welcome the fact that a letter from the PAC calling witnesses to give evidence is still seen as a fearful, torturous process that no permanent secretary wants to experience. The PAC must keep up the good work, keep causing fear within the Departments, and, hopefully, someday, we will do ourselves out of a job. I doubt that that is going to happen in my lifetime. However, Mr Dowdall can enjoy reading and playing golf, safe in the understanding that he has done a very good job for the people of Northern Ireland.

Mr McGlone: I was not anticipating being called to speak in this debate, but no matter. I am relatively new to the Public Accounts Committee, although it was visited upon me once upon a time before. The notes from which I am reading say “arcane”, but, sometimes, I am not sure whether the PAC is arcane or archaic.

Nevertheless, since becoming a member of the Public Accounts Committee, I have attended one briefing and one evidence session. Issues have cropped up in my capacity as an MLA, and I have referred those to the Comptroller and Auditor General’s office. I have to say that when I was previously at the PAC, Mr Dowdall always came across as extremely competent, very approachable, knowledgeable in his brief, and knowledgeable in the method by which one should approach that brief with the backup of his staff.

During the period to which the motion relates, the Committee undertook a report on the financial governance

arrangements of North/South bodies. In researching that report, the PAC conferred with the Committee of Public Accounts in the Oireachtas in Dublin. This working year, the two Committees will meet again to cross-reference their findings on North/South bodies and, perhaps, even go so far as to synchronise the launch of their respective reports on those matters. In common with other Members, we look forward with bated breath to that approach.

This year, the Committee produced two composite reports, its second and third, and the subjects dealt with are too many and varied for me to deal with today. For me to even recall them at such short notice would be quite a task. However, I note that that mechanism enabled the Committee to make important contributions to the development of the reinvestment and reform initiative. It is hoped that that will be of particular interest in this time of economic concern.

I note from previous reports that an issue which has been brought to my attention — the involvement of private consultancy firms, and their cost to the public exchequer — has come before the Comptroller and Auditor General and the Public Accounts Committee. Inevitably, given the more recent revelations, that will come back under the scrutiny of the Committee.

I have looked into the reports that Members will be most aware of; namely, those dealt with by evidence session. In particular, I will discuss the recommendations that the Committee made in its progress report on shared services, which is part of the Civil Service reform agenda to make public services more efficient. Turning to the shared services report, I will give a brief overview of the projects, and comment on the lessons that the Committee drew from its evidence sessions.

The report on shared services was a snapshot of the reform project and incorporated seven initiatives, including Workplace 2010, Account NI, HR Connect and Network NI. The Committee was aware that the reform programme represented a major commitment of resource; it was estimated to have a total value of £3 billion.

As all the reform projects were central to the future organisation and delivery of public services, it was the Committee’s view that projects should be subject to the Gateway Review process at the prescribed stages of their procurement, implementation or service operation. The Committee recommended the approval of DFP Supply before committing resources, which was also a key safeguard in providing assurance to the Assembly that decisions had been subject to independent scrutiny.

The Committee also found that the projects presented an enormous management challenge for the Department and that, although it had taken steps to build capacity and skills among staff through its new Centre for Applied Learning, 2006 research showed that the Northern

Ireland Civil Service was ill-equipped to deliver such a varied range of projects. Apparently, the Committee was aghast that one individual was given a key role and responsibility for delivering four of the major shared-services projects.

Overall, it appears that the Department took on a challenging workload and ambitiously initiated the reform agenda only to find that the timetabling for the projects and the resource requirement allocated to them were unrealistic. The Committee was also concerned at delays in implementation and at the suspension of the Workplace 2010 project at the time.

In addition, the procurement of the Workplace 2010 project, which was subsequently terminated, identified a key lesson that has wider applicability across the public sector. The procurement process was the subject of a legal challenge by an unsuccessful bidder. Although DFP was convinced that it could win the case, after advice from counsel, it settled the case at a cost to the taxpayer of £225,000. However, the full cost to the Department was £1.2 million.

In the Committee's view, concluding a settlement in cases where Departments are convinced that they will resist legal challenge sends the completely wrong signal to other unsuccessful bidders about the Government's determination to stand over their tender processes where there is a robust case to do so.

This was a very useful case study by the Committee. By the time of next year's debate, it says in my speech that I will be a "fully fledged veteran" of the Committee.

Ms S Wilson: The Member will be ancient. *[Laughter.]*

Mr McGlone: I am already encouraged by the role that I see the Committee fulfilling in impartially scrutinising Government expenditure and rolling out recommendations for improved financial governance across the public sector.

From one veteran to another, Mr Speaker, thank you.

Mr Shannon: I am not sure whether I am a veteran, but I have been a member of the Public Accounts Committee for almost a year.

The Public Accounts Committee has had a varied and busy year of business. I will focus on two reports; one on bovine TB and the other on the sea fisheries scheme for the modernisation and tie-up of vessels. Both of those issues have significant public-expenditure impacts; they impact aggressively on farming and fishing communities in Northern Ireland.

I will initially make my remarks as a member of the PAC. However, I will also speak in my capacity as an elected representative, because, coming from a farming and fishing constituency, I can bring my knowledge of that to the debate.

A quarter ir mair o' aa the herds o' kine I Norlin Airlan hae bovine TB an' the Committee richtly allooted at thon hannlin shud bae leuked intae. Thair wus a bag ris' i caases this las' when o' years peakin' i 1997 aa 13% at bes the heighest level i Europe. I the las' 10 yeirs the Depairtment hes spent sum 10 million pun oan hit's programme tae dae awa' wi' bovine TB. The airt wurst hit bae bovine TB bes Strangford an' mid-Down

At least a quarter of all cattle herds in Northern Ireland have had bovine TB, and the Committee correctly concluded that that grave problem merited investigation. Just today, at a meeting of the Agriculture Committee, that matter was raised with departmental officials. There has been a significant increase in cases of bovine TB in recent years; in 1997, it peaked at 13%, which was the highest level in Europe. Over the past 10 years, the Department has spent some £200 million on its bovine TB control programme. The area with the highest incidence in the whole of Northern Ireland is Strangford and mid-Down.

Despite the Department's investment in controlling the disease, bovine TB can cause considerable economic losses through livestock deaths, chronic disease and trade restrictions.

It is certainly in the taxpayers' interest to eradicate it, and it has been eradicated in many countries. The Committee was, therefore, staggered to hear the Department concede that its current bovine TB strategy will not lead to eradication. That the Department should spend so much to achieve mere containment is unacceptable.

4.15 pm

I am not sure whether anyone from the Department is in the Public Gallery. I encouraged them this morning to come along to the debate, but perhaps the thought of being lambasted by the Public Accounts Committee has made them stay away. However, if they are here somewhere, I congratulate them.

The Department formally reviewed its bovine TB eradication policy between 1999 and 2002. However, we are still no further along. Progress has been slow, and not all the recommendations of that review have been implemented. Similarly, in a review of testing arrangements, a range of improvements were recommended by consultants in 2006, and those have still not been acted upon. The officials told us that they will have a wee talk about it for five years. However, the Public Accounts Committee wants action. Such delays are indefensible.

The Committee was also surprised that the Department was not fully compliant with the EU directive on combating bovine TB, and had not, therefore, availed itself of EU funding that is aimed at eradicating the disease. Again, there seems to be a delay in the Depart-

ment. At long last, the Department has accepted the Committee's recommendation to bring itself into line with the directive, which is a welcome step. However, we will wait to see whether the words are turned into actions.

The Committee further recommended that the Department introduces the pre-movement testing of animals to address the risk of purchasing infected animals; that it reaches an objective, evidence-based conclusion and strategy on the impact of wildlife, particularly badgers, on bovine TB; and that herd owners on infected farms are given biosecurity training. Let us see action following the words.

We cannot be complacent about the continuing grip of bovine TB, nor about expenditure of, on average, £20 million a year to contain it. The Department of Agriculture and Rural Development must move urgently, focus on concrete measures, and use good practice from successful eradication policies to end bovine TB in Northern Ireland.

I have often asked questions about the undoubted link between badgers and bovine TB, yet the Department refuses to take the views of farmers and vets seriously. I advocate the eradication of badgers, and I ask the Department to do likewise. I know that the green Member to my right —

Mr Wells: Will the Member give way?

Mr Shannon: I will gladly give way to the Member. I am sure that he will have words of wisdom.

Mr Wells: I cannot allow those scurrilous accusations against the badger community to go unanswered. The jury is still out on a link between badgers and bovine TB. Some scientists believe that there is a direct link, and others believe that they have proved that there is no link. There is also a view that attempted eradication simply causes badger communities to disperse, thereby spreading disease among cattle. Although the Member is entitled to his opinion, I ask that he does not quote it as fact. It is heresy.

Mr S Wilson: Stop badgering him. *[Laughter.]*

Mr Shannon: It is not heresy; it is fact. The Member has his opinion, and I have mine. I can back my opinion up with scientists' views. The Member will, of course, have his environmental, green-tinted view, which we also have to accept.

Sea fisheries grant schemes have amounted to £18 million since 1993 to fund three vessel decommissioning schemes and three vessel modernisation schemes. I have often stood up in the Chamber to represent the fishermen of my constituency, and I have helped them to make a living despite EU restrictions and regulations. I know that my colleague who just spoke has done likewise. Europe is so concerned with the so-called scientific reports that say that there are no fish reserves

that it will curb fishing completely, which will undoubtedly kill off any chance of fishermen in the Province being able to make a living.

The EU wants to cut fleet sizes and the time that fishermen spend at sea. I was late arriving in the Chamber because I was at a meeting with fishermen of white fish at which that very issue was raised. Many issues need to be taken on board. The Public Accounts Committee examined the issue of help and grant aid to fishing boats. I was hopeful that the outcome would be one of support for fishermen, because there is something wrong when fishermen can see schools and schools of fish but are not allowed to touch them.

The Committee also found that, despite spending £3 million on modernisation schemes, the Department had failed to survey the fleet and identify and prioritise specific modernisation needs. Nor did it observe good practice in allocating only the minimum amount needed for the project to proceed. The Committee has now received undertakings that the Department will address both those points. Again, the Public Accounts Committee has made sure that that will happen.

The Committee addressed other issues —

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

Mr Shannon: Do I not get a wee bit of extra time because of the intervention?

Mr Speaker: No.

Mr Shannon: Oh, for goodness' sake.

I accept that. Speaking with my constituency hat on, the Department must step up and handle the issue with greater skill and interest. I hope that the Minister will make that pledge today. As a new member of the Committee for Agriculture and Rural Development, I assure the House that I will remind officials of their obligations on bovine TB and on decommissioning.

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

The Minister of Finance and Personnel (Mr S Wilson): This is my first Public Accounts Committee debate, and I am pleased to respond to the valuable, varied, interesting and amusing comments of Committee members and others who have been thrown off the Committee and have, as Mr Wells said, been elevated to higher things.

I have listened intently to Members' contributions. I will make a few general remarks, after which I will try to deal with as many as possible of the issues that Members raised. I acknowledge the work of the Committee, which has held 12 evidence sessions and made a significant number of valuable recommendations to strengthen financial management and corporate governance across the public sector. Furthermore, I acknowledge the role of the Chairman, Mr Maskey, and the Deputy

Chairman, Mr Beggs, who have created a Committee that, as Mr Wells said, engenders fear and trembling in the public servants who are called before it.

I want to add my comments about John Dowdall, who recently retired as Comptroller and Auditor General. I echo other Members' comments; we owe him a deep gratitude for his work as an accountant who preyed on Departments or as an archbishop who prayed for Departments. I am not too sure which of the two roles he played. I congratulate his successor, Kieran Donnelly, on his appointment to the post of Comptroller and Auditor General. That role is challenging in the current economic climate, when public services are under pressure and when all public servants need to deliver more with limited resources.

I want to outline what I believe should be the role of the PAC and the Audit Office reports. I do not need to remind Members of the financial pressures on us, and Ministers have already taken several measures to alleviate the problems created by the local economic downturn. That downturn has reduced capital receipts through its impact on the property market. The Executive need to address that issue. The Executive must also address the issue of providing support to local households and business through, for example, the deferral of domestic water charges and the new policy on the prompt payment of invoices, which helps small business and gets money out much more quickly. On top of that, we have had to address other pressures such as the cost of swine flu and the efficiency savings from Her Majesty's Treasury. The list goes on.

In light of those pressures, it is important that public servants work more smartly, more efficiently and more effectively to deliver the best possible services. In doing so, we must not sacrifice proper accountability for public expenditure and transparency for our actions. That is what the debate has been about. However, I want to emphasise that we must be careful not to criticise people for taking reasonable risks and initiatives to deliver on public services. We need to open new ways of working, and staff need freedom to innovate. I know that the Minister of Enterprise, Trade and Investment answered questions on the independent review of economic policy earlier today.

One of the points made in that review was that Invest Northern Ireland should be allowed more freedom to be innovative. That freedom means not having to go through box-ticking exercises. I want to say something about that, because I fear that, sometimes, we do not get the balance right. There is much that we have to do to find new and better ways of doing things.

'Managing Public Money', which is the Treasury's guide to the use of resources in the public sector, makes an important point. It states:

"It is also important to be aware that excessive caution can be as damaging as unnecessary risk taking."

That appears to me to strike the right note. Although I believe that the Audit Office and the Public Accounts Committee have important roles to play in achieving that balance and in helping public sector organisations to get value for money from the resources that they use, it is right and proper that those who have the responsibility of spending taxpayers' money are held accountable to the Northern Ireland Assembly for the use of the resources that are under their control.

Scrutiny of public spending is in all our interests; not only does it instil confidence in our system, but it allows us to promote good practice in the management of public funds and to expose examples of poor use of resources, and, even worse, as Mr Lunn pointed out, instances of fraud, which can take place in any organisation.

Over the past two or three years, there has been considerable focus on compliance and governance issues. A number of Audit Office reports have dealt with those issues and have led to a significant strengthening of governance in the period. Despite that, however, has the process become more important than the product? I worry that finance directors in Departments and public bodies are spending more time giving the Audit Office what it wants, as regards box-ticking exercises, than concentrating on the better use and best use of resources. We have all had experience of that in our constituency roles.

Mr Dallat: I hope that the Minister agrees that it is important to put on record that neither the Audit Office nor the Public Accounts Committee have ever criticised or condemned any Department that had in its criteria the risks that he referred to and that managed those risks properly. The only Departments that have been criticised are those that did not do so.

The Minister of Finance and Personnel: Perhaps the Member has missed the point. The importance that the Audit Office has sometimes placed on process has led to the introduction of caution in decision-making, which is not always the best way of using resources effectively.

I am going to develop that point. When the Assembly examines the use of public resources, we use the three "Es" — efficiency, effectiveness and economy. Those should form the central premise that we employ when we consider how resources are used. The process is, of course, important, and the proper procedures must be adhered to. However, I sometimes fear that reports which, by their very nature, concentrate on process and governance either put less emphasis on, or ignore, the principles of efficiency, effectiveness and economy. Perhaps we should ask whether all the scrutiny by the Audit Office and the Public Accounts Committee, and,

indeed, my Department, improves performance and ensures that public money is well spent.

I will throw out a challenge to the PAC. Since devolution, that Committee has been very active and has produced a large number of reports. However, does the Committee recognise that it has made over 450 recommendations? I am happy to take interventions from its members about this matter.

4.30 pm

Has the Committee thought about the systems and bureaucracy that have sprung up to monitor recommendations and to ensure that they have been followed up? Sometimes, the Assembly takes decisions for the best of reasons, but implementation requires the use of departmental resources, whether through manpower, time or capital. We must bear that in mind.

In preparing for the debate, another issue struck me, which was how long ago some of the events addressed in the reports occurred. Some Members referred to that. For example, Mr Dallat mentioned the review of financial management in FE colleges, which goes back to 1998. I do not want to get into the semantics of whether it is in our remit to examine issues that occurred before the Assembly was set up, but the report deals with issues that arose in the early years of this decade. Mr Beggs referred to a PFI contract that was signed in March 2001. The report on the New Deal 25+ that the Committee will consider next month goes back to 1998. The system has learned lessons and has moved on.

The Chairperson of the Public Accounts Committee (Mr P Maskey): The Minister has said that the system has moved on. However, in examining the reports, the PAC is seeing that aspects of the system have not moved on. Personnel may have changed, but I assure the Minister that when the Committee asks questions about mistakes that have been made in the past, we want Departments to learn from those mistakes and to ensure that staff in all Departments will not make the same mistakes again.

The Minister of Finance and Personnel: That is a laudable aim. No one will disagree with that objective. My point is that some issues go back well over a decade. We are looking at the effectiveness, efficiency and economy of the spending that is being undertaken now; not processes that have been used in the past. We all have a responsibility to ensure that taxpayers' money is used economically, efficiently and effectively.

Mr Beggs: The report into the funding of FE colleges that the Minister mentioned covered a period when there was considerable change and reorganisation of the colleges. Does he agree that, given that the FE colleges have gone through an additional review and reorganisation recently, there are lessons from the previous reorganisation that had to be learned and

should be applied to minimise losses and poor use of public funds today?

The Minister of Finance and Personnel: I agree absolutely. That is not contrary to the point that I am making.

In targeting a subject to investigate, the three "Es" should be considered. The example that the Member has given refers to the effective use of public money. Reports should be seeking to draw that out, but, sometimes, they focus on the processes. The way in which the investigations and reports are structured leads people towards making sure that they have ticked the right boxes in order to show that they have dealt with the process as laid down, rather than make effective use of resources. If the latter is the direction that the Committee is taking, and the objective that it has, it should continue to undertake that role.

I will deal quickly with the points that Members have made. First, Mr Wells and Mr Beggs referred to the report on managing sickness absence. Mr Wells made his point in a humorous, but very telling, way. Why are workers in certain Departments and certain parts of the public sector most prone to illnesses on Friday afternoons and Mondays? Why are there higher rates of absence in the public sector than in the private sector? Why are there huge differences in absence rates between people who receive monthly salaries and those who are paid on the basis of turning up for work?

We need to address the matter for two reasons. First, we want to make more efficient use of our resources. Secondly, it is bad for the morale of people who do not take time off to regularly have to cover for those who do. I am pleased that the average level of absence, which was 12.9 days in 2007-08, reduced to 10.9 days in 2008-09. That is still below our target of 9.7 days, but some progress has been made.

Mr Wells: That progress is commendable, but can the Minister explain why there should be any inherent difference between absenteeism in the public sector and the private sector? Absence levels in the public sector are still 50% above what would be tolerated in a private company in Northern Ireland, yet the work is largely similar. The overall target has to be to reduce the public sector's average rate of absence to the same level as that of Northern Ireland Electricity, for example, or, indeed, any shop or business in the Province.

The Minister of Finance and Personnel: I absolutely agree with the Member. It will not be a case of resting once we have reached our target. We will continue our efforts to push absence rates down, and more work needs to be done in all Departments. I note what Mr Wells said about DRD and DARD. I do not know whether workers in those Departments are scared of their respective Ministers, or whether those Ministers give a better lead, as was suggested by Members on

the Benches opposite. However, it is good to see, whatever the reason. The variety in absence rates across Departments perhaps indicates that it is a question of management. We need to keep pushing the targets to improve on our current record, and we are committed to addressing the issue on a continual basis.

Mr Beggs and the Chairperson of the Public Accounts Committee, Mr Paul Maskey, both raised the issue of rates collection. One of the aims of PEDU's review of LPS was to deal with some of the very issues that are highlighted in the PAC report. I believe, and, indeed, the PEDU report has made it quite clear, that the core business of LPS should be the efficient collection of local property taxes. Resources ought to be dedicated to that.

I do not want to make excuses, but the process of amalgamating four organisations into one, and implementing regular changes to the rating system — indeed, earlier today, we passed more changes in the Rates (Amendment) Bill — is bound to have an impact on the work of LPS. Nevertheless, it is important, from the local councils' point of view and as regards the Executive's available revenue, that we have a proper database; that we know where rates should be collected; that those rates are collected; and that we do not find that some people pay rates while others are exempt from doing so. We are working towards addressing that issue.

I will not be able to deal with all the comments that were made by Members. Mr McGlone is not here, so, rather than dealing with the issue that he raised, I will jump to shared services and Mr Shannon's point about fisheries and the PAC's 'Report on Sea Fisheries: Vessel Modernisation and Decommissioning Schemes'.

DARD has already acted on the recommendations of that report prior to the introduction of any new grant schemes through the European Fisheries Fund. It has completed a revision of the fleet futures analysis and carried out a survey of the modernisation needs of the fleet. DARD also carried out a comprehensive review of the economic appraisal and the project evaluation requirements. Based on the PAC's recommendations, there have been further improvements to the application and assessment and monitoring processes.

Mr Shannon: Sometimes, the PAC's decisions are not about allocating money back to the people; they can also be about returning money to the Department. For example, when the Committee discussed sea fisheries, money went both ways.

The Minister of Finance and Personnel: I take the Member's point —

Mr Speaker: Unfortunately, the Minister's time is up. However, I will allow him to respond.

The Minister of Finance and Personnel: I have not responded to some Members' points, and I will

seek to respond to them in writing. I am sorry that we have run out of time.

The Chairperson of the Public Accounts

Committee: Go raibh maith agat, a Cheann Comhairle. I suppose that one feature that maximises the effectiveness of the Public Accounts Committee is that it is not within its remit to criticise Ministers or their decisions. That is the role of the Statutory Committees. Instead, the Public Accounts Committee focuses on regularity, propriety and getting best value for money for public expenditure, and it calls for accounting officers to justify spend on those counts and to defend the systems and controls that they have put in place to safeguard taxpayers' money. That makes for a Committee that can focus on the common purpose of financial accountability, and rarely, if ever, do party political concerns distract members from the business at hand. Today's debate demonstrated just that, and I thank and commend my Committee colleagues for their rigour and determination to speak out against waste, fraud and inefficiency.

If I may follow on from where the Minister left off, he is correct to say that the Committee has made some 450 recommendations. That shows the determination of the Committee to strive to ensure that public services here are accountable. I remind the Minister that Members are elected by the people of the North of Ireland to ensure that accountability is enshrined in all Departments. We will tackle the issues.

The Public Accounts Committee allows the public and taxpayers to have faith in the system and, if things go wrong, to have faith that the Committee and the Audit Office will provide scrutiny. We have made 450 recommendations, and I am sure that, over the next while, we will make probably another 450 recommendations. That is the poor thing about it, because as the Minister's colleague Jim Wells stated, the Public Accounts Committee will be in the business of making recommendations until it is no longer needed to do so. The Minister is part of the Executive, and I suppose that it is up to Departments to ensure that the mistakes that have been made in the past are no longer made.

I wish to add a point about risk. I have said on record that the Committee, and I, as its Chairperson, welcome risk taking as long as it is well calculated. For far too long we have seen Audit Office reports that show the absolutely disgraceful expenditure that some Departments were able to get away with for many years. The Minister is right to point out that some of the reports go back a long time. However, for far too long we were, for want of a better phrase, governed by direct rule, and there was very little scrutiny of Departments at that stage. If mistakes were made then, it is wrong to continue making the same mistakes. It is the Committee's job to drive home the message that risk can be taken as long as it is well calculated.

The Minister of Finance and Personnel: I appreciate the Chairperson's point, but does he recognise that risk taking sometimes means that processes may be cut short and, for example, if a quick decision is required, there may not be an opportunity to tick all the consultation boxes? The emphasis on process sometimes reduces people's willingness to take risks, because, if the risk does not work out and they are found guilty of cutting the process short, they are subject to criticism in Audit Office reports.

The Chairperson of the Public Accounts Committee: Again, it is about what Departments do with the Committee's recommendations. Even before the current Public Accounts Committee, when we look at the failings that Trevor Lunn mentioned — which will be in the report that will be published this Thursday — we can see that the IDB did not adhere to some of the recommendations that were made on DeLorean.

4.45 pm

In times gone by, Public Accounts Committees made recommendations that Departments failed to implement. That failure is an indictment of Departments, and it means that the same mistakes have been made twice, which is wrong.

I am thankful that the PAC is up and running and challenging Departments. We will monitor the 450 recommendations that we have made so far to determine which of them have been implemented. I must, however, inform the Minister of Finance and Personnel that Departments agreed to most of the 450 recommendations.

The Minister of Finance and Personnel: I would be surprised if Departments did not agree the recommendations. My point was that when recommendations are made and accepted, their implementation and monitoring by Departments has an implication for resources. Sometimes, those recommendations, because of something that happened in the past, may introduce a note of caution into a Department that militates against the taking of risks to get processes moving, which is what the Chairperson of the Committee wants to encourage Departments to do.

The Chairperson of the Public Accounts Committee: The Committee is on record as saying that well-calculated risks should be taken. However, how did people benefit from the risks that banks took over the years? We are in the midst of a global financial crisis. I hope that the banks will learn from their mistakes and ensure that we move out of the global financial crisis.

I hope that Departments in the North will learn from the PAC's recommendations. No one should be afraid of the recommendations that we ask Departments to implement, as they have agreed to most of them. The PAC's purpose is not to make recommendations for the sake of it but to ensure that Departments learn from the past and that we can move on together.

I hope that the day will come when the PAC is no longer needed, because Departments are working so well. I doubt, however, that that day will ever come, because people will always make mistakes. The PAC aims to minimise those mistakes and to ensure that they happen rarely. That will give everyone, including taxpayers, confidence in the Executive. As the Chairperson of the PAC, my heart is set on instilling confidence in society to have faith in us. We must strive to create that confidence.

I will move on to some of the points that Members raised, but I will not go into every detail. Several interesting points were raised. Jonathan Craig and Jim Wells mentioned the PAC's visit to Altnagelvin, where we saw facilities that were second to none. The visit to that amazing project in Derry was the first time that the PAC had been outside Belfast.

It is easy to go through reports and to ask questions of Departments and the Audit Office. However, it is only on visiting the projects that it becomes clear that the reports could have been worse. The PAC took an important initiative in travelling to see the first-class facilities at Altnagelvin. I echo the earlier point that the staff in the trust must be highly commended for their hard work.

The Deputy Chairperson, Roy Beggs, talked about public funds and, in particular, the penny product. I am no longer a councillor, although some Members still are. The miscalculation of the penny product had a drastic effect on councils throughout the North of Ireland because staff had been budgeting to progress certain projects. The miscalculation that affected Belfast City Council, for example, was in the region of £4 million.

It set councils back, because they had planned for the future and had ensured that they had put all the checks and balances in place regarding front line services, and yet there was a miscalculation of more than £4 million. That is wrong, and if it is wrong for Belfast City Council, it is wrong for all others. A number of councils were caught out in that regard.

John Dallat referred to arm's-length bodies as being "hands-off bodies": that phrase is well known among Committee members. He also said, in relation to further education colleges, that £44 million was, in his terms, lying in the vaults. Some of the reports that have been published concern ensuring that people learn and are educated. If that £44 million had been spent on education, it would have enabled a much greater number of people to be educated and to gain employment opportunities or go back into further education and perhaps on to university.

Trevor Lunn mentioned the national fraud initiative, and he said that fraud is costing in the region of £500 million a year. He informed the Finance Minister that if that money were not being lost, then with respect to the documents that were leaked last week, we would

not need to have a conversation about a shortfall of £370 million. Fraud has a detrimental effect on everything.

Jim Wells was a very valued member of the Public Accounts Committee. I think that he said that he served on the Committee for 15 or 16 months. I actually thought that it was longer than that, but it may have just seemed that way. However, he was a very influential person on the Committee and always brought a bit of life to it. On that note, Jim Shannon raised an issue regarding badgers, and I wondered how long it would take Mr Wells to get to his feet and respond. Jim came to the defence of the badgers. From some of the Committee's conversations, I know that John Dallat used to have a pet badger, so he may have also been offended by that issue.

Patsy McGlone, who is not in the Chamber, is a new member of the Committee. He mentioned the challenges for the Department of Finance and Personnel. As well as those challenges that DFP must address, he highlighted what the Committee could say to the Department about the recommendations that are made.

Everyone who spoke in the debate mentioned the hard work of John Dowdall during his stewardship of the Audit Office. As I said in my opening remarks, we very much appreciate the hard work that was done, and the dedication that was shown, by him and the entire staff of the Audit Office, as well as our clerical team. When we were looking at some reports recently, we noticed that it was a trainee in the Audit Office who highlighted the issue regarding the Nomadic, which is a good sign for the Audit Office going forward. The Minister may not agree with that because he could be challenged by the very trainee who raised that issue.

Mr O'Dowd: I thank the Member for giving way. As a former Chairperson of the Public Accounts Committee, I put on record my appreciation of the work of John Dowdall during my tenure. I found his assistance and advice invaluable, and the work that he contributed to the Public Accounts Committee allows us, as a local Assembly, to be more efficient in the delivery of our services.

The Chairperson of the Public Accounts Committee: I thank the Member for that intervention. I also thank the Minister of Finance and Personnel for responding to the Committee's work and to Members' comments today about the concerns that drive them. I agree entirely that the current economic period is the ideal time for the PAC to work along with the Government to develop a constructive path forward for efficiency in public services. That is a very important note.

People have told me and other Committee members that our Committee is the one that they want to stay clear of. I hope that that represents their desire to work effectively, creatively and efficiently with taxpayers' money rather than being afraid of the individuals. As

the previous Chairperson of the Committee said, this is not a blood sport: it is about ensuring delivery and value for money.

I also thank the civil servants who helped the Minister to prepare for this debate. They are the same officials who assist the Treasury Officer of Accounts in rolling out the PAC's recommendations and in representing the Department's views on financial guidance. The Committee and I are grateful for their professionalism and support. Go raibh míle maith agat.

Question put and agreed to.

Resolved:

That this Assembly takes note of the Public Accounts Committee Second (23/08/09R) and Third (38/08/09R) Composite Reports and of the following Committee Reports:

Report on Managing Sickness Absence in the Northern Ireland Civil Service (38/07/08R)

Report on Sea Fisheries: Vessel Modernisation and Decommissioning Schemes (06/08/09R)

Report on Statement of Rate Levy and Collection 2006-07 (13/08/09R)

Report on Delivering Pathology Services: The PFI Laboratory and Pharmacy Centre at Altnagelvin (16/08/09R)

Report on Warm Homes: Tackling Fuel Poverty (18/08/09R)

Report on Shared Services for Efficiency — A Progress Report (21/08/09R)

Report on Brangam, Bagnall & Co: Legal Practitioner Fraud Perpetrated Against the Health and Personal Social Service (26/08/09R)

Report on Road Openings by Utilities (33/08/09R)

Report on the PFI Contract for Northern Ireland's New Vehicle Testing Facilities (35/08/09R)

Report on Control of Bovine Tuberculosis in Northern Ireland (40/08/09R)

Report on Review of Financial Management in the Further Education Sector in NI and Governance Examination of Fermanagh FE College (41/08/09R)

and the following Department of Finance and Personnel Memoranda of Reply:

Report on Managing Sickness Absence in the Northern Ireland Civil Service (NIA 47/08-09)

Report on Sea Fisheries: Vessel Modernisation and Decommissioning Schemes (NIA 60/08-09)

Report on Statement of Rate Levy and Collection 2006-07 (NIA 74/08-09)

Report on Delivering Pathology Services: The PFI Laboratory and Pharmacy Centre at Altnagelvin (NIA 74/08-09)

Report on Warm Homes: Tackling Fuel Poverty (NIA 91/08-09)

Report on Shared Services for Efficiency — A Progress Report (NIA 91/08-09)

Report on Brangam, Bagnall & Co: Legal Practitioner Fraud Perpetrated Against the Health and Personal Social Services (NIA 110/08-09)

Report on Road Openings by Utilities (NIA 125/08-09)

Report on the PFI Contract for Northern Ireland's New Vehicle Testing Facilities (NIA 168/08-09)

PRIVATE MEMBERS' BUSINESS

Social Tariff System

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

Ms J McCann: I beg to move

That this Assembly calls on the Department of Enterprise, Trade and Investment and the Department for Social Development to bring forward a proposal to the Utility Regulator, NIE Energy and Phoenix Gas to introduce a Social Tariff System to help people who are most vulnerable to fuel poverty.

I welcome the opportunity to debate the motion. Fuel poverty has been widely discussed inside and outside the Chamber for some time. We have listened to the debates and have heard all the parties' perspectives on the issue, yet fuel poverty still exists. We must seek innovative new initiatives to alleviate fuel poverty. That is why I tabled the motion.

At the outset, I am not indicating that any one Minister or Department has full responsibility for tackling fuel poverty. The two Departments that are named in the motion are those responsible for energy and for social policy. I call on the Assembly to send out a united message that its Members are really trying to find innovative ways in which to tackle the problem and to help the most vulnerable people in society before we enter another winter. We all remember the hardship that low-income families and the elderly went through last year as a result of fuel poverty.

In the North of Ireland, the Government are responsible for payments that help those vulnerable people to pay their energy bills. Customers here do not have access to any form of social tariff, or affordable tariff, or whatever people want to call it. We do not receive that luxury from either of the two main suppliers of energy to households, which are NIE Energy and Phoenix Natural Gas. Let me make it clear that I am not asking for other domestic customers to pay for that social tariff; we want the energy companies to pay most of it, with some costs being met by larger commercial businesses.

That there is no competition here means that we are in a unique situation. NIE Energy and Phoenix Natural Gas have market monopolies. An independent review commissioned last year following huge electricity price hikes recommended changes in how the system

is regulated. The Department of Enterprise, Trade and Investment's draft strategic energy framework 2009 consultation provides an opportunity to ensure that the system is changed to become more transparent and fairer to customers, particularly NIE Energy customers.

Members know that Douglas McIlldoon's report sets out a number of recommendations, including extending the two-month purchasing period for electricity and reviewing whether to continue payments to backup power stations. That raises generation costs, which are passed on to the customer. The report also identifies other issues, such as the guaranteed profit margin of NIE Energy and the impact of using dual currency for the single electricity market, both of which contribute to the customer's paying more. More public debate is needed on those issues.

We have heard in debates that three factors cause fuel poverty: a home's energy efficiency; the cost of heating fuel; and family income. I am also conscious that most households here — I think that the figure is 70% — use oil for heating. However, we must also take a particular look at electricity, which almost every household uses.

5.00 pm

Mr Hamilton: Does the Member agree that omitting oil from the motion is detrimental to the energy strategy, because closing the competitive gap between gas and oil will not encourage people to move away from oil? Any social tariff that puts up the price of gas, which, as everybody knows, is much more energy-efficient and environmentally beneficial, will dissuade people from moving from oil to gas and could harm our energy strategy.

Ms J McCann: I did not mention oil in the motion because the regulator is not responsible for it. As I said in my opening remarks, I am not asking for household customers to pay for social tariffs; it should be the energy companies, which make huge profits here.

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

At present, 34% of households here with children live in fuel poverty, compared to 16% in the South of Ireland and only 7% in England — although even 7% is too many. In addition, up to 40% of people who live in fuel poverty are elderly.

Mr Brady: Although the introduction of social tariffs for all vulnerable groups would be most welcome and is, indeed, necessary, does the Member accept that the elderly are most at risk from fuel poverty? Between 2001 and 2007, 1,997 older people in the North died from cold-related illnesses.

Ms J McCann: I accept the Member's point. In addition, the money to alleviate fuel poverty would be saved in other areas, such as services that deal with people's health and well-being.

The sectors that are most vulnerable to fuel poverty are the elderly and low-income families, particularly lone parents, many of whom have to work part-time due to their need for flexible working hours. Furthermore, the recent rise in unemployment will result in more families becoming vulnerable to fuel poverty.

In the North, the Government are responsible for payments to assist vulnerable customers with their energy bills, mainly in the form of one-off winter fuel payments to the elderly. Customers do not have access to social or affordable tariffs from either of the two main local energy suppliers, NIE Energy and Phoenix Natural Gas. In addition, customers cannot switch suppliers, so they do not have the choice that customers have elsewhere.

In the South, the Government operate a system of free gas and electricity units as part of a household benefits package, which is available to low-income and elderly households, all people over the age of 70, carers and people with disabilities. Recently, the amount of gas and electricity that is provided free of charge there increased. As part of the welfare system in the South, the Government fund a national fuel scheme, which is a means-tested benefit that provides a weekly fuel allowance to low-income households that are in receipt of certain qualifying payments. The allowance is payable for 29 weeks, from the end of September until the middle of April.

The scheme that operates in the South has been highlighted by organisations such as National Energy Action, which used the scheme to bolster its campaign for the Government to become more involved in regulating social or affordable tariffs. The National Energy Action campaign is based on its concern that the matter is being left to the discretion of the energy industry, and that is why I have asked the two Ministers to take this matter forward.

The Government must be more proactive in developing social or affordable tariffs, which should not be left solely to the energy companies. Some of the energy companies in Britain have admitted that even the extra £225 million that they have pledged for social assistance is inadequate. Organisations that represent the elderly, such as Age Concern, have called for the introduction of a mandatory social tariff to help the most vulnerable households.

Given that energy companies make huge profits here and that energy prices here are higher, those companies have a corporate social responsibility to offer social or affordable tariffs to the households that need them. Whatever Members want to call such tariffs, we need to ensure that, this winter, those who are most vulnerable to fuel poverty are given the help that they need. Although I would like to see that assistance being given this

winter, it might take some time. I want to see negotiations with the energy companies start now.

I want to stress that individual Ministers who have the responsibility for identifying vulnerable households, such as the Minister for Social Development, and for energy policy, such as the Minister of Enterprise, Trade and Investment, must enter into negotiations with NIE Energy and Phoenix Natural Gas to take this forward. That is why I singled out those Ministers in the motion.

All of us have a social responsibility to help those most disadvantaged in society. Energy companies and the larger commercial customers should pay for this, rather than other domestic customers. Social tariffs, taken in isolation, will not eradicate fuel poverty, but as part of an overall package they will definitely help vulnerable households this winter.

Mr Simpson: I beg to move the following amendment: Leave out all after "Assembly" and insert

" , being mindful of the alarmingly high levels of fuel poverty in Northern Ireland and the negative impact high energy prices have on the fuel poor, calls on the Minister for Social Development to work with her Executive colleagues to obtain an accurate assessment of actual need in respect of fuel poverty; notes that social tariffs could result in higher prices for a significant number of households and businesses; and urges consideration of a range of options to assist people most vulnerable to fuel poverty."

The motion calls on the Executive:

"to help people who are most vulnerable to fuel poverty."

It is hard to disagree with that sentiment. It is only right and proper that we do all we can to help the most vulnerable members of society. Fuel poverty is a problem throughout the United Kingdom, but it is a particular problem in Northern Ireland. High energy prices adversely impact on thousands of householders, with resultant damage not only to incomes but to health. Last winter the Executive sought to do what they could, and in his December monitoring statement my colleague the former Finance Minister Nigel Dodds announced £15 million to alleviate fuel poverty. A £150 payment was made to 100,000 households in receipt of income support or pension credits.

The motion may be well-meaning and superficially attractive, but it is fundamentally flawed. There is a danger that, in seeking to help those caught in the fuel poverty trap, we adversely impact on other sections of society. In short, we are in danger of robbing Peter to pay Paul.

If we introduce social tariffs, it will cost £76 million to provide a £300 payment to the 34% of households in Northern Ireland that are estimated to be fuel poor. How will that cost be met? How can the Government, faced with ever-increasing pressures on already-limited resources, find that sort of money to subsidise the fuel poor? If the Government cannot pay, do we turn to the energy companies? That is not a realistic proposition

either. The energy companies are already limited to a profit margin of 1.5% and do not have the scope to subsidise customers directly. If pressure is applied to the energy companies to encourage them to pay, it will merely be a disincentive to further competition in the Northern Ireland energy market. The only other option is to pass on the cost of the social tariff to other consumers. Hard-pressed and hard-working families along with local firms and small businesses, already struggling in a recession, will face higher energy bills in order to subsidise the fuel poor.

Ms J McCann: NIE Energy alone made a profit of £120 million for shareholders last year. Its profit margin may be limited, but the profit is still large.

Mr Hamilton: It was reinvested.

Mr Simpson: My colleague has shouted it out before I got to it.

Energy companies make substantial reinvestments. The Member also sits on the Committee for Enterprise, Trade and Investment, which only last week was told that all energy companies were limited to a profit margin of 1.5%. Therefore, a substantial amount of money is reinvested.

I believe that the motion is a dangerous option. Let us look at the broader picture and consider the likely impact of such a move. It would plunge other families below the fuel poverty line. It could push businesses over the edge and into closure, with the result that more workers will join the dole queue and add to the fuel poor. Surely the proposers of the motion do not want that outcome. In seeking to correct one social injustice, we must be very careful not to create others. In seeking to cut off the head of the fuel poverty monster, we could enable it to grow more heads.

We need a full and accurate assessment of actual need in relation to fuel poverty. We urge the Minister for Social Development, in co-operation with her Executive colleagues, to conduct such an investigation urgently. There are cases in which circumstances dictate that it is almost inevitable that a person or household will find themselves in a fuel poverty trap. For example, a single pensioner, a lone parent, or a household with an annual income below £7,000 could easily slip into fuel poverty. However, for all the cases that are black and white, there are many that are grey, where the issue is less to do with income than with energy efficiency. In other words, throwing money at fuel poverty is not always the answer.

I commend the hard work that has been done by my colleagues the Minister of Enterprise, Trade and Investment and the Minister of Finance and Personnel to introduce and encourage energy efficiency initiatives; that is one of the main keys that will help us to unlock this problem. Ideas such as enhancing the fuel efficiency of homes; converting homes to use more efficient

fuels; encouraging more use of pay-as-you-go and keypads, which offer the lowest possible price; and reforming a system that favours electricity generators over consumers need to be explored and encouraged.

At the start of my comments, I mentioned the high energy prices in Northern Ireland, but it is worth remembering that, in January, electricity prices fell by 10.8% and gas prices fell by just over 22%. A further review resulted in prices falling again this week, which is good news for all families and businesses.

Whatever way we address fuel poverty, and it must be addressed, let us not fall into the trap of undoing the progress that is being made. Knee-jerk reactions, as Members opposite never tire of telling us, are not the best sort of reactions. The motion has a hint of a knee-jerk about it, and that is the reason for the amendment. I commend the amendment to the House.

The Chairperson of the Committee for Enterprise, Trade and Investment (Mr A Maginness): I speak as Chairperson of the Committee for Enterprise, Trade and Investment. This is my first opportunity to address the House as Chairperson.

The Committee agrees that there should be some mechanism to assist those in fuel poverty to ease the burden of energy costs. However, I emphasise that the Committee has not rushed into proposals for how that should be achieved in practice. Part of the reason for that is that the issue is not as simple as it might first appear.

Stephen McCully, the managing director of NIE Energy, speaking on 'Good Morning Ulster' on 15 September, said that the 2.5% discount offered by the keypad pay-as-you-go system represents a very good social tariff.

When such statements are made, it is important to define what is meant by a social tariff. Ofgem defines it as a tariff that is at least as good as the lowest tariff offered to customers in an area. DSD defines it as the lowest possible tariff offered by suppliers to vulnerable or low income consumers, regardless of the payment method.

5.15 pm

Direct debit customers receive a 4% discount from NIE. Therefore, the pay-as-you-go system is not as good as the lowest tariff and is not the lowest possible tariff offered to customers. In fact, it represents a 1.5% surcharge over and above that paid by direct debit customers. To describe it as a social tariff might be considered as misleading by some. Under Ofgem and DSD's definitions, a 4% discount for keypad pay-as-you-go customers, similar to that enjoyed by direct debit customers, would represent a social tariff.

As I said, the issue of social tariffs is not as simple as it might first appear, and there is a number of reasons for that. Not least of those reasons is the issue of who

pays. We have had some discussion about that. DETI officials have told the Committee that social tariffs are not a means to reduce NIE Energy's profits, but operate by spreading the additional costs among other consumers. On the other hand, the Consumer Council believes that the energy companies must make a valid and significant contribution to social tariffs. Suppliers, however, believe that they should not have to pay. Should companies, such as NIE Supply, Phoenix Gas and Firmus Energy have a role in paying for some social tariffs? That is a reasonable question.

Should other organisations that are contributing to the electricity tariff, such as the generators and those claiming network system costs and supply costs, have a role in paying for social tariffs? Should the Government or councils have a role in paying for social tariffs?

There are higher levels of fuel poverty here than in Britain. What will a social tariff system cost here? Electricity prices are already 12% higher here than in GB. If ordinary consumers have to pay, how much will such a tariff add to their fuel bills? I know that some Members are resisting that imposition, and that is a fair position to adopt.

If someone uses more electricity than their neighbour because, for example, they have a family or because they are a carer, will they have to make a higher contribution to the social tariff through a flat-rate system, or will there be a fixed-rate contribution from all consumers? What about those in fuel poverty who do not have access to gas and who rely on oil or coal for heat? Will they be excluded from this aspect of a social tariff? What will the administration costs be? Would it be less costly to provide help to those in fuel poverty through the benefits system, so that there is already clarity around who would be entitled, rather than to set up and administer a whole new system?

The Committee supports the introduction of a mechanism to ease the burden of those in fuel poverty. However, the questions that I have asked today are reasonable, and it remains for the Committee to make its mind up fully on the issue.

Mr Armstrong: The motion deals with a subject that is of great interest to many thousands of people in Northern Ireland who are affected by fuel poverty and the high energy prices. The Ulster Unionist Party is committed to tackling those issues. In 2004, 23% of households in Northern Ireland were in fuel poverty, and that rose to 34% by 2006. The cost of domestic electricity increased by 36% between January and October 2008, and, in the same period, the cost of domestic natural gas increased by 19%.

The rate of fuel poverty in Northern Ireland is almost three times the level that it is in England. We must focus on what we are trying to achieve and ensure that the lowest possible tariffs are provided to

vulnerable or low-income consumers in Northern Ireland, regardless of their payment method.

Currently, no supplier in Northern Ireland offers social tariffs to customers. Although social tariffs may be part of the solution, they are not the entire solution. Indeed, the Northern Ireland Fuel Poverty Advisory Group has said:

“Social tariffs offered in isolation will not eradicate fuel poverty.”

Several initiatives have already been introduced by various bodies in an attempt to combat fuel poverty in Northern Ireland. Those initiatives include schemes from the Housing Executive, the Department for Social Development's warm homes scheme, winter fuel allowances and the Assembly's one-off fuel payment of £150.

The Minister for Social Development established a fuel poverty task force in May 2008, and among its recommendations on how to tackle fuel poverty, which were published in September 2008, was the need to examine the feasibility of the introduction of social tariffs. In light of that, the Minister of Enterprise, Trade and Investment has confirmed that the Utility Regulator has been working internally in that area and has employed consultants to undertake a policy analysis for the implementation of a social tariff in Northern Ireland. That analysis includes an examination of the potential positive and negative impacts that are associated with different options, and the Minister has also stated that the next steps in that process will include a public consultation on the report.

Therefore, work is in hand, and, consequently, it would be wise to await the outcome of that consultation. At that point, we can make an informed decision.

Mr Neeson: I welcome today's debate, because as the Chairperson of the Committee for Social Development said, the Committee has been dealing with the issue of social tariffs for some time.

Fuel poverty is higher in Northern Ireland than in any other part of the UK, with 34% of the population living in fuel poverty. Research has shown that a reduced tariff, based on personal circumstances — a social tariff — is the most popular type of financial support that can be offered to those who have trouble paying their energy bills.

In other parts of the UK, energy providers have offered social tariffs to help their most vulnerable customers. Indeed, all energy providers in GB must offer social tariffs to help their most vulnerable customers to cope with the high costs of gas and electricity. Those companies also offer a range of other services such as free insulation, boiler checks and advice to fuel-poor customers, particularly elderly people and those on low incomes.

British Gas's Essentials tariff is the UK's largest social tariff, and it aims to reduce the gas and electricity

prices of 75,000 of the company's most vulnerable customers. Those customers' energy bills will drop by some £307 a year. The tariff also provides extra help to vulnerable customers, particularly those who use pay-as-you-go energy meters, which, despite helping those on low incomes to budget, are often a more costly way to pay for gas and electricity.

E.ON's social tariff, StayWarm, is specifically designed to help vulnerable customers who are over the age of 60. It is a fixed price tariff that keeps costs the same for 12 months after a customer has signed up to it. E.ON also offers free loft and cavity wall insulation to anyone over the age of 70 or to those receiving certain benefits, such as income support, housing benefit, council tax benefit or income-based jobseeker's allowance, whether or not they are customers. E.ON customers who are over the age of 60 can also switch to the Age Concern tariff, which could save them an average of £69. Those customers also receive safety and energy efficiency gadgets, such as energy-saving light bulbs and carbon monoxide detectors.

It is not just a question of refunding money; it is also about making customers more energy-efficient, and that is an issue that we need to address in Northern Ireland.

EDF Energy's assist tariff is aimed at those customers who have to spend more than 10% of their household income on gas and electricity or those receiving income support or pension credit, giving a 15% discount on EDF's standard energy prices. About 57,000 customers benefit from that reduced tariff, which is applied directly to those customers with standard or economy 7 meters, while those with prepayment or complex metering will automatically receive a rebate each year.

ScottishPower's carefree plus social tariff offers eligible customers a saving of up to £112 a year on their energy bills. Customers on the new tariff will also be able to have free insulation work done on their homes and receive a benefits health check to ensure that they receive all the help to which they are entitled.

Mr Hamilton: Will the Member give way?

Mr Neeson: I am sorry; I do not have the time.

A considerable number of consumers in Northern Ireland still use household coal, domestic heating oil and liquefied petroleum gas, and there is no control over the distributors of those fuels. The point was rightly made that some mechanism should be developed to bring the sale and distribution of those energy products under control.

Mr Moutray: I support the amendment in the names of my colleagues David Simpson and Simon Hamilton. By securing the amendment, they have injected an important element of common sense into the debate on energy in general and on fuel poverty in particular.

Fuel poverty concerns us all, as it has a serious financial and health effect on too many households in Northern Ireland. We all agree that it must be tackled robustly, but how? A social tariff is not the answer. Indeed, there is a danger that we could make a bad situation worse by suggesting that we throw money at the problem without properly analysing the issues. That is why the amendment urges the Minister for Social Development to work with her colleagues to assess fully the extent and nature of fuel poverty.

We must examine a range of options to help those who are worst off. We also need to ensure that in helping the worst off, more people and businesses are not adversely affected as a result. Since last winter, as Mr Simpson said, the price of electricity and gas has fallen twice. That is good news for all customers, and we need to see more of that, as it should help to reduce the number of homes caught in the fuel-poverty trap.

Mrs McGill: Go raibh maith agat, a LeasCheann Comhairle. I welcome Minister Foster's presence in the Chamber.

I have listened to the Members who have spoken so far, and I understand why Members on the DUP Benches referred to getting a more refined definition of fuel poverty. Sinn Féin's motion provides that opportunity in the best circumstances. There is confusion around fuel poverty. Are the right people targeted and are the most vulnerable identified correctly? As my party colleague Jennifer McCann said, we have these debates from time to time. However, we must get clarity on the issue and we must take it a step further.

5.30 pm

I am not a member of the Committee for Enterprise, Trade and Investment, so I am not privy to all the detail and nuances of the debate, but it is important that the social tariff get an airing. I will be disappointed if the House divides on the issue.

I thank the Assembly's Research and Library Service for providing an information pack on the issue. It refers to 'The Utility Regulator's Social Action Plan 2009-2014', which, I understand, contains a proposal, as part of the regulator's forward work programme, to produce a scoping framework document in 2009-2010 that will refer specifically to introducing a social tariff system. It is significant that that suggestion will be made by the regulator.

The information pack also contains a replication of the joint paper commissioned by the Consumer Council and the Utility Regulator. The research in that document comes out in favour of the social tariff system. I took some statistics from that document. It mentions three options, but the option that is favoured by 64% in a particular age group is the social tariff.

I think that Mr Maginness referred to people on benefits and the fact that there is clarity on their position at the moment, but the document that I mentioned contains statistics showing that 66% of those not on benefits favoured the social tariff for those in financial difficulty and fuel poverty and that 60% of those on benefits also favoured it. Almost the same percentage of those who are on benefits favour the social tariff as of those who are not on benefits.

I wish to make another point about who pays for it all. As my party colleague said, our position is that the consumer should not pay for it, and I am fully in agreement with that. Other Members also mentioned that.

The Consumer Council, in its response to the Utility Regulator's social action plan — again I refer to the information pack — said:

“Social tariffs are potentially an important tool with which to tackle fuel poverty. The Consumer Council is strongly of the opinion that social tariffs must not be solely funded by other consumers but that energy companies must make a valid and significant contribution.”

My party is proposing the social tariff system, and I am prepared to take the views of the Consumer Council on board. Go raibh maith agat, a LeasCheann Comhairle.

Mr Easton: I support the amendment, as it is the best means of addressing fuel poverty.

First things first: as any good auditor acknowledges, we need to know the extent of the problem if we are to tackle it effectively. In this case, an accurate appraisal of what is required is the order of the day. I encourage the Minister to be proactive in response and to use the expertise and knowledge base of her Executive colleagues and the intelligence and data in their respective Departments to deliver a computation of need that can be stood over with a high degree of certainty.

All of us note the high energy prices that we in Northern Ireland pay. That, coupled with poor energy efficiencies and low income, creates in many cases a negative situation, which leaves many of our households fuel poor and living with the difficulties and complexities of fuel poverty. We cannot afford to ignore the high level of fuel poverty. It is a red flashing light that rightly alerts and warns public representatives that something must be done. I reiterate that high energy prices have a detrimental impact on the fuel poor. That is a fact that we cannot afford to ignore.

Many tools can be utilised to tackle fuel poverty, and we would be well advised to consider all options. The amendment is essentially correct in that a one-size-fits-all approach is the incorrect response to the complexities of fuel poverty.

I strongly contend that the research base showing that a social tariff system will act as some form of

panacea to the woes of fuel poverty does not exist. In my analysis, there is no evidence base to justify a social tariff system as a mechanism to adequately address fuel poverty. We certainly do not wish to introduce a measure that, in seeking to address one problem by tackling fuel poverty, creates further harm by placing higher bills on the budgets of a significant number of other households. That would be a false economy. We must be careful, because many households that are taking a prudent approach to the household purse in difficult economic circumstances are genuinely fearful of increased bills leading to debt.

If the social tariff model is followed blindly, it should be anticipated that many households and the business community, which is taking the difficult economic strain, would be put in the position of facing mounting bills. We do not wish to take that direction or go down that route. Rather, like any good general, we should consider using all the weapons in our arsenal that have the capacity to minimise the number of households that have to live in fuel poverty. The public would, rightly, look aghast at us if we were to do otherwise.

We must look to energy efficiency. Too much energy is lost, and the energy resource is drained by poor housing and inadequate insulation. That is a key area, which, if effectively tackled, will reduce the number of households living with fuel poverty. Therefore, that and many other options must be further explored. Lead responsibility lies with the Department for Social Development, and many factors cut across other Departments. The issues of proper and effective insulation, to which the amendment speaks, will not only drive down costs and place fewer people in fuel poverty but will prove to be the environmentally friendly option. People do not wish to throw good money after bad because their boiler is underperforming. The amendment aims to address that, and it speaks to all the positive environmental benefits. I recommend it to the House.

Mr Cree: The issue is an important and emotive one, and I thank the Members who tabled the motion and those who tabled the amendment.

Fuel poverty is a real and persistent problem. Between 2004 and 2006, an additional 60,000 households in Northern Ireland entered fuel poverty. In light of rising fuel costs and increases in unemployment, there are concerns that the number of people who are fuel poor has reached unprecedented levels. Fuel poverty is caused by a combination of factors, including poor household energy efficiency, low income and expensive fuel.

Therefore, numerous potential solutions and ameliorating policies are open to us, of which a social tariff is one. I note and commend the actions that the Executive have already taken: the warm homes scheme, Housing Executive programmes and the one-off payment of £150 to people who are on income support and

pension credit. It is obvious that the Executive and the Assembly are taking the issue seriously.

At first glance, the proposition to introduce a social tariff is attractive, because it reflects our desire to help the people who are most in need. However, given Northern Ireland's energy market, the make-up of the energy supply and the pricing system, such a proposition must be given careful scrutiny and thought. I note that the Fuel Poverty Task Force recommended that a study into a social tariff be carried out and that the Utility Regulator has undertaken investigations that he plans to report to the Minister of Enterprise, Trade and Investment. That is the correct way to address the issue. No guarantees or decisions should be given until we have all the facts.

The DUP amendment recognises those concerns. I note that an NIE briefing paper estimates that the cost of introducing a social tariff could lead to an increase of between 8% and 12% in electricity prices for all other users. In light of pressures that families already face due to increases in energy prices —

Ms J McCann: A couple of Members have suggested that households will have to pick up the bill for social tariffs. That does not have to be the case. Energy companies and larger commercial businesses should pick up the bulk of that.

Mr Cree: That is a nice idea. However, unfortunately, a monopoly applies in Northern Ireland. The actual margin for the electricity company, in particular, is fixed.

Mr Hamilton: Will the Member give way?

Mr Cree: I am concerned about getting through my wee bit. If the Member is quick, I will give way.

Mr Hamilton: Does the Member agree that passing the cost on to big business, however that is defined, will act as a disincentive to attracting that type of business to Northern Ireland and, indeed, could put people in those businesses out of work and thus create a vicious circle in which more people are trapped in fuel poverty?

Mr Cree: The Member is quite correct. Now, to get back to my point, for which, I am sure, Members are all waiting — *[Laughter.]*

In light of pressures that families already face due to increased energy costs, rising unemployment and the ongoing recession, such an increase could be detrimental, not only to the people who are involved, but to the entire economy. That point has just been made by Mr Hamilton.

Social tariffs exist in Great Britain. They were introduced initially to enable customers to access electricity at the lowest available rate, regardless of the method of payment. That issue arose from the fact that pre-payment customers in GB paid around £100 per annum more than those who paid by other means, such

as direct debit or credit card. That situation is not as prevalent in Northern Ireland.

In addition, it must be recognised that the virtual monopolies that exist in Northern Ireland's gas and electricity markets have resulted in much tighter net profit margins, greater regulation, and much smaller scope for companies to subsidise customers directly, or, indeed, for customers to shop around for the best deals.

Fuel poverty is a major issue. It is a top priority for the Ulster Unionist Party. The strategic energy framework provides an opportunity to address some of the structural and underlying problems that create fuel poverty and which can limit the Assembly's options to solving it.

The Assembly looks forward to the findings of the Utility Regulator on the potential for a social tariff and the possible ramifications of introducing one. In the meantime, efforts must continue to reduce fuel poverty by increasing energy-efficiency measures in the home, ensuring maximum benefit uptake, and ensuring that all people who are eligible for the £150 one-off payment take it.

I support the amendment.

Mr O'Loan: The debate is worthwhile because the social tariff is an important, though not an easy, issue. The Chairperson of the Committee for Enterprise, Trade and Investment made a number of good points. Incidentally, it is clear that if the motion were carried, the matter would be DETI's responsibility.

To set social tariffs is a worthy concept, but a difficult one to carry through. There are considerable difficulties in realising that, which the Assembly needs to be mature enough to recognise.

Everyone recognises that three broad factors affect fuel poverty. They are energy costs, household income and household fuel efficiency, which has two elements: insulation standards and the efficiency of the heating system. Any programme to tackle fuel poverty must involve measures that deal with all three of those factors, not just one.

Measures that are already in place include the warm homes scheme, which is one of the Executive's key responses. The scheme is operated by the Department for Social Development. It has been hugely successful and very popular. Since 2001, more than £118 million has been spent on the scheme and, as a result, about 71,000 houses have been made warmer.

5.45 pm

Members will be aware of the new warm homes scheme, the managers of which are H&A Mechanical Services Ltd and Bryson Charitable Group. That scheme will better target resources so that those most in need get the most assistance. We should welcome the fact that for the first time, young families that are in receipt

of working tax credits can benefit from improvements to their home-heating systems and that people over 60 can also benefit from the scheme.

We all know about the budgetary pressures on DSD in respect of housing. Despite that, £20.5 million has been allocated to the warm homes scheme this year, and that should assist 10,000 households. Therefore, good work is being done in that area.

DSD also looks after the public housing stock, one element of which is the conversion of houses to natural gas. More than 29,000 home-heating systems in Housing Executive properties have already been converted; however, DSD wants that conversion to be extended much more widely. That, of course, depends on the extension of the gas network, the need for which we are all starting to recognise. New social houses are being built to a very high standard and with a minimum code level 3 environmental rating, which makes them 25% more energy-efficient than before. Those are all relevant measures.

Maximising income is important. The focus on the economy and on getting more and better-paid jobs has its place in tackling fuel poverty. Of course, many of those who suffer fuel poverty are dependent on social security benefits. DSD's measures are extremely important in making people aware of the role of child tax credits, working tax credits and pension credits.

Benefit uptake is also extremely important, and DSD has run successful campaigns that have given a great deal of money to families and brought extra money into Northern Ireland.

DSD also administers the winter fuel payment. Although we want that payment to be increased, it makes a significant contribution to household budgets. The Executive's household fuel payment gave out no less than £24.5 million in April by distributing £150 payments to 167,000 homes.

To tackle the issue, we must look at the measures already in place to make each one better by being open to new ideas. The concept of a social tariff certainly deserves study. I am uncomfortable with the amendment, because it is too sweeping in its rejection of the social tariff concept. As I said, although the concept is difficult to realise, it is definitely worthy of examination.

The Minister of Enterprise, Trade and Investment (Mrs Foster): I welcome the opportunity to discuss the issue, and I congratulate the Members who tabled the motion. This discussion is timely because the strategic energy framework is the subject of a consultation process, which a number of Members pointed out. That framework acknowledges the high levels of fuel poverty in Northern Ireland and emphasises my Department's continued commitment to work with the Department for Social Development on areas of mutual policy development to ensure that fuel poverty issues can be addressed.

I noted with some amusement Mr O'Loan's comment that if the motion were carried, the issue would be mine and mine alone to address. He then went on to tell the House about all the things that DSD does to address fuel poverty. I am not sure where all that sits. Nevertheless, he will be glad to know that Minister Ritchie and I work together to address those issues, and that that is recognised in the strategic energy framework.

The framework acknowledges that the Government are, as the Member pointed out, already working hard to ensure access to secure, competitively priced and sustainable energy supplies, while — and this is important — supporting economic growth as well. The framework also acknowledges that the era of cheap energy is over — something that we are all acutely aware of — that we must be more energy efficient and that we must seek to reduce our energy consumption.

Given the publication today of a report by Invest NI, it is appropriate that DETI's role, and my primary focus as economy Minister, is on business competitiveness. My Department's goal is to grow a dynamic, innovative economy, and the Programme for Government states that growing a dynamic, innovative economy is the Executive's top priority for the period 2008 to 2011. A key element in supporting that priority is ensuring that there is a fit-for-purpose energy policy in Northern Ireland. We are very much committed to ensuring an efficient, diverse, competitive and sustainable energy market that offers economic opportunity to businesses in Northern Ireland. We will work to ensure that energy costs are as low as possible for all consumers, consistent with maintaining adequate incentives for investment in energy assets for security of supply, irrespective of the investment being provided from equity-based or mutualised company models.

What has caused the high prices in energy? As elsewhere, the main driver for retail gas and electricity prices in Northern Ireland is the global price of wholesale gas. In 2008, global increases in the price of wholesale gas increased the price of gas, oil, coal and electricity for all energy consumers, including those already in fuel poverty.

I am pleased that, in late 2008, the Utility Regulator initiated separate reviews of the natural gas tariffs of Phoenix Supply Ltd in the greater Belfast licence area, and the electricity tariffs of NIE Energy throughout Northern Ireland. That led to the gas and electricity tariff reduction of 22.1% and 10.8% respectively in January 2009. A further tariff review resulted in an announcement by Phoenix of a 19% reduction in gas prices, and in a 17.7% price reduction for domestic consumers with Firmus Energy. From 1 October 2009, NIE Energy's 5% reduction in domestic electricity prices will come into effect. Those price reductions for consumers are particularly welcome given the significant

economic difficulties that are being faced by many at the present time. I think that that needs to be acknowledged.

I welcome the debate on possible measures on electricity prices that would help hard-pressed customers. That said, I think it is important that we continue to focus energy policy on improving business competitiveness and on ensuring that we have a secure and sustainable energy future for all consumers. For example, as was mentioned, the Department supports the continued expansion of the natural gas network to provide additional fuel choices for consumers. The Department and the Utility Regulator are looking at the potential extension of the natural gas network in Northern Ireland, and I am very much looking forward to that vital piece of work being completed. I think that that will be welcomed across the Chamber, and I know that people will look forward to receiving it.

The Department plans to undertake a study to determine the economic cost-benefit analysis of implementing smart metering in domestic properties and micro-businesses in Northern Ireland. We have consulted on better billing and metering in Northern Ireland. The Electricity and Gas (Billing) Regulations (Northern Ireland) 2009 requires suppliers to provide 12 months' worth of historical consumption data on energy bills. That will allow consumers to be better informed about their usage and to make more informed choices about energy use and energy efficiency.

As has been recognised by a number of Members, DSD works to address fuel poverty, too. In particular, the House will recall the one-off fuel payment of £150 that was made to vulnerable homes, which we heard about earlier in the debate.

It is important that we have an evaluation of how that scheme was rolled out. The House will then need to consider whether the action that was taken was the best way to deal with fuel poverty last winter or whether there are more appropriate measures to help vulnerable households.

Other Government initiatives were mentioned in the debate, including the warm homes scheme, through which DARD has provided funding to specifically target rural homes; the Social Security Agency's benefit uptake campaign; and, as I said, the winter fuel payment. All those initiatives help with fuel poverty.

There has been a lot of talk about the profit made by energy companies, but Members need to acknowledge that those companies are doing things to help. For example, the vulnerable customer programme, which is called For Your Benefit, is managed by NIE Energy. That programme assists vulnerable customers with identifying and claiming the various publicly funded benefits to which they are entitled. There are also customer-care registers operated by electricity- and gas-supply companies, which aim to keep a record of

vulnerable customers so that the appropriate level of support can be offered.

There has been a lot of talk today about prepayment meters. It is important to say that Northern Ireland prepayment customers do not pay more than other customers, unlike their counterparts in GB. That is the result of a voluntary agreement established by the electricity- and gas-supply companies, working with the Utility Regulator. NIE Energy prepayment customers are offered a discount of 2.5% compared with standard credit customers, and natural gas customers are offered a prepay tariff that is equivalent to the standard-credit tariff. In other words, NIE Energy customers who prepay get a 2.5% reduction.

The Chairperson of the Committee gave us definitions of a social tariff, and I would expect nothing less from him. He said that, because direct-debit customers receive a 4% reduction on the standard tariff, the prepayment method was not, in effect, a social tariff. I acknowledge that, but he must acknowledge that we have a better system than the one that is available in GB, because there is at least an incentive to prepay. Other schemes include Firmus Energy's firmuscare scheme and the Phoenix Supply Ltd energy care scheme. The latter is aimed at the over-60s, the disabled and the chronically ill.

The aim of social tariffs in the energy sector is to enable low-income and vulnerable customers to access competitively priced energy tariffs. Given the level of fuel poverty in Northern Ireland, I empathise and understand that the concept of social tariffs merits further investigation as an appropriate policy response.

The proposer of the motion talked about the need to innovate. The concept of social tariffs has come to prominence in Great Britain, and it has been the subject of debate there for quite some time. In GB, many low-income customers use prepayment meters and, because they are vulnerable and need to use that method, they pay more for their electricity and gas, which seems perverse. That is not the case in Northern Ireland, where prepayment meters give a 2.5% reduction on the standard tariff.

Gas is the dominant form of heating for domestic customers in GB, but, as we heard from Mr Hamilton, that is not the case in Northern Ireland. Here, 70% of households are reliant on oil for home heating. As oil is not subject to economic regulation, there is relatively little information available on customer purchasing patterns in the oil industry. The Member for East Antrim Mr Neeson mentioned that both the LPG and oil industries are not regulated, but he will acknowledge that regulation of those industries would add to the cost of oil and LPG, although LPG represents a small proportion of the market. We need to recognise that adding regulation to the oil industry will add to costs for the consumer.

6.00 pm

Some information suggests that customers who can afford to buy only a small amount of oil at a time are offered higher rates per litre compared with those who can afford to order in bulk. That, too, concerns us, because those in fuel poverty are being charged more for smaller amounts.

My Department is already working with the Utility Regulator's office to establish what scope exists for regulatory action to make tariff changes for those in fuel poverty. As Mr Armstrong, and, I believe, Mr Cree, indicated, the Utility Regulator is considering a consultant's report on the potential options for progressing the development of social tariffs in the electricity sector. The Utility Regulator's office issued the report as an informal pre-consultation document to allow key stakeholders to comment, including DSD and my own Department, with a view to understanding better the complex issues and charting the most appropriate way forward.

The Utility Regulator indicated that he hopes to release the consultant's report on social tariffs by the end of November, perhaps with initial suggestions on the way forward. The issues are complex and the theme of social tariffs touches on wider issues of social policy as well as policy and technical issues relating to energy markets. When the report comes out, therefore, it will be shared with the energy industry, voluntary groups, key energy stakeholders and all the other Departments.

However, any move to introduce social tariffs in the energy sector is, potentially, prone to negative knock-on effects. That fact was acknowledged throughout the debate. As I said in my opening remarks, as economy Minister, my priority is to promote Northern Ireland businesses and to guard against damage to economic competitiveness and employment. Businesses here already contribute to the Northern Ireland sustainable energy programme through a levy. We need to acknowledge that. There has been much talk about profits and companies doing nothing, but they do contribute. To expect them to contribute again to a fuel poverty levy would further increase business energy costs.

Many times, I have been lobbied by big businesses about their energy costs in Northern Ireland. The House would be sending a very negative message if it said that big businesses needed to pay more for energy. That would be a difficult message to send out. Indeed, perversely, it could result in the loss of business competitiveness, and, therefore, employment, which could bring associated increases in fuel poverty numbers. That point was made by several DUP and UUP Members.

I welcome the debate, which was measured and informative, and I look forward to the wind on the motion and the amendment. However, I urge Members

to bear in mind the complex nature of the issue and to take everything into account when they vote.

Mr Hamilton: Everyone has acknowledged that there is a real fuel poverty problem in Northern Ireland. An estimated one in three households is in fuel poverty, which is a much higher rate than the rate in GB. That has a negative effect on not just household incomes but on the health of those in affected households.

It has been suggested before, and again today, that a social tariff is the solution to that problem. It was a bit of a fad and very much in fashion about this time last year when energy companies were putting up their prices — a bit like trainers with wheels in them or Tamagotchis, it was the popular thing at the time. In suggesting social tariffs as a solution to fuel poverty, however, it is worth posing and examining four broad questions.

First, who should it help? As the proposer of the amendment suggested, it is understandable that single pensioners, lone parents and those on extremely low incomes could get trapped in fuel poverty. When preparing for the debate, however, I read Northern Ireland Housing Executive figures from October 2008 which showed that a noticeable percentage of households with an income in excess of £30,000 were in fuel poverty. Questions then have to be asked about why and how that household is in fuel poverty.

The answer is not so much about income and more about fuel efficiency and energy efficiency in that household. In assessing the accuracy of need in Northern Ireland, we must consider whether the measurement model that we use to assess fuel poverty is correct. Moreover, we must assess the impact of the recent price reductions on those one in three households and the impact of the £150 fuel credit that was paid last year.

The second question is: who should pay? The debate has concentrated on that issue, and it should be foremost in our thoughts. In the current climate, we cannot expect Government to find the estimated £75 million that was mooted by some Members. There is talk that energy companies can pay out of their profits. Energy companies in Northern Ireland — Phoenix Gas and NIE, in any case — are restricted to margins of around 1.5%. Other Members cited examples of energy companies in GB. However, they operate on a margin of 6%, from which they pay social tariffs. Indeed, the cost of the social tariff was one reason that was cited recently for those energy companies' failure to reduce prices. It is much easier to do that with a bigger margin.

Asking energy companies here to pay out of their existing margin has a disruptive effect on incentivising competition, which we all support in the Northern Ireland energy market. Therefore, the only other option is to ask customers to pay for it. Whether some people should pay more so that others pay less is a legitimate question. It is important to pose that question, but it is extremely

difficult to answer. Passing the cost to business, whether big or small, will disrupt competitiveness in Northern Ireland. Businesses in Northern Ireland increasingly cite energy prices as a hindrance to competitiveness; heaping more pressure on them will not be beneficial.

We must also ask what sort of system of social tariff we would put in place. Would people on certain benefits enjoy the benefit of a social tariff? When I examined the role of social housing, I visited some houses and noticed that some of the most fuel efficient houses, through their energy sources and insulation, are occupied by people who, I am sure, would receive a social tariff after a benefits test. However, they live in fuel efficient and energy efficient homes.

Ms J McCann: Will the Member give way?

Mr Hamilton: No; I do not have time to give way.

Should we consider providing a social tariff on the basis of usage? Single pensioners have low usage, and, under such conditions, second homes and holiday homes could benefit.

What are the other options? Are other options as effective, if not more effective, than a social tariff? When considering increasing energy efficiency, we should consider converting properties that use inefficient fuels such as coal and oil to fuels such as gas. Thousands of houses in the Housing Executive stock do not meet the decent homes standard for thermal efficiency, and many houses that could use gas do not do so. We should consider converting those properties.

I accept the earlier points that were made about encouraging people to use pay-as-you-go tariffs and keypads. I agree with the Minister for Social Development; it is as much an income issue as it is one of fuel costs.

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

Mr Hamilton: We need to consider a system that benefits generators over ordinary customers. Therefore, more money is not always the answer. As a society, we could take measures to help fuel-poor people, other than social tariffs or giving out more money.

Mr Butler: Go raibh maith agat, a LeasCheann Comhairle. We have had a fairly thorough debate, in which we debated the pros and cons of the motion. I thank everybody who spoke. Whether or not we achieve agreement on the motion is another matter.

When my colleague Jennifer McCann brought the motion to the House, she was aware of the concerns about who pays for social tariffs. Other Members asked whether those costs should be passed on to other customers and businesses. Jennifer McCann made it clear that that is not the case and that we live in a society that has high levels of fuel poverty. Some

Members, including Sean Neeson, Leslie Cree and even David Simpson, mentioned that levels of fuel poverty here are much higher than in Britain; I think they are three times higher than in Britain. The intent behind the motion was to address that issue.

Ms J McCann: Members have talked about the definition of “fuel poverty” and about who can afford to heat their homes and have electricity. Is the Member aware that the deaths of approximately 2,000 elderly people over the past six years were caused by cold-weather-related illnesses? People who do not have the money to heat their homes or put on the electricity — when we talk about fuel poverty, that is what we are talking about.

Mr Butler: I thank the Member for that information. It is startling that so many people in this society are still dying as a result of fuel poverty.

Jennifer McCann mentioned a very good scheme in the South of Ireland that has a social tariff dimension, particularly for pensioners. They get a certain amount of free units of electricity, oil or gas to heat their homes. It is worth noting that there are no concerns down South about elderly people and those on low incomes getting the benefit of social tariffs.

I realise that the issue is a complex one. David Simpson mentioned the £150 one-off payment that was made last winter. That was provided for in the Financial Assistance Act 2009. The Assembly recognises that fuel poverty is a big issue; that one-off payment went a long way towards alleviating difficulties for many people who were facing hikes in gas and electricity prices.

David Simpson also mentioned the tight profit margins on which the energy companies operate. He asked whether social tariffs would lead to reduced profits for those companies. However, the energy companies do have quite high profits. Jennifer McCann said that NIE Energy made a £120 million profit.

The Chairperson of the Committee for Enterprise, Trade and Investment, Alban Maginness, spoke about the use of keypads as a form of social tariff. The Minister of Enterprise, Trade and Investment said that there were concerns that people who pay by direct debit get a 4% reduction in their electricity prices, whereas keypad users only get a 2% or a 2.5% reduction. Mr Maginness also made a fair point about asked whether energy generators should pick up some of the costs of having a social tariff system.

Mention was made in the debate that 70% of households here use oil, the supply of which is totally unregulated. Some Members pointed out that the oil companies bear no responsibility whatsoever to bring in any energy efficiency measures. In addressing fuel poverty, we must think outside the box in determining how people on low incomes, elderly people and disabled people can pay less for their electricity. The Minister

mentioned benefit uptakes and check-ups, and energy efficiency measures in the home, such as cavity-wall insulation and loft insulation.

Other Members, including Billy Armstrong, mentioned the warm homes scheme. Declan O'Loan gave Margaret Ritchie a plug when he said that more money has been invested in that scheme recently. Those measures can reduce fuel poverty, but there are still pensioners and people on low incomes who will suffer high levels of fuel poverty. As was said, it is unacceptable that approximately 2,000 elderly people here die every year as a result of fuel poverty.

My colleague Claire McGill asked how the Utility Regulator and the Minister can move the social action plan forward. The Committee for Enterprise, Trade and Investment has also discussed that issue. The Utility Regulator is considering the issue of social tariffs, and how NIE Energy and Phoenix Natural Gas, among other energy providers, can help to alleviate fuel poverty and reduce the bills that people here are paying.

6.15 pm

Alex Easton said that we must be more energy efficient in our homes. He spoke about inadequate loft insulation and about how high energy prices impact on the most poor and vulnerable in society. That has been the theme of the debate. Although we may not agree on how to deal with fuel poverty, particularly among low-income families and the elderly, who are dealing with high electricity and gas prices, we all agree that we need to make it a priority for the Assembly to reduce gas and electricity bills.

As the Minister said, we need to examine how we can introduce measures to help alleviate fuel poverty as part of the strategic energy framework. The Minister will have to weigh up the social tariff and decide whether it will form part of that framework. Her main focus in the current economic climate is on helping businesses and driving the economy forward.

The Minister is concerned that businesses should not pick up the tab for any social tariff that is introduced. It has been made clear during the debate that the main thrust of the motion has been that neither other customers nor the business community should have to pay for social tariffs. Energy providers such as NIE Energy, Phoenix Natural Gas and others have a responsibility.

I acknowledge that those companies have some social responsibility; indeed, they have introduced some measures in past years. Controversy surrounds the discounts offered to electricity customers who use the keypad system, but that type of meter has been popular with many customers. Grants have also been provided, but we say that more needs to be done, given the high levels of fuel poverty from which this society suffers.

I hope that I have summed up the debate on what is a very important issue. It is complex and difficult to resolve. Whatever happens today, I hope that the Committee for Enterprise, Trade and Investment and its Minister, as well as the Minister for Social Development, will revisit the issue. Go raibh maith agat.

Question put, That the amendment be made.

The Assembly divided: Ayes 36; Noes 31.

AYES

Mr Armstrong, Mr Beggs, Mr Bresland, Lord Browne, Mr Buchanan, Mr Campbell, Mr T Clarke, Mr Craig, Mr Cree, Mr Dodds, Mr Easton, Sir Reg Empey, Dr Farry, Mr Ford, Mrs Foster, Mr Hamilton, Mr Hilditch, Mrs Long, Mr B McCrea, Mr I McCrea, Dr W McCrea, Mr McFarland, Miss McIlveen, Mr Moutray, Mr Neeson, Mr Newton, Rev Dr Ian Paisley, Mr Poots, Mrs I Robinson, Mr P Robinson, Mr Ross, Mr Simpson, Mr Spratt, Mr Storey, Mr Weir, Mr Wells.

Tellers for the Ayes: Mr Armstrong and Mr Bresland.

NOES

Ms Anderson, Mr Boylan, Mr D Bradley, Mr P J Bradley, Mr Brady, Mr Brolly, Mr Butler, Mr Dallat, Ms Gildernew, Mrs Hanna, Mrs D Kelly, Mr G Kelly, Mr A Maginness, Mr A Maskey, Mr P Maskey, Mr F McCann, Ms J McCann, Mr McCartney, Dr McDonnell, Mr McElduff, Mrs McGill, Mr McGlone, Mr M McGuinness, Mr McKay, Mr Murphy, Ms Ni Chuilín, Mr O'Dowd, Mr O'Loan, Mrs O'Neill, Mr P Ramsey, Ms Ruane.

Tellers for the Noes: Mr Brady and Mr F McCann.

Question accordingly agreed to.

Main Question, as amended, put and agreed to.

Resolved:

That this Assembly, being mindful of the alarmingly high levels of fuel poverty in Northern Ireland and the negative impact high energy prices have on the fuel poor, calls on the Minister for Social Development to work with her Executive colleagues to obtain an accurate assessment of actual need in respect of fuel poverty; notes that social tariffs could result in higher prices for a significant number of households and businesses; and urges consideration of a range of options to assist people most vulnerable to fuel poverty.

Motion made:

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

ADJOURNMENT

Flooding in East Belfast

Mr Deputy Speaker: The proposer of the topic for debate will have 15 minutes in which to speak. All other Members who wish to speak will have approximately 10 minutes.

Lord Browne: For the second time in slightly over two years it is necessary for an Adjournment debate in the House to highlight the repetitive flooding in my constituency of East Belfast.

On 31 August 2009, homes and property in East Belfast were once again damaged by rainfall. In contrast to previous occasions, however, the rainfall was restricted — [*Interruption.*]

Mr Deputy Speaker: Order. Members should either resume their seats or leave the Chamber.

Lord Browne: In contrast to previous occasions, however, the rainfall was restricted to a period of a few hours in mid-afternoon, yet it caused substantial flooding. The relevant agencies had argued that the rainfall in July 2007 was exceptional and they, therefore, presumed that to be the main cause of the flooding. However, no one could reasonably argue that that was the case on 31 August 2009. Yet again, the severe flooding in East Belfast made the headlines in the newspapers and other media. Among the worst-hit areas were Sydenham, Cregagh, the Woodstock Road, Castlereagh, Belmont and other areas in East Belfast.

However, without repeating the well-presented arguments that were made in the previous debate, I will highlight the main issues that need to be addressed as a matter of extreme urgency.

There is an urgent requirement to address the need both for a joined-up Government approach to flooding issues and for short-term flood-protection solutions as part of an overall strategic programme. Furthermore, there is a need to improve communications and information sharing. That could be done through a stakeholder group, because it is essential that stakeholders have an input to defining the problem before the Government try to resolve it.

Each of the drainage agencies must co-operate in providing joined-up approaches to mitigate recurrent flooding and to develop long-term prevention measures. There is an obvious lack of joined-up thinking and working among the drainage agencies in the areas in

question. Until that is resolved and adequate resources are devoted to such work, flooding will, unfortunately, recur.

Of course, we know that many short-term initiatives can be implemented. Those include installing larger street gullies, increasing the availability of sandbags and fitting sewer line de-silting mechanisms in alleyways that are adjacent to homes that are likely to be affected. However, it is essential that the Departments that are involved implement, as quickly as possible, the strategy to prevent flooding recurring in parts of East Belfast.

The EU floods directive of 2007 requires transposition into domestic law by November 2009. I understand that the draft Water Environment (Floods Directive) Regulations (Northern Ireland) 2009 have been produced in order to implement that directive. In fact, the Department of Agriculture and Rural Development (DARD) has been appointed as the competent authority for Northern Ireland for the implementation of that EU directive on the assessment and management of flood risk. Therefore, I would appreciate it if the Minister would confirm whether the Rivers Agency, on behalf of DARD, will take the lead in implementing the directive. I would also appreciate it if the Minister would confirm whether legislation will be in place by the appointed date.

In East Belfast, as in the rest of Northern Ireland, the historical approach to managing storm water and foul water has been to use a combined system that transports storm water and foul effluent to a treatment works. However, in recent years, installing separate systems has been the practice in new developments. Foul sewage is now collected in a dedicated sewer and goes to a treatment works, while storm water is directed into a watercourse in instances where little or no treatment is necessary.

Unfortunately, a large number of dual sewers are still in operation. That is particularly the case in built-up urban areas such as East Belfast where the population has grown. Of course, there has also been a reduction in permeable surfaces, which means that the sewers are increasingly unable to cope with the storm water.

The situation has also been exacerbated by the legal requirements to comply with the water framework directive and the EU floods directive and by the intense rainfall that we have experienced over the past number of years. Indeed, issues of climatic change need to be fed into any assumptions that are made and into the models that are used to assess future flood risk.

To address those issues, and in response to commitments that were made in the Northern Ireland sustainable development strategy to have sustainable drainage systems, Government have developed a strategy, which is known as SuDS, for promoting the use of sustainable drainage.

Sustainable drainage systems are hard and soft engineering solutions that are designed to mimic closely natural catchment processes in the management and treatment of storm water. Source-control SuDS seek to reduce storm-water discharge from developments by dealing with the run-off close to the source, whereas permeable-conveyance SuDS slow the velocity of the run-off, and then reduce its volume via filtration, infiltration and evaporation.

In developing the SuDS strategy, the Government established a working group comprised of representatives from all relevant Departments and agencies. I would appreciate the Minister's updating the House on the progress of that group. The Northern Ireland Environment Agency's consultation document 'Managing Stormwater: A Strategy for Promoting the Use of Sustainable Drainage Systems (SuDS) within Northern Ireland' raises interesting and challenging issues.

For example, it is accepted that traditional drainage systems may be inadequate to deal with storm water in new developments, especially with apparently more intense and increasingly frequent rainfall. However, the real problem could be that, although individual buildings are now designed, as I said, on a twin system, that system may merge into a single, combined system at the main drain. The loss of permeable surfaces that can absorb rainfall is exacerbating existing drainage problems and creating new flooding problems in urban environments, particularly in areas where large houses are harvested and replaced by multi-apartment buildings with car-parking spaces and little or no gardens.

Alternative, viable options to the traditional drainage systems, including SuDS, must be considered. However, all alternatives and additional methods of dealing with storm-water drainage to supplement or replace existing systems should be seriously considered. A holistic approach that involves developers and all the relevant agencies from the earliest stage of the planning process is also imperative to enable SuDS to be integrated into site designs, thus maximising the flood alleviation and water pollution benefits of SuDS.

It is crucial that all Departments and all the relevant agencies, including local government, co-ordinate and communicate before, during and after flooding episodes. It is vital that all possible steps are taken at the stage at which flooding might be prevented.

Although we should debate the need for joined-up Government thinking, action and strategy to rectify flooding in East Belfast, we should never forget the human suffering that many constituents have had to endure over the years. I know of a 93-year-old woman who has been greatly affected on no less than six occasions over the past four years. That would be an extremely difficult situation for anyone, never mind a lady of 93.

The time has long passed for talk and debate on this subject: it is time for the Assembly to deliver so that our people will not have to endure the hardships of flood water and sewage contamination in their homes time and time again. It is important to remove the fear that many of my constituents experience every time it rains. Many confine themselves to their homes when they get adverse weather warnings because they are afraid to go shopping; some feel that they have to return from holidays. Those people are suffering trauma and they need reassurance. Therefore, I call on the Minister to ensure that we are not back here in a year's time to debate flooding and the hardship that it causes in East Belfast. It is time for action.

Sir Reg Empey: In his opening remarks, Lord Browne referred to the previous debate, so it is déjà vu all over again.

On 26 June 2007, we made the same points that Lord Browne made in his speech this afternoon. There were several factors in recent events; over the summer, there was not just one, but a series of events. I spent several hours out in my constituency, and it was impossible to get through on the flood line. On ringing the traditional numbers, one was told that it was someone else's responsibility. That issue has not been resolved.

6.45 pm

The same places are affected again and again and again. Maintenance, which should not be a huge logistical problem to overcome, is still not being carried out properly. I saw blocked gratings in places that we know are liable to flooding. Simply applying a six- or twelve-month maintenance schedule for the hot spots may not be adequate. The local Roads Service office knows where the hot spots are. I know that people park cars over gullies, etc, but those problems have to be overcome.

Every time it rains heavily, people are terrified. Even then, sandbags cannot be distributed until flooding occurs. We also asked for local people to be provided with signs that they could put out to stop people in 4x4s driving past and causing a backwash that brings water into their homes. Some housing associations have experimented with putting plastic or metal barriers over doorways and ventilators to stop water getting in.

The fact remains that the same people are suffering time and time again. I plead with the Minister to ask the Roads Service to review its maintenance schedules. I know that there is major expenditure in the area on Belfast's sewerage system — it is one of the biggest investments ever made — but that is no good if street gullies are unable to accept the water. It is clear that a lot of them are blocked. Sometimes builders are careless, and they leave sand and cement, which is washed down drains where it solidifies. There are lots of people who

can contribute to the problem; however, the fact is that it is happening in the same places again and again.

I refer Members to the debate in June 2007. Although the focus then was on getting cheaper block insurance for people in such circumstances, Members made the same points. To be honest, the matter has not resolved itself. We are told that some of the main channels require additional maintenance and that they are silting up, but that is normal in such a system. Upstream of all this, so much development has been allowed that the system is inadequate; infrastructure has not kept pace with development.

None of the infrastructure will be of value unless it is maintained to an acceptable standard. Given that there are 10 or 11 hot spots in the area — we all know where they are; the Roads Service knows where they are — why is extra-special attention not given to them? Why do we have to ring up all the time? Why is the maintenance of those hot spots not put on an additional rota for extra-special attention? At least that would give people in those areas some confidence that their plight is being taken seriously. At the moment, many of them are in despair.

Mr Deputy Speaker, you well know what it is like to have a place flooded; it is almost worse than a fire. Everything is ruined, including the electrics; there is the smell; sewage mixes with storm water; and the place is in a terrible state. I appeal to the Minister to ask the Roads Service to redouble its efforts and concentrate on the hot spots, so that those people can be given some relief and confidence that their homes will not be flooded in the future.

Mrs Long: I thank Lord Browne for raising this issue again, although I regret the fact that we are having to have this debate.

I thank the Minister for meeting me on a number of occasions to discuss the ongoing and serious problem of flooding in East Belfast, including flooding that occurred during the past week. I apologise to him that, as a result of that, some of what he will hear now he has heard already. I am sorry that it is repetitious, but so is the flooding, and I will continue to repeat what I am about to say until I see a resolution to the problem. Most of my colleagues will agree that that is necessary.

I want to preface my comments with recognition that not all the responsibility for this situation lies with the Minister who is present to respond to the debate. Road drainage, the sewerage network and our rivers are interconnected, and, particularly in flooding conditions, there is surcharging and flooding as they interact with each other via combined sewer overflows (CSOs) and other linkages. Although he is here to respond, I trust that the Minister will ensure that his colleagues take note of what is said in the Chamber and that it is considered and acted on.

I will deal first with the strategic issues associated with flooding, and then I will comment on issues connected with the response, because those are two separate areas. We all recognise that the sewerage and drainage network, including rivers and culverts, is ageing and that its upgrade and refurbishment has failed to keep pace with development. We must be conscious that, in the case of rivers, upgrading is often restricted by development. Therefore, the system is under increasing pressure, and the issue of development is one that we must carefully consider. For example, in a combined system, where foul and run-off rainwater are in the same pipes, the problem is not just the number of housing units but the extent to which areas previously available to act as soakaways are being paved. In addition, it is not just the volume of run-off rainwater but the speed at which it reaches the system that can lead to flooding, particularly of the flash nature that we have experienced in East Belfast in recent years.

I want to highlight three measures concerning development that must be considered in the short to medium term. First, there must be an obligation on all developers to use sustainable urban drainage systems for any new development, including attenuation tanks to enable the slow release of run-off and rainwater. Rainwater recycling, which is not only environmentally sound but will reduce the amount of run-off that is reaching the system, must also be considered.

For a number of reasons, the introduction of such systems makes sense. It puts the onus on the developers to deal with the infrastructure pressures that their development creates. Economically, that is sound judgement. It is also environmentally sound and tackles issues around water quality, in that it should deal with the problem of CSOs triggering very rapidly. It will also maximise the life and capacity of the existing network and buy a little time for the Department to invest. Building Control Northern Ireland and the Planning Service have an important part to play in that.

The second issue that I want to raise in the context of planning is the quality of response from Northern Ireland Water when it comes to proposed new developments that are going through the planning system. When the Planning Service refers applications to Northern Ireland Water, Roads Service and other agencies, we must be confident that sufficient attention is being paid to the flooding history when responses are made. I have specific examples, as do other Members present, of situations in which there is a flooding history, yet Northern Ireland Water raises no objections to those developments. That is not acceptable. Furthermore, it is not simply a matter of someone's looking to see whether a specific location or address has flooded. Rather, it should involve consideration of the system downstream to see whether there is pressure there, and then consideration of whether the new development can

be accommodated without exacerbating that problem. In responding to current and future applications, that must be carefully considered.

Thirdly, there have been examples of where under-capacity in a treatment works has caused the introduction of a moratorium on new upstream developments that connect to it. I am not aware that that has ever happened in a case in which the network is under capacity. I acknowledge that it is much harder to identify accurately the capacity of the network because of its complexity and the interconnections. A ban on development upstream of flooding points is no one's plan A, and we would much rather see the infrastructure improved. However, if, in the short term, we cannot get the investment to allow the infrastructure to be brought up to suitable standards, we cannot rule out the option of declaring certain locations completely unsuitable for development in the short term.

I also want to talk about the definition of "development". Paving in grassed areas is currently not counted as development, so people can pave their gardens. In a number of locations in East Belfast, Roads Service has paved features such as grass verges. As I said, that is not classed as development, but it should be, and to do it should require the consent and intervention of Northern Ireland Water before it goes ahead, because it has a direct impact on the network.

I want to move on to the medium to long term: the drainage area study and the plan that will come from it. A lot of energy has been invested in that work, and the recommendations that are developed from it will clearly alleviate some of the issues that we are discussing today and will plan for the future. Again, I raise my concern that the drainage network for East Belfast is being planned in the absence of an agreed Belfast metropolitan area plan. It is ludicrous that the infrastructure is being planned in a planning vacuum. However, that is a longer-term issue and a resource-intensive process.

In the meantime, I would like to see the implementation of flood alleviation schemes accelerated in areas where flooding is happening on a repeat basis. The argument that those floods are due to exceptional weather conditions no longer holds water — pardon the pun. Given that some locations have flooded three or more times this summer alone, it is no longer exceptional. Having suffered repeatedly, people are weary of the situation.

Accelerated flood alleviation schemes are crucial. In the meantime, residents continue to live with the stress, cost and disruption of not only the flooding itself but the threat of flooding. In those circumstances where it is repeated, it can be either impossible or unaffordable for people to insure against flooding; unlike in England and Wales, there is no public intervention on that. It also opens the Department and Northern Ireland Water

to claims for compensation where they are aware that there is an underlying problem and have not acted to address it in a timely fashion. I would rather see money spent on prevention than cure; I would rather see it invested in the system.

With that in mind, and recognising the budgetary pressures, I will digress slightly to talk about how we spend money in relation to this. I want to highlight the £1,000 payment to assist those whose homes were flooded, which was welcome in the context of reassurances that it was as a result of exceptional weather conditions. However, that has now been invoked three times in the past three years, to the tune of around £3 million. That raises serious questions about how exceptional such flooding is and whether the payment is a good use of scarce resources.

A number of residents in East Belfast, who have been eligible for the payment on more than one occasion, have indicated to me that they would rather see money invested in measures to deal with the underlying causes. To put it in context: £16,000 to £20,000 could pay for storm water separation in some localities or provide assistance for scores of people to protect their properties against in-house flooding, both of which would address not only risk but consequent access to insurance. That is something that needs to be looked at. In relation to strategy, the maintenance of gullies and culvert grills needing to be cleared is also a serious matter.

I want to look briefly at the issue of response to flooding. I acknowledge the Executive's efforts to improve the response, but, despite those efforts, it remains woefully inadequate. The creation of the single line to report flooding was a welcome development. However, I had hoped that it would not be a single person answering that line. I believe that at the peak of the flooding on the bank holiday in August, there were two people answering the phones. It was the first test of the system, and Sod's Law dictated that it happened on a bank holiday weekend and without a severe weather warning. Nevertheless, the service was abysmal. It took upwards of 25 minutes to get through on the flood line, and people did one of two things: they gave up completely or they circumvented the system through elected representatives using other numbers. With the latter, we have no guarantee that those calls are being recorded and followed up in the same way as other calls.

There was a unified number, but not a unified response. People are still coming out on the ground telling residents that the water that they are standing ankle-deep in is not their problem; that adds insult to injury. We have to accept that responsibility is spread over a number of Departments, but we should not have residents left to cope alone. We also need co-ordination of other services. A number of Members have talked about road closures, for example. I hope that that is

something that we will see better co-ordinated in future, as well as the follow-up and investigation.

However, if we are to have that level of co-ordination in strategy and response, we need the inter-agency flood working group, which was to be convened by DARD, as the competent authority via the Rivers Agency, to meet more regularly and to work intensively on the problem. I am disappointed by the flood working group's lack of activity and progress. I believe that no meeting was called until August or September. I hope that the Minister can reassure us that his colleagues will be putting that at the top of their agenda.

It is not acceptable or sustainable that our constituents live with the threat of flooding on a repeat basis. I hope that the Minister will be able to offer them and us, as elected representatives, some comfort that action will be taken to alleviate it as soon as possible.

7.00 pm

Mr Newton: I thank my party colleague Lord Browne for securing this Adjournment debate on what is an ongoing and serious problem in the East Belfast constituency. As Lord Browne said, this is the second time that flooding in East Belfast has been the subject of an Adjournment debate in the House, and the matter has also been raised during Question Time, in face-to-face meetings with Ministers and by delegations of residents and business owners whose properties have been affected by flooding. Those who are suffering would not forgive us if the matter were not raised again and again. Members who have spoken in this Adjournment debate have made the point that until the problem is sorted, our constituents will expect us to continue raising the matter.

I thank the Finance Minister and the Environment Minister who took time out of their busy schedules to visit residents who were affected by the floods in the East Belfast constituency. I pay particular thanks to the Finance Minister for making the flood relief payment available on 31 August.

Over the past three years, we have seen East Belfast suffer what are probably the worst floods that have been experienced throughout the whole of the Province, and we have witnessed homes in areas such as Cregagh, Clonduff, the Castlereagh Road, Clarawood, Hamel Drive, Ardgowan Street and Hillsborough Drive being flooded. The names of those areas roll off the tongues of representatives of the East Belfast constituency, because for the past three years, we have had regular contact with the residents of those areas every time that heavy rain is forecast or when there is heavy rainfall.

Rev Dr Ian Paisley: I live in East Belfast, and there is great concern in the whole area about the lack of action and the lack of change. We are talking about serious flooding. When I moved to Cyprus Avenue in East Belfast, we had a beautiful fruit garden, but that

garden has been washed away by floods, and we cannot depend on it not being flooded. Every time that it rains, the floods come. Therefore, a large part of my garden is absolutely useless. The rain also flows into the garden of the property next to mine and gathers there, and, subsequently, it affects the garden next to that. The floods are destructive, and I hope that the Minister will see to it that we will see action and a change in this situation as quickly as possible.

I thank the honourable Lord Browne for bringing the subject to the House, and I trust that the people of East Belfast will benefit from the Adjournment debate and that action will be taken.

Mr Newton: I thank Dr Paisley for his intervention. The situation that he described, with gardens being flooded, is replicated in the Finchley Park area, where two houses flood regularly every year. In fact, when we held a meeting with representatives of the statutory agencies in the back garden of one of those properties, the gentleman concerned produced a file, which was about two inches thick, on the correspondence that he has had on the flooding issue.

I referred to the areas in which homes had been flooded, and people in those areas are concerned. Such is their concern about the potential of being flooded out of their homes, some folk store sandbags on their driveways as a precaution. Having met a large number of residents from the areas affected and representatives from the Rivers Agency, Roads Service and the Department of Agriculture and Rural Development over the past months, I can understand residents' frustration. I look forward to the publication of that report, and also to the report on the Loop, Knock and Connswater rivers. It is important, though, that action is taken as a result of those reports.

There appears to be some confusion as to which of the Departments is responsible for responding to flooding in East Belfast and for the maintenance of the rivers and the tributaries that contribute to that flooding. Indeed, statutory officials have told me that several very small rivers in the Clonduff area are unmapped, and although the officials know that those rivers exist, they do not know who is responsible for them. That lack of knowledge of who is responsible has contributed to the problems suffered by one lady in the Clonduff area whose home has been completely flooded four times in the past 11 years, and who is afraid to leave her house for a weekend or for a holiday for fear that it will be flooded again. The statutory authorities are aware of the problems, but we must reassure those residents that we are going to take action to tackle them.

Deciding who is responsible for the problem is difficult, but of equal difficulty is bringing about a solution. Action has been taken on the ground, and the various agencies want and are willing to help to find a solution

to the problem. Indeed, when those agencies arrive, and see at first hand the difficulties that householders are having, there is a willingness among them to try to solve the problem. However, the problem can only be solved by the Departments taking a joined-up approach, the lack of which is not unique to this problem. Indeed, it runs through other issues and problems that are debated regularly in the Chamber.

There is confusion in the minds of those who are affected by the flooding, and for those who are seeking a solution to it. Those people know that there is a need for a joined-up approach, but they do not recognise that there is a problem between the Departments; they simply want a solution to the sporadic flooding.

The argument for a joined-up approach has been made by other Members. That approach was also emphasised by Belfast City Council, which, through its flood group and health and environmental services committee, compiled a number of proposals to deal with the flooding in East Belfast.

The first of those proposals highlights a need to improve communications between the various agencies and the public on what improvement works are being undertaken or planned. Furthermore, Belfast City Council has suggested that there is a need to develop a Government scheme to help those householders whose insurance premiums have been increased because of the risk of flooding. Indeed, I recently took a group of businesspeople to meet the Minister of Agriculture and Rural Development to discuss that issue. Those people's businesses had been flooded on several occasions due to an overflow of the Loop river, and, as a result, they now find it virtually impossible to insure their businesses.

Belfast City Council also identified the need for the Housing Executive to consider flood protection measures, and that further joined-up working on the provision of sandbags was required. I pay tribute to the organisers of an initiative in the Orangefield area where approximately 15 homes were completely flooded two years ago, and in addition to cleaning the river adjacent to the houses, a large container of sandbags was placed close to the houses and residents were given the telephone number of the person responsible for that container. That means that, in the event of flooding reoccurring, those sandbags can be distributed in perfect condition very quickly to allow residents to prevent the spread of the flooding. We need to have more such initiatives.

I welcome the fact that the Minister is in the Chamber; that is a good sign. I hope that, as a result of this and previous debates, some solutions will be found.

The Minister for Regional Development (Mr Murphy): Go raibh maith agat, a LeasCheann Comhairle. I thank the proposer for securing the debate, and I welcome the opportunity to participate in it. I also

welcome the comments of the Members who contributed to the debate.

I recognise, quite understandably, why people express frustration at the reoccurrence of flooding in East Belfast over a number of years. However, many responsible and helpful suggestions and solutions have been put forward. I will ensure that a record of the debate is distributed among the various agencies, some of which are under my authority in the Department for Regional Development, and some, as Members have recognised, are outside my authority. Nevertheless, I will ensure that all the agencies have a copy of the Hansard report of the debate so that they will be aware of the issues that were raised and the helpful and productive suggestions that have been made. If Members have raised particular points that are not covered in my response, I will ensure that I respond in writing.

I appreciate fully that flooding causes great distress to people in addition to the damage it causes to homes. I also appreciate the frustration that Members have expressed when trying to deal with those matters.

During the latest flooding incident on 31 August 2009, the Met Office estimated that approximately 6 mm of rain fell in approximately 20 minutes. I accept what the Member said about that not being the type of exceptional rainfall that we had previously, and, therefore, it is all the more disappointing that, in those circumstances, areas continue to flood. The surface water accumulated rapidly during the middle of the day on 31 August, which resulted in surface flooding in the Carrington Street area and other areas of South and East Belfast. As a result, the design capacity of the drainage network was exceeded and, in some cases, was totally overwhelmed.

The flooding that occurred on 31 August was not caused by any failure to maintain the operational effectiveness of storm-water gullies or the road drainage system. The road drainage infrastructure was simply overwhelmed by the deluge of rain that fell in a relatively short time. Members will be aware that the responsibility for the drainage infrastructure is shared between the three main drainage organisations: the Rivers Agency, which is an agency of the Department of Agriculture and Rural Development, Roads Service, and Northern Ireland Water (NIW).

Procedures for liaison and co-ordination of emergency responses between the three drainage organisations are set out in the inter-agency flooding information pack, and that information pack is currently being revised. I note people's concerns about what they considered to be the lack of a joined-up approach.

There is also a shared flooding hot spots list, which identifies those areas at greatest risk of flooding and the lead organisation for each location. Those organisations also take the lead in the development and implementation

of measures to reduce the likelihood of future flooding of those hot spots. In addition, hot spot lists are held by each of the drainage organisations, and they have their own programmes for dealing with those on a priority basis.

In the case of Roads Service, the problems encountered at flood locations are not always easy to resolve, as a solution may be prohibitively expensive or not immediately obvious. Even with the most careful and thorough planning, gullies, road drains and watercourses can simply be overwhelmed by a deluge of rain falling in a short time. Roads Service has plans in place to deal with roads-related flooding incidents, which ensure that a response is available 24 hours a day, seven days a week.

As far as possible, Roads Service co-operates and works alongside NI Water, the Rivers Agency and other responding organisations, including the PSNI, local councils, the Fire and Rescue Service and other statutory agencies, to ensure that a quick and appropriate response is made to flooding incidents. In its response to flooding, Roads Service seeks to restore normality to flooded roads, having regard to the safety of the public and Roads Service personnel, the prevention of traffic disruption and the protection of homes and property.

When Roads Service becomes aware of roads that have flooded, signs are erected, where practical, to advise road users of the possible risks. However, in the event of widespread flooding, resources will be targeted to the busier routes that carry the greater volume of traffic.

7.15 pm

Roads Service aims to inspect and, where necessary, clean all gullies in urban areas twice a year. That policy ensures that a reasonable level of maintenance is carried out to drainage systems, taking account of the Department's finite funding and staff resource levels. In addition to that scheduled operation, further cleaning is carried out to deal with blocked gullies, particularly at locations where falling leaves represent an ongoing problem at certain times of the year, or where there has been a history of gullies becoming blocked for other reasons.

Mrs Long: I thank the Minister for giving way on that particular point. There is an ongoing issue, which I think was raised by Sir Reg Empey and others, of cars being parked over gullies when the cleaning cycle is ongoing. In other countries, residents are notified in advance of the day on which their gullies will be cleaned, and vehicles that are blocking those gullies on those days can be towed away. Residents are advised not to park on those roads, which are marked on that day, so that the gullies can be cleaned. Can we not consider introducing similar measures here to ensure that gullies are properly maintained?

The Minister for Regional Development: I am content for Roads Service to examine that suggestion. The difficulty is that, although residents may be informed and may co-operate, there may be other people either doing business or visiting a street who may not be aware of it. I do not doubt that, if someone who was visiting a sick or elderly relative had their car clamped or towed away, other representatives would be saying that the Roads Service was being heavy handed. There are always contrary arguments —

Mr Newton: Will the Minister give way?

The Minister for Regional Development: I will give way in a moment. It would probably be better to ascertain the level of the problem caused by parked cars before we introduce measures to deal with it, but I am quite happy to explore that suggestion with Roads Service.

Mr Newton: I thank the Minister for giving way. He makes a valid point about visitors, and so on, but does he not agree that it would be common sense not to create the gullies in designated car parks so that the problem does not arise. I raise that point because it was a contributing factor to the flooding two years ago in the Clarawood estate, where vehicles were parked. The residents live in the high rise flats, and the gullies were actually created in the car-parking spaces.

The Minister for Regional Development: I will ask Roads Service to examine that particular issue, but I accept the Member's point. We often inherit systems that were built some time ago, and we try to make the best of them. I will ensure that note is taken of that particular issue, and will come back to the Member.

Since the flooding in East Belfast in 2008, Roads Service has carried out drainage-improvement schemes in Orangefield Lane, Merok Crescent and Tudor Drive. New gullies have been installed at Sandhill Park and Earlswood Road, and a number of replacement gullies have been installed in the lower Ravenhill Road area. In addition, further works are planned for Clonduff Drive, as has been mentioned by some Members, and Wynchurch Road, and investigatory work is continuing in Carnamena Avenue and Rosetta Road.

The Rivers Agency also has a regular inspection and maintenance programme for designated water courses in East Belfast to ensure the free flow of water. That includes the weekly clearance of urban grilles where blockage may cause a flood risk. The Rivers Agency has advised that, prior to the 2007 flooding, it had already been taking forward two flood-alleviation studies in East Belfast. Those studies have been concluded, and it is proposed that, subject to the availability of funding, substantial flood-alleviation works on the reaches of the Loop, Knock and Connswater rivers will be incorporated into the Connswater community greenway project. That multi-million pound urban environmental project is

scheduled to commence in 2010-2011, and the flood-alleviation scheme is designed to manage the risk of flooding from rivers, but will not address the capacity of the road-drainage and sewerage network.

In advance of the proposed flood-alleviation works, the Rivers Agency has liaised with Northern Ireland Water, Roads Service and Belfast City Council to provide mitigation where possible. NIW has advised that its officials attended a site meeting with residents and elected representatives of Cooneen Way on Friday 4 September, and remedial work to reduce the risk of flooding has since been undertaken. NIW has undertaken a major de-silting operation at Carrington Street. Work commenced on 25 August and is expected to be completed by the end of this month. Investigations are also ongoing into the condition of the sewerage network in Cregagh Street, Willowholme Drive, Ardgowan Street and Hillsborough Drive, and an upgrade at Ravenhill Avenue is being considered in order to relieve the catchment.

NIW undertook a CCTV survey of the combined sewer in Sydenham Avenue to check for possible blockages, and some root intrusion was found. Work to resolve that problem has recently been completed. I understand that, during an investigation into localised flooding problems in Hawthornden Road, NIW discovered a cable that was partially impeding a sewer. The cable was relocated and the operation of the sewer has returned to normal.

All those measures are intended to prevent further flooding, pending the outcome of the ongoing drainage area study on the east Belfast sewerage network. The study will determine the condition of the infrastructure and identify any improvements that are required. The study is expected to be completed by late 2009, after which a drainage area plan, incorporating any improvements that the study recommends, will be developed. Completion of the plan will take a further six to nine months, and any planned improvement works will subsequently be included in NIW's capital works programme. The implementation of any proposals that are part of the plan will, of course, be dependent on the availability of funding.

After the flooding in August 2008, a flood improvement action plan was developed. That is being implemented by all three drainage organisations for emergency planning, actual response and the clean-up and recovery phases.

Over the past 12 months, the three drainage organisations have put considerable time and effort into developing the flooding incident line. The phone number was released into the public domain on 29 January 2009, and the new service is available 24 hours a day, seven days a week. I fully appreciate that, when a person's house is flooded, it is important to know who to contact

and from whom to seek help. Members of the public do not now have to decide which organisation to ring; they simply contact the flooding incident line, where the details of the incident will be recorded and passed to the relevant agency.

I am aware, as has been raised today, that some residents reported difficulties with contacting the flooding incident line on 31 August. Members will recall that Minister Wilson explained that, on 31 August, the forecast weather conditions did not trigger a Met Office alert. However, an incident did occur, and the flooding incident line received a surge of calls: 42 calls were received between 2.00 pm and 2.30 pm, while only three calls had been received in the previous six hours. The number of staff was quickly increased, but, in the initial half-hour, some of the people who called to report incidents had to queue to have their calls answered.

Roads Service is involved in the implementation of the draft Water Environment (Floods Directive) Regulations as a preventative strategy for flood management. Those regulations establish a framework for managing flood risk that is aimed at reducing the adverse consequences on health, the environment, cultural heritage and economic activity. The regulations place an obligation on Government to identify areas of potential significant flood risk by undertaking a preliminary flood risk assessment of all river basin and coastal zones by December 2011.

Flood risk management plans must be produced by December 2015. Those plans will focus on prevention, protection and preparedness, and will detail objectives and measures to reduce the significant risk in those areas. The Rivers Agency will take the lead in implementing the directive here. The directive represents a shift to a more integrated, proactive and holistic approach to reducing flood risk and places an emphasis on the use of sustainable flood management.

I assure Members that the circumstances of, and my Department's response to, the flooding incident of 31 August 2009 will be investigated to identify any opportunities to reduce the risk of further events and to improve the standard of the inter-agency response. As with all such incidents, it is essential that lessons be learned for the future. I thank Members for the opportunity to speak in the debate. Go raibh míle maith agat.

Adjourned at 7.23 pm.