

From: [Smith, Rae](#) on behalf of [Cooper, Trevor](#)
To: [Private Office DETI](#)
Cc: [Sterling, David](#); [Lewis, Colin](#); [Thomson, David](#); [Ross, Alastair](#); [Brankin, Bernie](#); [Partridge, Jeff](#)
Subject: BRIEFING FOR BUDGET (No 2) BILL (NI) 2011, 2011/12 MAIN ESTIMATES DEBATES
Date: 27 May 2011 17:00:59
Attachments: [MINISTER - BRIEFING FOR BUDGET \(No 2\) BILL \(NI\) 2011, 2011 12 MAIN ESTIMATES DEBATES.DOC](#)
[ANNEX A - BRIEFING FOR BUDGET \(No 2\) BILL \(NI\) 2011, 2011 12 MAIN ESTIMATES DEBATES.DOC](#)

Please see attachments for Minister's consideration.

Thanks

Rae

Rae Smith

Senior Management
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9464 (ext: 29464)
Textphone: 028 9052 9304
Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

**Copy Distribution List Below**

FROM: Trevor Cooper

DATE: 27 May 2011

TO: 1. Andrew Crawford
2. Arlene Foster MLA

**BRIEFING FOR BUDGET (No 2) BILL (NI) 2011, 2011/12 MAIN ESTIMATES
DEBATES**

Issue: To supply briefing material to be used by the Finance Minister for the Budget (No 2) Bill (NI) 2011 debates in the Assembly in support of the 2011/12 Main Estimates.

Timing: **URGENT.**

Need for referral to the Assembly N/A. We are providing background briefing for the DFP Minister.

Presentational Issues: None.

Freedom of Information: Disclosable.

**Programme for Government
/PSA Implications:** None identified at this stage.

Financial Implications: Assembly approval is required to provide the appropriate authority for departmental spending in 2011/12.

Legislation Implications: Assembly approval required.

Statutory Equality: Considered in budget settlement.

Recommendation: That you consider and approve the attached briefing material.

Background

1. DFP have asked for briefing material to be used by the Finance Minister for the Supply Resolution Debates in the Assembly, in support of the Budget Bill and the 2011/12 Main Estimates, which are scheduled to take between 13 and 27 June.
2. Estimates set out the detailed spending plans of Northern Ireland departments and form the basis for the authorisation by the Assembly of sufficient funding and resources for services as detailed in the corresponding Budget Act.
3. Debates on the Supply Resolution and Budget Bill tend to be wide ranging as questions can be raised on any services covered by the Estimates.

Briefing Material

4. DFP Supply has specifically requested briefing material on the topics listed at **Annex A**.

Recommendation

5. That you consider and approve the briefing material at **Annex A** for the Supply Resolution Debate in the Assembly.



TREVOR COOPER

Copy Distribution List:

Alastair Ross, MLA,
David Sterling
Colin Lewis
David Thompson
Bernie Brankin
Jeff Partridge

ANNEX A

BRIEFING TOPICS FOR MAIN ESTIMATES DEBATE BRIEFING

1. Invest NI – Short Term Employment Scheme
2. Invest NI – Nitrates
3. Invest NI – Invest NI Performance 2008-11
4. Invest NI – Painthall Titanic Studios
5. Invest NI - Response to Economic Downturn
6. Invest NI – Bombardier C Series
7. Invest NI – Outputs from Invest NI Final Budget 2010 Allocation
8. Tourism – Titanic Signature Project
9. Tourism - Outputs from NITB Budget 2010 Allocation
10. Tourism Policy – Air Passenger Duty
11. Tourism Policy – Continental Airlines Belfast / New York Service
12. Energy – Gas Prices
13. Energy – Electricity Tariffs
14. Energy - Natural Gas – Roll out of Gas
15. Energy – Networks and Climate Change Levy
16. Energy – Renewable Heat Initiative
17. Business Regulation – Presbyterian Mutual Society
18. Telecoms –Budget 2010 – 100% Broadband Services
19. Strategic Policy – The Northern Ireland Economic Strategy
20. DETI – Budget 2010 Key Statistics
21. Draft Budget 2010 – DETI Efficiency Programme

RAISED BY:**TOPIC NAME: SHORT TERM EMPLOYMENT SCHEME (STES)****LINES TO TAKE:**

- In the context of the continued upward trend in unemployment, officials from DETI and Invest NI have developed a package of temporary measures to provide a boost to employment over the next four years.
- These measures, which include a range of grant based employment support, have been developed on the assumption that the need for this type of intervention will decline once labour market conditions have improved.
- The measures contained within the Short Term Employment Scheme (STES) are consistent with the agreed framework for growth that has been developed by the Executive Sub-Committee on the economy. The proposed measures would fall under the Rebuilding Theme and include improving employment opportunities and employability and promoting employment as its priorities.
- With a total budget of £18.8m Invest NI has set a target to promote 5,000 jobs between 2011-15, with 4,000 jobs to be created by March 2014.

BACKGROUND:

1. Between January 2008 and December 2010, 36,400 jobs were lost to the local economy (DETI March 2011). This figure is projected to increase due to the impact of cuts in public sector spending.
2. Set against this background, the Executive Sub-Committee on the Economy, chaired by the DETI Minister and incorporating DEL, DRD, DE, DFP and OFMDFM, commenced a consultation process in October 2010 on priorities for sustainable growth and prosperity as part of the development of the NI Executive Economic Strategy.
3. This consultation process was designed to form the basis for actions to be put in place to deliver sustainable improvements in economic growth over the next decade.
4. However, it was clearly recognised that the recession was continuing to have a major impact on the local economy, with the recovery expected to be uncertain and fragile.
5. In response, the draft strategic framework included a short to medium term theme of Rebuilding the Economy with a focus on the need to increase employment levels and improve employability.

RAISED BY:

TOPIC NAME: NITRATES

LINES TO TAKE:

- Provision has been made in the Department's draft budget, to the value of up to £20 million, towards a solution to the Nitrates issue should Government intervention be required.

BACKGROUND:

1. Rose Energy was created in April 2006 to, amongst other things, address the challenges of the Nitrates Directive. It is a consortium of three agri-food companies: Moy Park Ltd, O'Kane Poultry Ltd and Glenfarm Holdings Ltd.
2. The consortium's project is to commission and operate a fluidised bubbling bed boiler to utilise waste streams from Northern Ireland broiler flock rearers and deal with chicken waste disposal. Interest of the commercial parties rests not only in a commercial return but also the sustainability / survival of their processing enterprises and potential safeguarding of jobs.
3. A potential site for this project is beside Ulster Farm By-Products Ltd between Glenavy and Lough Neagh. This is within the Lagan Valley Parliamentary Constituency.
4. Invest NI has held two meetings with Rose Energy and Bombardier to explore whether there may be potential for a project with this company's involvement. The discussions have been very much early stage, on a strictly in confidence basis and there is no certainty as to the prospects of an actual joint proposal coming forward at this stage.

RAISED BY:

TOPIC NAME: INVEST NI PERFORMANCE 2008-11

LINES TO TAKE:

- Against the backdrop of very challenging and volatile global economic conditions, Invest NI managed to achieve all of its three year Corporate Plan Key Performance targets, between 1st April 2008 and 31st March 2011.

- This included:
 - **727** companies supported to export for the first time (Target = 600)

 - **1,666** companies assisted with diversifying into new markets (Target = 1,200)

 - **£1.267 billion** of investment commitments secured (Target = £1.2 billion)

 - **£476** million of additional wages and salaries secured (Target = £345 million)

 - A total of **7,533** new jobs promoted, of which **5,636** are above the NI Private Sector Median (Target = 6,500 and 5,500 respectively)

- **£327 million** invested in research and development
(Target = £120 million)

- **341** companies engaging in research and development
for the first time (Target = 300)

RAISED BY:**TOPIC NAME: PAINTHALL – TITANIC STUDIOS****LINES TO TAKE:**

- The Creative industries and in particular the Film & TV sector is recognised as an important sector in helping to rebuild and rebalance the economy.
- Significant economic benefit has been secured. In the three year period 2007-2010 £9m was invested in Northern Ireland Screen. This £9 million generated £45 million expenditure in the local economy or £4.60 for each £1 invested.
- Key projects such as *Your Highness* from Universal Studios and Home Box Office's (HBO) *Game of Thrones* have been crucial in securing these results. HBO has filmed the first series of *Game of Thrones* and after its recent successful launch in the US and UK, HBO has now approved a second series – hopefully to be based in Northern Ireland.
- Invest NI has been given approval to support the development of additional studio infrastructure in order to build on the success achieved to date in Film & TV production and to ensure companies such as HBO make Northern Ireland a location of choice for further investment.

BACKGROUND:

1. The Project is focussed on the provision of fit for purpose studio facilities in Northern Ireland for the growth of the film and TV industry.
2. In the first instance, the Project is required to ensure the infrastructure is in place by the end of September 2011 to meet the potential pipeline of production under the second series and beyond for HBO's *Game of Thrones*, along with other productions targeted by the Northern Ireland Screen Commission.
3. The HBO productions have the potential to deliver at least £24m of local spend in 2011/12, and £26m of local spend in 2012/2013 and 2013/2014, based on a commitment from the Screen fund of up to £3.2m in the first year and an annual commitment of £1.6m thereafter.
4. The Project has two separate but closely related elements that will be funded by Invest NI as follows:
 - a. an increase in the maximum award for a project under the Screen Fund from £1.8m up to £3.2m (on a one-off basis only) under the existing approved £18.7m package of support for the Northern Ireland Screen Commission's strategy 2010-2014 '*Driving Global Growth*'. This will enable Northern Ireland Screen to support additional

production costs, to secure further HBO investment in Northern Ireland; and

- b. a **£3,400,000 equity investment** by way of ordinary shares in a Special Purpose Vehicle (SPV) to be formed by Invest NI and Titanic Quarter Ltd (TQL) which will then provide an additional 43,000 sq ft of new-build studio facilities beside the existing Paint Hall.
5. A full green book economic appraisal has been completed on the Project, which identified Titanic Quarter as the preferred location. Ministerial approval for the Project was granted on the 4th May 2011.

RAISED BY:

**TOPIC: INVEST NI RESPONSE TO THE ECONOMIC
DOWNTURN**

LINES TO TAKE:

- Invest NI continue to work proactively with local companies and entrepreneurs to help minimise the impact of the economic downturn.
- Invest NI have already developed a number of major initiatives including its Accelerated Support Fund which has approved 161 applications and committed £5.2 million of grant support.
- In May 2009 Invest NI launched the Short Term Aid Scheme to help businesses in difficulty retain key skills through the economic downturn. Under this scheme 30 businesses were offered support totalling £3.73 million.
- Invest NI's budget allocation for 2011-2015 (Budget 2010) will enable:
 - The promotion of circa 20,000 new jobs in total, inclusive of the jobs promoted through the new Short Term Employment Measure; and,
 - A leveraging of R&D investment of approximately £300 million.

- In relation to specific new initiatives, the allocation will enable the promotion of an additional 5,000 jobs under a £19 million Short Term Employment Measure, with 4,000 of these jobs anticipated to be created over the budget period

BACKGROUND:

1. In September 2008, Invest NI launched a £5 million 'Accelerated Support Fund' which can make fast track advice and assistance available to client companies that are suffering the adverse effects of the downturn.
2. Between end of September 2008 and Feb 2009 Invest NI organised a series of 'Challenges and Opportunities – The Credit Crunch' events across the province. Clients attending the events received vouchers entitling them to 3-5 days free diagnostic support from Invest NI suppliers and had the opportunity to meet & discuss issues with Invest NI staff and service providers in a number of themed zones: Financial Management, Securing Extra Sales, Supply Chain Management, Improving Internal Efficiencies and Invest NI support.
3. Invest NI also developed the Short Term Aid Scheme (STAS), which focused on helping businesses alleviate the impact of the economic downturn and ensure they are best placed to exploit commercial opportunities once more stable economic conditions return.
4. Under the Short Term Aid Scheme, 55 applications were received, of which 30 were offered assistance totalling £3.72m following approval by Invest NI casework committees. Support under The Short Term Aid Scheme ended on 31st December 2010.

RAISED BY:**TOPIC NAME: BOMBARDIER C SERIES PROGRAMME****LINES TO TAKE:**

- Bombardier has completed the first phase of its new 600,000 ft² factory at Airport Road West, where the wings for the C Series aircraft will be produced. This phase of the project provided hundreds of construction industry jobs over a one year period between autumn 2009 and September 2010.
- A $\frac{3}{4}$ scale Wing Test Demonstrator rig has been constructed at Airport Road West, which is being used to conduct thousands of complex tests on the composite wing structure.
- The C Series wing project involves investment of £520 million in Bombardier and is expected to generate over 800 jobs at full production along with opportunities in the local aerospace supply chain.
- The C Series project is progressing on schedule and is already employing almost 400 engineering staff at Bombardier Aerospace in Belfast.

BACKGROUND:

1. The choice of Northern Ireland as the location for the design, development and manufacture of the wings for the C Series aircraft was a major success for Northern Ireland as the C Series project is the largest ever inward investment for this region of the UK.
2. The C Series marks a major step forward in technological terms, with the development of a composite wing, utilising knowhow that has been developed over many years by Bombardier in Northern Ireland.
3. The project involves a total investment commitment of £520 million in Northern Ireland and is expected to generate over 800 jobs at full production. The Government is contributing a total of £134 million in the form of repayable Launch Investment and Selective Financial Assistance (grants).

RAISED BY:

**TOPIC NAME: OUTPUTS FROM INVEST NI BUDGET 2010
 ALLOCATION**

LINES TO TAKE:

- The Invest NI proposed budget allocation would enable the promotion of approximately 20,000 new jobs, inclusive of around 5,000 jobs relating to a £19 million Short-Term Employment Measure, and a leveraging of R&D investment of approximately £300 million.
- The need to fund a significantly higher brought forward commitment than has generally been the norm over recent times will create a challenge for Invest NI in terms of prioritising its uncommitted resource towards funding projects and activities that maximize the return to the Northern Ireland economy.

RAISED BY:

TOPIC NAME: TITANIC SIGNATURE BUILDING

LINES TO TAKE:

- The Executive agreed to fund up to £36.95m towards the Titanic Quarter Limited's proposal for a Titanic Signature Building, to be constructed as part of the wider Titanic Signature Project. Currently total project build costs are projected to be £76.4m.
- The target date for completion of the Titanic Signature Building is April 2012, and it is expected to attract up to 400,000 visitors a year to the visitor attraction. In total, it is anticipated that up to 900,000 visitors may make use of the building's facilities, which will include a banqueting suite, retail outlets, cafes, restaurants and community space.
- The building remains on course for completion by April 2012.

BACKGROUND:

1. The Titanic Signature Building is one element of the Titanic Signature Project (TSP). The TSP is made up of a number of elements celebrating the key historic sites associated with Belfast's shipbuilding heritage including, but not limited to, those directly linked to the Titanic such as:
 - The Harland & Wolff Headquarters and Drawing Offices;
 - The Titanic and Olympic Slipways;
 - The Thompson Dock and Pump-House;
 - The SS Nomadic; and
 - The Signature Building, housing the Titanic exhibition, banqueting facilities and community arts and exhibition space.

2. The Titanic Signature Project (TSP) is a landmark tourism, leisure and cultural development for Belfast. The central feature of the project will be the inspirational and iconic Titanic Signature Building located at the head of the slipway where the Titanic was built. This building will house a major interactive exhibition on the Titanic and the wider story of Belfast's industrial, shipbuilding and maritime history.

3. The Titanic Signature Building funding has been secured from a number of key partners: £16.22m from Titanic Quarter Limited and £13.5m Belfast Harbour Commissioners; £10m from Belfast City Council and £36.69m from Northern Ireland Tourist Board/Department of Enterprise, Trade and

Investment. Belfast Harbour Commission has also made a donation in kind in respect of land to the project.

4. The Northern Ireland Executive approved funding for the project in November 2009. Construction commenced on site in May 2009, which has ensured that the building remains on course for completion by April 2012. The Titanic Signature Building will be delivered through a public and private partnership.

5. As part of the Titanic and Maritime Belfast Signature Project, NITB has supported, and continues to support, developments linked to the Titanic and maritime Belfast experience through the Tourism Development Scheme (TDS). This has included £1.2m restoration project of Titanic's Dock & Pump-House, £500,000 restoration of SS Nomadic, and £150,000 towards the fit out of MV Confiance, a Lagan Legacy-owned barge on the Lagan, as a visitor attraction in the form of a maritime heritage gallery and arts space.

RAISED BY:**TOPIC NAME: OUTPUTS FROM NITB BUDGET 2010
 ALLOCATION****LINE TO TAKE:**

- NITB's investment will be prioritised in line with the DETI Draft Tourism Strategy for Northern Ireland 2010 – 2020 whose implementation would mean we would aim to double the income we receive from visitors to £1 billion by 2020.
- As such, NITB would drive the long term economic success of the tourism sector in areas such as research and insights, technology development, support to tourism events and the targeting of the Republic of Ireland and Northern Ireland markets.
- In addition, NITB aims to exploit the tourism opportunities that are presented in 2012 / 13 including the Titanic Centenary, the UK City of Culture and the World Police and Fire Games.
- Capital investment will be focused on the completion of the five tourism signature projects and supporting product and industry development, in line with priority products and market segments.

RAISED BY:**TOPIC NAME: AIR PASSENGER DUTY****LINES TO TAKE:**

- We are very aware of the potential implications of Air Passenger Duty (APD) for Northern Ireland. The situation has not been helped by the reduction in air travel tax in the Irish Republic from €10 to €3, or by the Irish Government's announced intention in the recent Jobs Initiative to do away with the tax altogether if passenger numbers increase. In addition, the main airports in the ROI intend to reduce landing charges if passenger numbers increase.
- The previous Executive raised this issue with HM Treasury. It was disappointing that the Budget did not include a reduction in rates of APD for Northern Ireland. A freeze in current rates was announced in the Budget, which may help airlines generally, but this will not tackle the differential in tax rates between here and the Irish Republic.
- HM Treasury launched a consultation on reform of APD in March 2011. The consultation seeks views on potential rates of APD and also whether APD should be devolved to Scotland, Wales and Northern Ireland. A strong case will be put to HMT in respect of the impact of APD on Northern Ireland.

BACKGROUND:

1. HMT Treasury has issued a consultation on the reform of Air Passenger Duty (closing date is 17 June 2011).
2. APD is charged on all passenger flights from UK airports. The duty is differentiated between a 'reduced rate' (economy class) and 'standard rate' (premium and business class). The tax is structured around four geographical bands set at intervals of 2,000 miles, so that travellers flying farther pay a higher rate of duty. APD was increased in November 2010. The Chancellor has frozen the current rate.
3. NI Ministers have lobbied HM Treasury for reduced APD rates for NI given the disadvantageous position of NI as regards the ROI.
4. The HM Treasury consultation seeks views on the impact of APD on regional economies and whether APD should be devolved to Scotland, Wales and NI. DFP are leading on the NI response to the HMT consultation.
5. APD has had a direct impact on the Continental Airlines Belfast/New York service. This route represents NI's only direct link with the US. It is important in terms of tourism and also the opportunities the route represents for Foreign Direct Investment. Continental has advised DETI that the current rate of APD presents a significant threat to the continuation of the Belfast/New York service.

RAISED BY:

TOPIC NAME: CONTINENTAL AIRLINES BELFAST / NEW YORK SERVICE

LINES TO TAKE:

- We are aware of the strategic importance to Northern Ireland of the Continental Airlines flight which operates between Belfast and New York.
- DETI officials have been working closely with key stakeholders to ensure that we do all we can to promote the route and encourage additional traffic on the route.
- Continental are very appreciative of this engagement and officials will continue to maintain contact with the Airline.
- Our direct air link with the US will play an important part in supporting the wide range of events planned for 2012.

BACKGROUND:

1. APD has had a direct impact on the Continental Airlines Belfast/New York service. This route represents NI's only direct link with the US. It is important in terms of tourism and also the opportunities the route represents for Foreign Direct Investment. Continental have advised DETI that the current rate of APD presents a significant threat to the continuation of the Belfast/New York service.
2. DETI engaged aviation consultants to examine the viability of the route and options going forward. This confirmed the route's viability (85% load factor) but that the impact of APD meant that the route was operating at a loss.
3. The current position is that Continental will continue to operate the service and will monitor performance on a monthly basis. The Airline will review the position in September 2011 after spring and summer performance is clear.

RAISED BY:**TOPIC NAME: GAS PRICES****LINES TO TAKE:**

- Retail gas prices in the Greater Belfast gas licence area have been increased by 39.1% from 1 May 2011 by Phoenix Supply. This follows a period of stability in retail gas tariffs since price reviews in October 2009.
- The recent price increase was driven by increases in wholesale gas prices in world energy markets. The current volatility in wholesale natural gas prices is partly due to unrest over recent months in the Middle East and North Africa, along with uncertainty following the nuclear incident in Japan.
- Firmus Energy has been publicising that it has no plans to increase its gas prices until the Autumn of 2011.
- Firmus is now active in the Greater Belfast gas market as well as their 10 towns licensed area, so many gas customers in Greater Belfast have a choice of gas supplier, although some “pay as you go” customers would not have a choice of supplier until late August / early September 2011.
- While retail gas prices have seen a significant increase in Greater Belfast from 1 May 2011, driven by increases in

wholesale gas prices on world markets, consumers have benefitted from lower prices over the recent very cold winter.

BACKGROUND:

1. Phoenix Supply has around 140,000 natural gas customers in their gas licensed area of Greater Belfast, Lisburn and Larne.
2. The April 2011 Phoenix Supply announcement of a 39.1% increase in retail gas tariffs in the Greater Belfast gas licensed area was driven by increases in wholesale gas prices in world energy markets, and followed a significant period of stability in gas prices. The current volatility in wholesale natural gas prices is partly due to unrest over recent months in the Middle East and North Africa, along with uncertainty following the nuclear incident in Japan.
3. The Phoenix price increase follows a period of stability in retail gas tariffs since a 19% reduction in Phoenix Supply prices for the Greater Belfast area, and price reductions (17.7% for domestic and 11.5% for business customers) in the firmus energy licensed area outside Belfast, both effective from October 2009.
4. Firmus Energy has been heavily publicising that it has no plans to increase its gas prices until the Autumn of 2011, and given that the company is now active in the Greater Belfast gas market as well as their 10 towns licensed area, many gas customers in Greater Belfast have the option to switch gas supplier. The Utility Regulator has been working with the natural gas industry to ensure that adequate customer switching systems are in operation to facilitate customers who

wish to switch supplier, though some “pay as you go” customers will not be able to switch supplier until late August/early September 2011,.

- 5.** Firmus energy continue to roll out the gas distribution network in 10 urban areas outside Greater Belfast, including Londonderry, Ballymena, Coleraine, Newry, Craigavon, Banbridge and Armagh, and their business model is different from that in the Phoenix licensed area of Greater Belfast.

RAISED BY:**TOPIC: ELECTRICITY TARIFFS****LINES TO TAKE:**

- A formal review of NIE Energy electricity tariffs was completed in Autumn 2010, and no changes to retail electricity prices were made. However, wholesale energy prices have been increasing, and the need for any change in retail electricity tariffs remains under continuous review by the Utility Regulator.
- NIE Energy reduced electricity tariffs for domestic customers by 5% from 1 October 2009. This followed a reduction in electricity prices by 10.8% from 1 January 2009.
- Larger industrial users of electricity should also be benefitting from reduced Public Service Obligation costs following the ending of the legacy generation contract at Kilroot power station in late 2010, along with the falling away of Flue Gas Desulphurisation costs at the Kilroot plant.
- Most large business users negotiate their energy contracts directly with suppliers, leaving smaller businesses and domestic consumers to avail of the regulated tariffs.

- It is welcome that Airtricity entered the domestic electricity market in June 2010 providing reductions of up to 14% compared to existing regulated tariffs.

BACKGROUND:

1. NIE Energy is the incumbent electricity supply company in Northern Ireland, supplying most domestic and smaller business customers.
2. Northern Ireland's electricity market was fully opened to competition to all customers from 1 November 2007, when the Single Electricity Market (SEM) was created, and being part of a much larger market, along with other efficiencies, should result in downward pressure on electricity prices in the longer term.
3. Airtricity entered the domestic electricity market in Northern Ireland in June 2010 providing reductions of up to 14% compared to existing regulated tariffs.
4. Formal reviews of regulated energy tariffs are usually held each Autumn.

RAISED BY:

TOPIC NAME: NATURAL GAS - ROLL OUT OF GAS

LINES TO TAKE

- Natural gas is available to around 140,000 consumers in the Greater Belfast area (including Lisburn and Larne), and approximately 10,000 consumers in the *firmus energy* licensed area where the company is taking natural gas to the 10 towns supplied from the South-North gas pipeline, which runs from Dublin to Antrim, and the North-West gas pipeline from Carrickfergus to Londonderry.
- DETI and the Utility Regulator have completed a study into the technical and economic feasibility of taking natural gas to the west and remaining areas of the north-west of Northern Ireland which have not been provided with gas.
- The DETI Minister announced on 16 March 2011 that DETI planned to carry out a formal consultation in summer 2011 on gas extension.
- DETI will consider any proposals to extend the natural gas network in Northern Ireland. However, gas network extension will be dependent on the economic viability of any proposal.

BACKGROUND

1. Phoenix Natural gas is the incumbent supplier in the Greater Belfast gas licensed area where there are around 140,000 gas consumers. *firmus energy* is continuing with the roll-out of the natural gas distribution networks in towns and cities served by the North-West and South-North gas transmission pipelines and have around 10,000 customers connected.
2. A joint DETI / NIAUR (Northern Ireland Authority for Utility Regulation) study into extension of gas to the west and remaining areas of the north-west of Northern Ireland has been completed. The study concluded that extending the gas network to 6 towns in the west and north-west of Northern Ireland was likely to cost up to £170 million. In relation to new gas transmission networks, the study also concluded that this would require either additional Government support, or have some costs borne by gas consumers.
3. The DETI Minister announced in 16 March 2011 that DETI planned to carry out a formal consultation in summer 2011 on gas extension.

RAISED BY:

TOPIC NAME: NETWORKS AND CLIMATE CHANGE LEVY

LINES TO TAKE:

- DETI has been successful in obtaining a significant 65% reduction from the Climate Change Levy (CCL) for business users of natural gas in Northern Ireland. The reduction follows the ending on 31 March 2011 of a 10 year full exemption to the levy. The new reduced CCL rate will apply until 31 October 2013.

BACKGROUND

1. A 5 year full exemption from the Climate Change Levy for natural gas was granted to Northern Ireland in 2001, and was extended for a further 5 years from April 2006 until 31 March 2011. HM Revenue & Customs (HMRC) advised that due to changes in rules regarding State Aids, a further full exemption was very difficult to obtain and would only be for a further 31 months until end of October 2013.
2. DETI had been involved in discussions with HM Revenue and Customs and HM Treasury for some time, and has been successful in obtaining a significant 65% reduction from the Climate Change Levy (CCL) for natural gas in Northern Ireland. The reduction follows the ending on 31 March 2011 of a 10 year full exemption to the levy. The new reduced CCL rate will apply until 31 October 2013.

RAISED BY:**TOPIC NAME: RENEWABLE HEAT INITIATIVE****LINES TO TAKE:**

- In September 2010, the DETI Minister announced that DETI would seek to introduce a Renewable Heat Incentive (RHI) in Northern Ireland, providing it was economically viable and cost effective to do so.
- The Strategic Energy Framework includes a target of 10% renewable heat by 2020. This is a stretching and challenging target considering the current level of renewable heat is around 1.7%.
- DETI is currently carrying out an economic appraisal on a RHI for Northern Ireland which will assist in designing and developing an appropriate and cost-effective scheme in Northern Ireland. This will be subject to a full public consultation in due course.
- DETI is committed to developing the renewable heat market in Northern Ireland as there are many benefits in doing so, such as increased fuel security, reduced carbon emissions and the opportunity in this sector for 'green' jobs.

BACKGROUND:

1. The EU Renewable Directive, published in the Official Journal of the European Union on 5 June 2009, requires that member states ensure that 15% of their energy consumption comes from renewable sources by 2020. This requirement extends beyond electricity to heating and cooling to transport.
2. In the UK Renewable Energy Strategy, published in July 2009, the Department of Energy and Climate Change (DECC) has set a target of 12% renewable heat by 2020. This applies to England and Wales and equates to 72 terawatt hours. DECC plan to provide financial support for renewable heat through a Renewable Heat Incentive (RHI) for which primary powers were taken via amendments to the Energy Act 2008.
3. DETI has begun an economic analysis of a RHI for Northern Ireland. This work will determine tariff levels, tariff segmentation, potential uptake and a cost benefit analysis, and will help inform a future consultation on the issue of incentivising the renewable heat market.
4. The Chief Secretary to the Treasury has informed the First Minister and deputy First Minister that HMT will provide funding through Annually Managed Expenditure (AME) of £2m/£4m/£7m/£12m over the Budget 2011-15 period for a RHI for Northern Ireland, should one be introduced.

RAISED BY:**TOPIC: PRESBYTERIAN MUTUAL SOCIETY (PMS)****LINES TO TAKE:**

- The Budget 2011-15 outcome for Northern Ireland contained additional financial provision for the resolution of the Presbyterian Mutual Society (PMS) issue. This comprised an increase in Reinvestment and Reform Initiative (RRI) borrowing of £175 million and the allocation of £25 million current expenditure, both on a one-off basis.
- To top these sums up to the amounts needed to deliver on the package developed by the Ministerial Working Group, the Executive agreed to commit £25 million from current expenditure in 2011/12, to be recovered from the Administrator in later years.
- The Administrator sought and obtained Court approval to his proposals contained in the Scheme of Arrangement and this was passed by a vote of Presbyterian Mutual Society creditors and members in May 2011.
- Subject to the Scheme of Arrangement being approved by Court, and assuming satisfactory completion of the necessary legal and contractual formalities, the Administrator will be in a position to begin making payments by end of June/early July 2011.

BACKGROUND:

1. At its meeting on 15 April 2010, the Executive agreed in principle and subject to Treasury approval and State Aid clearance that:
 - It increases the borrowing limit of the Reinvestment and Reform Initiative to allow for a loan of up to £175 million and make this available to the PMS Administrator;
 - It establishes in conjunction with the Treasury and the Presbyterian Church in Ireland a Hardship Fund to ease the plight of small depositors in PMS and provide £25m from the NI Budget to that fund; and
 - It puts in place appropriate legislative schemes under the Financial Assistance Act to support these funding decisions.

RAISED BY:

TOPIC NAME: BUDGET 2010 – 100% BROADBAND SERVICES

LINE TO TAKE:

- DETI will work to ensure that a broadband service remains available to any customer, regardless of where they live or do business.
- It will also engage with the Department for Culture, Media and Sport and Broadband Delivery UK to secure Northern Ireland funding to roll out faster broadband services.
- Building on the legacy of low latency, direct international connectivity and enhanced internal broadband connectivity, DETI will work with the private sector to examine opportunities to develop Northern Ireland as a base for delivery of next generation internet applications.

RAISED BY:**TOPIC: THE NORTHERN IRELAND ECONOMIC STRATEGY****LINES TO TAKE:**

- On 13 January 2011, and on behalf of the Northern Ireland Executive Sub-committee on the Economy, the Enterprise Minister launched an initial 6 week consultation on the priorities for a new economic strategy for Northern Ireland.
- The consultation, entitled, 'Priorities for Sustainable Growth and Prosperity,' is the first of a two stage approach to the development of the strategy. This approach has been adopted as the outcome of the UK Government exercise into rebalancing the Northern Ireland economy has the potential to significantly influence the content of the economic strategy.
- It is proposed that the overall focus of the strategy will be on export-led growth. While the global downturn has had a significant impact on the Northern Ireland economy, there are significant structural weaknesses which have led to persistently lower living standards prevailing in Northern Ireland relative to the rest of the UK.
- In order to realise the Executive's vision of the Northern Ireland economy of 2020, it will be necessary to tackle the twin challenges of focusing on actions that will deliver the necessary

rebalancing of the Northern Ireland economy over the longer term while taking immediate steps to rebuild the Northern Ireland economy after the recession.

- Based on the results of this initial consultation, input from all Executive Departments and the Economic Advisory Group, a draft Northern Ireland Economic Strategy will be developed. This draft will be subject to full public consultation later in 2011. The strategy will also reflect the findings and recommendations made in the HM Treasury exercise.

BACKGROUND:

1. One of the main recommendations from the Independent Review of Economic Policy (IREP) was that a permanent sub-committee of the Executive should be established to prioritise action on the economy, including the agreement of an Economic Strategy for Northern Ireland.
2. The Executive sub-committee was established in March 2010 and is chaired by the DETI Minister, supported by the DFP, DRD DE and DEL Ministers as well as the OFMDFM Junior Ministers. Its primary focus has been on overseeing the development of a new Economic Strategy.

RAISED BY:**TOPIC NAME: DETI – BUDGET 2010 KEY STATISTICS****LINE TO TAKE:**

- DETI has been allocated a budget of £276m/£257m/£219m and £235m as part of the Budget 2011/15 settlement in support of the department's aim, which is to promote the development of a globally competitive economy.
- Invest Northern Ireland has a budget allocation of £185m/£169m/£139m and £139m. Invest NI will continue to target inward investment and promote domestic investment, provide trade support, and support private sector investment in R&D.
- The Northern Ireland Tourist Board (NITB) has a budget allocation of £25m/£22m/£15m and £18m. NITB's budget allocation will enable the Signature projects to be completed and allow for continued investment in marketing tourism as a key driver of the economy and seek to increase its economic contribution in line with the Tourism Strategy Northern Ireland.

RAISED BY:**TOPIC NAME: FINAL BUDGET 2010 – DETI EFFICIENCY
PROGRAMME****LINE TO TAKE:**

- The Department will deliver cash releasing efficiencies of £8.5m over the budget period, which will deliver additional spending power to the Department during this time. Savings will be achieved through 3% year on year efficiencies in Tourism Ireland Ltd and InterTradeIreland, together with a range of measures throughout the core department.
- The Department and its NDPBs are planning to absorb increased pay costs through the generation of further efficiencies which follow on from those delivered in the last two Budget periods. Given that efficiencies totalling £135 million have already been delivered by DETI in the last two Budgets, it is recognised that this represents a significant challenge.