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Subject: URGENT BRIEFING FOR SUPPLY RESOLUTION DEBATES
Date: 17 May 2012 16:22:28
Attachments: [Sub to Minister - BRIEFING FOR SUPPLY RESOLUTION DEBATE 2012.DOC](#)
[Annex A - Briefing requested by DFP.doc](#)
[Annex B - Additional Briefing.DOC](#)

Please see attachments below from Bernie Brankin, Acting Grade 5, Finance Division. These are for the Minister's consideration and approval.

Thanks

Rae

Rae Smith

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FROM: Bernie Brankin

DATE: 17 May 2012

TO: 1. Andrew Crawford
2. Arlene Foster MLA

BRIEFING FOR SUPPLY RESOLUTION DEBATES

Issue: DFP has commissioned briefing material, to be used by the Finance Minister for the Supply Resolution debate scheduled for the Assembly on Monday 18th June 2012 and subsequent Budget Bill debates.

Timing: **URGENT.** Briefing material is due with DFP by close on Monday 21 May 2012.

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 2012/13.

Legislation Implications: Assembly approval required for Budget Bill and Main Estimates. DFP is in the lead.

Statutory Equality: Considered in budget settlement and as part on in-year monitoring. HLIAs are completed for changes made through in-year monitoring.

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 Debate scheduled for the Assembly on Monday 18th June 2012, and subsequent Budget Bill debates.
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** for return by Monday 21 May 2012.
5. Business areas have also provided briefing on a number of other topical issues which they believe may be of use to the Finance Minister during the debates, and these are listed at **Annex B**.

Recommendation

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

Bernie Brankin

BERNIE BRANKIN

cc David Sterling
Trevor Cooper
David Thomson
Alastair Ross, MLA, Assembly Private Secretary
Alan Lamont
Jeff Partridge

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**BRIEFING REQUESTED BY DFP FOR SUPPLY RESOLUTION
AND BUDGET BILL DEBATES 2012**

- 1. Tourism Policy – Titanic Signature Building**
- 2. Tourism Policy – Irish Open Golf**
- 3. Tourism Policy – ni2012**
- 4. Energy Division – Energy Costs for Large Energy Users (LEUs) / SFA for Energy Projects**
- 5. Invest NI - Response to the Economic Downturn**
- 6. Invest NI – The Jobs Fund (formerly known as the Short Term Employment Scheme)**
- 7. Invest NI Performance Against 2008-2011 Corporate Plan Targets**
- 8. Invest NI Provisional Performance 2011-12**

RAISED BY:**TOPIC NAME: TITANIC SIGNATURE BUILDING****LINES TO TAKE:**

- The Titanic Signature Building, Titanic Belfast, opened as planned on 31 March 2012 in time for the anniversary of Titanic's maiden voyage and tragic sinking,
- Over 108,000 people visited the Titanic exhibition in its first five weeks of operation. Up to 400,000 visitors a year are expected to visit the exhibition.
- Over 200 bookings have been made to date for the Titanic Banqueting Suite, with further enquiries received for events up to 2017.
- The opening of Titanic Belfast was marked by a festival of events and featured strongly in the Titanic Belfast Festival 2012. The Titanic Light Show and Titanic Sounds (MTV) were successfully staged on the Slipways attracting 30,000 and 16,000 spectators respectively. The opening of Titanic Belfast and Festival Events received very positive global coverage.

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 is the inspirational and iconic Titanic Signature Building located at the head of the slipway where the Titanic was built. This building houses a major interactive exhibition on the Titanic and the wider story of Belfast's industrial, shipbuilding and maritime history.

3. 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,

£750,000 restoration of SS Nomadic, £150,000 towards the fit out of MV Confiance as a maritime heritage visitor attraction and £190,000 towards the development of Belfast maritime trails.

4. Belfast City Council created a new memorial garden around the existing Titanic memorial sculpture on the east side of Belfast City Hall. This is the only memorial in the world to name all who were lost on the RMS Titanic. Bronze plaques bear the names of all those who died during the ship's maiden voyage in 1912.

5. NITB has entered into a further £3m project with TQL to fund additional public realm work that was not included in the original contract and talks on lease on the Drawing Offices to ensure there is public access to them.

8. SIB has engaged Deloitte to develop a Heritage Lottery Fund (HLF) application for the development of the H&W Drawing Offices. The brief also includes the development of a Business Plan and Options paper looking at how Titanic Quarter can offer an integrated visitor experience. The HLF application is due November 2012.

RAISED BY:**TOPIC NAME: IRISH OPEN GOLF****LINES TO TAKE:**

- The staging of the Irish Open in July at Royal Portrush presents a wonderful opportunity to showcase Northern Ireland as the 'home of golf' to prospective visitors in the UK, the Irish Republic and worldwide.
- Such a high profile event provides the opportunity to change global perceptions of Northern Ireland and boost tourism for the whole of the country.
- With the potential of attracting up to 25,000 visitors on each of the 4 days of the event, the impact will be felt not only on the North Coast but throughout Northern Ireland
- By showing that we can successfully host this European Tour event we hope to bid to host the Open here in Northern Ireland.
- The Northern Ireland Tourist Board and Tourism Ireland will exploit every potential promotional opportunity this year in important golf markets, to capitalise on the potential of this prestigious sporting event.

BACKGROUND:

- A Steering Group has been set up to oversee the Tournament chaired by DETI comprising representatives from NITB, Coleraine District Council, Portrush Golf Club, PSNI, the European Tour and several government Departments including DRD who will consider transport matters. A transport plan was announced on 10 May. Ticket sales are very encouraging.

Anticipated Benefits

- Around 84,000 visitors attended the Irish Open in Killarney in 2011 and it is hoped that at least this number will attend the 2012 Irish Open in Portrush. This will offer opportunities to many businesses in the area.

Cost of Event

- The cost of the event will be approximately £4 - £4.5 million. DETI's contribution is not expected to be more than £2 - £2.5 million. On 9 May, Brewin Dolphin, a leading investment management company was announced as an official sponsor of the Irish Open.

RAISED BY:**TOPIC NAME: ni2012****LINES TO TAKE:**

- 2012 is a momentous year for Northern Ireland. Almost £300m of investment in tourism-related infrastructure will come to completion, including the recently opened Titanic Belfast visitor attraction, the new Giant's Causeway Visitor Centre and the recently opened Metropolitan Arts Centre.
- The Olympics Torch Relay will visit many places in Northern Ireland, attracting significant media attention, and Northern Ireland has gained support from the Cultural Olympiad of the Olympic and Paralympic Games which is financially assisting in delivering a number of events as part of the Games 2012 Festival.
- Northern Ireland will also host the Irish Open golf championship for the first time in 60 years.
- The vision for ni2012 is to create a platform from which to reposition Northern Ireland as a place to visit, work, learn and invest. The main objectives are:
 - To change global perceptions of Northern Ireland;

- To raise the profile of Northern Ireland as a must see visitor destination;
 - To drive visitor numbers;
 - To generate economic impact; and
 - To increase civic pride.

- The events planned for ni2012, and other initiatives in 2013 are aimed at delivering additional economic benefits over the next 4 years. From overseas markets the aim is to achieve an estimated 712,000 extra visitors and additional tourism revenue of £155 million.

- A programme of eight tier 1 events has been developed along with a strapline for overseas markets, '**ni2012: your time, our place**'. A supporting suite of design creatives has also been developed, essentially the 'look and feel' of ni2012. This includes an eye-catching brand in distinctive colours which is now instantly recognisable and is being used by stakeholders and industry from a wide range of sectors. A toolkit and guide has also been produced to share with industry and press to explain what ni2012 is all about, and help them to use the look and feel themselves.

- There are three levels of events in the ni2012 programme, providing a range of events throughout the year that will be attractive across all market segments, interests and budgets.

- **Tier 1 Events** include a series of eight world-class events capable of attracting national and international attention from visitors and media.
- **Tier 2 Events** include a series of existing events and new events, which meet the themes for ni2012 of Titanic and Maritime, and Giants of Northern Ireland, and meet the criteria for the NI Events Fund.
- **Tier 3 Events** include any event which meets the ni2012 criteria of Titanic and Maritime, or the Giants of Northern Ireland, can be included in the ni2012 programme.
- Plans are underway by the Northern Ireland Tourist Board for a significant marketing programme in both the domestic and Irish Republic markets throughout 2012. NITB is also developing plans around a Civic Pride Campaign, which is a key objective to ni2012.
- Tourism Ireland is responsible for marketing ni2012 in GB and overseas. Tourism Ireland will use the opportunity of 2012 to gain attention for Northern Ireland in a very busy global tourism market, increase consumer interest levels and position Northern Ireland as a 'must see' destination in a new way. Strong Northern Ireland imagery and content will be promoted to take advantage of this unique opportunity to invite tourists from around the globe to visit Northern Ireland.

BACKGROUND:

The Tier 1 Events are as follows:

1. Titanic Belfast Festival 2012:

A fusion of international-scale events has been held to mark the centenary of Titanic's fateful maiden voyage. These will range from world-class public events to mark the opening of the new visitor attraction, through to commemoration services on the 100th anniversary of the ships sinking. The key events in the programme to date have been a world-first lighting show featuring Titanic Belfast; a Titanic Super-Special stage of the Circuit of Ireland along with the Intercontinental Rally Challenge; the return of MTV to perform on the Titanic slipways; a Titanic commemorative concert in Belfast's Waterfront Hall; a newly-commissioned Titanic drama that will form the opening showcase of the new MAC (Metropolitan Arts Centre), and a Titanic-themed BBC Proms. In addition there have been a wide range of plays, tours, talks, films and major musical events all positioning Belfast as the home of Titanic and showcasing the wide range of creative and cultural vibrancy of Belfast and Northern Ireland.

2. Peace One Day concert:

This will be a major music event on 21 July 2012. An opening event of the London 2012 Festival, 'Peace One Day'

campaigns for an annual international ceasefire and will feature a day-long music festival across Londonderry culminating in a large-scale music event at the new Ebrington event site in Londonderry.

3. Irish Open:

After an absence of almost 60 years, the Irish Open will return to Northern Ireland this summer. The world class links course at Royal Portrush Golf Club will host this prestigious event, from Thursday 28 June to Sunday 1 July. Royal Portrush is widely recognised as one of the top golf courses in Europe. It regularly features in top 20 golf rankings across the world, and has hosted many elite international events in its prestigious history.

4. Land of Giants:

Located on the slipways, this will be Northern Ireland's largest ever outdoor theatre and arts event, on 30 June 2012. It will combine state of the art animation with aerial dance, circus with music and fireworks. It will involve local and international artists to celebrate the many giants of Northern Ireland, mythical, industrial and historic.

5. Peace Camp by Deborah Warner:

Created by leading theatre director Deborah Warner in collaboration with Fiona Shaw and production company Artichoke, this will be a series of iconic installations from Co. Londonderry's North West coastline to other coastal locations across the UK. Each site will have hundreds of

small illuminated tents, forming a subtle glowing encampment. This living artwork has been co-commissioned by Derry~Londonderry Culture Company 2013 and the Cultural Olympiad.

6. The Clipper Round The World Yacht race:

This race will make its homecoming leg from Nova Scotia to Northern Ireland, arriving in Londonderry, welcomed by a maritime festival to celebrate the visit of the world's longest amateur race. The fleet will arrive in Londonderry over the weekend of 30 June, with a week of events planned, culminating in a four day festival from 5-8 July.

7. FLAGS at the Giant's Causeway:

A large scale installation, from 20 August to 24 October, by a major artist, to pay tribute to this World Heritage Site and the new visitor's centre. The new Giant's Causeway visitor centre will open in July 2012.

8. 50th Ulster Bank Belfast Festival at Queen's:

An extended programme will dramatically increase the visibility of this festival and of Northern Ireland's cultural offer including the Belfast cultural venues. This festival will run from 19 October to 3 November.

RAISED BY:

TOPIC NAME: ENERGY COSTS FOR LARGE ENERGY USERS (LEUs) - SFA for ENERGY PROJECTS

LINES TO TAKE:

General Energy Costs

- I am aware of the impact of current energy costs on the business community and, as noted in DETI's Strategic Energy Framework, DETI remains committed to developing a more competitive energy market across Northern Ireland.
- Although DETI does not set energy prices, it works closely with the Utility Regulator to develop market conditions to put downward pressure on prices and help put in place the conditions necessary for effective competition in the Northern Ireland energy market, and remove the barriers to market entry. The Utility Regulator also ensures that regulated tariffs are "cost reflective".

Single Electricity Market (SEM)

- The Single Electricity Market continues to deliver greater transparency and increased competition since it was established in November 2007. New domestic suppliers have been offering discounted tariffs compared to the incumbent

suppliers, and there are a number of electricity suppliers serving the industrial and commercial sector.

Invest NI support including Selective Financial Assistance scheme

- Invest NI provides a range of support for businesses to help reduce the cost of energy.
- The DETI Minister, Arlene Foster MLA, has had recent discussions with the Utility Regulator and Invest NI in relation to options which may assist large energy users to minimise their electricity expenditure.
- As a consequence, the feasibility of Invest NI providing financial assistance to companies who could show that by making a capital investment they could reduce their energy costs has been examined. As advised to the Assembly on 13 March, Invest NI is willing to consider providing financial assistance on a pilot basis, under its normal Selective Financial Assistance schemes, to Large Energy Users who have proposals for capital expenditure which will make a significant impact on energy efficiency and therefore reduce their costs and improve competitiveness.

UK Government Initiative

- Additionally, the UK Government has announced proposals to assist Energy Intensive Industries through the provision of a £250 million fund to help offset the costs associated with

decarbonisation of electricity generation. A call for evidence is underway and I would urge companies to respond.

Energy Purchasing

- All large energy users are encouraged to negotiate the best contracts possible with the energy suppliers operational within the market, and take the full benefit of the advice provided by the Utility Regulator and Manufacturing NI in their public guides to get the best value for money in purchasing your energy supply.
- In addition to this, large energy users should consider attending the business tariff briefing event hosted annually by the Utility Regulator to ensure effective planning for future energy costs.

BACKGROUND

1. As energy prices rise, there have been calls from Assembly Members, representative bodies, such as Manufacturing NI, and employers for DETI to take whatever steps are at its disposal to alleviate the burden of high energy costs on businesses.
2. An announcement at the Assembly Debate on the Economic Strategy (13 March 2012) stated that Invest NI could assist certain Large Energy Users to reduce their energy costs, through supporting investment in renewable energy projects. It should be noted that there already incentives in place,

through the Renewable Obligation Certificate (ROC) mechanisms, for companies to invest in renewable energy projects. It would seem unlikely that companies could benefit from incentives such as ROCs and also direct support from Invest NI for renewables projects.

3. Invest NI provides a range of support for businesses to help reduce the cost of water, energy or materials consumption. This support includes the provision of free project management technical consultancy to identify, prioritise and take forward appropriate cost saving projects including renewable energy projects where appropriate. Invest NI also provides the funding for the Energy Efficiency Loan Fund delivered by Carbon Trust which offers interest-free loans from £3,000 - £400,000 to Northern Ireland businesses, to help them deploy more energy efficient and/or carbon reducing solutions.

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.
- As a result Invest NI has introduced a range of measures under its Boosting Business initiative to help rebuild the labour market.
- Under the Boosting Business initiative, which was launched in November 2011, there are a range of initiatives to help businesses build the skills of their workforce, use new technology to improve competitiveness, take existing products and services to new markets, develop new ones, or create and protect jobs.
- A key element of Boosting Business is the Jobs Fund which aims to promote over 6,300 new jobs, with 4,000 of these being created by March 2014.
- Support may be available through a combination of financial, capability development and advisory services and regional seminars and workshops.

RAISED BY:**TOPIC NAME: THE JOBS FUND (formerly known as the 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.
- The Jobs Fund, which was formally launched by the DETI Minister in April 2011, includes a range of grant based employment support measures that 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 Jobs Fund 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 £18.8 million, Invest NI has set a target to promote 6,300 jobs between 2011-15, with 4,000 jobs to be created by March 2014.

- Invest NI is currently in the process of verifying the final job promotion and creation figures for the Jobs Fund for its first full year of operation. Invest NI will be in a position soon to confirm these numbers and is confident that the year-end results will clearly demonstrate the immediate and positive impact the Jobs Fund is having on new job creation.
- Invest NI is continuing to work with key stakeholders to build a healthy pipeline of projects which will lead to further new job creation in the near future.

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: INVEST NI PERFORMANCE AGAINST 2008 - 2011 CORPORATE PLAN TARGETS

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)

 - £1.276 billion of investment commitments secured (Target = £1.2 billion)

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

- A total of 7,533 new jobs promoted through inward investment, of which 5,636 will be above the NI Private Sector Median (Target = 6,500 and 5,500 respectively)

- Businesses planned to invest £327 million in research and development (Target = £120 million)

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

RAISED BY:**TOPIC NAME: INVEST NI PROVISIONAL PERFORMANCE
2011-12****LINES TO TAKE:**

- Against the backdrop of very challenging and volatile global economic conditions, Invest NI managed to achieve many of its first year Corporate Plan Key Performance targets, between 1st April 2011 and 31st March 2012.
- This included:
 - 1,920 trade interventions (Target = 1,800)
 - £277 million of investment commitments secured (Target = £147 million)
 - £90 million of additional annual wages and salaries secured (Target = £51 million)
 - A total of 6,485 new jobs promoted through:
 - Inward investment 1,120, of which 978 will be above the NI Private Sector Median (Target = 6,085 and 814 respectively)

- Indigenous companies 1,755, of which 1,066 will be above the NI Private Sector Median (Target = 1,222 and 611 respectively)
 - Indigenous business starts 1,220 (Target = 1,625)
 - The Jobs Fund 2,390 (Target = 2,250), of which 1,021 have been created to date (Target = 1,015)
- £18 million of investment commitments in skills development through the Business Improvement Training Programme.
- One of the Key Performance targets that was not met was the commitment by businesses to invest £65 million in research and development (Target = £75 million).

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**ADDITIONAL BRIEFING FOR SUPPLY RESOLUTION AND
BUDGET BILL DEBATES 2012**

- 1. Telecoms – 100% Broadband Services**
- 2. Telecoms – Broadband Delivery UK (BDUK)**
- 3. Energy - Renewable Heat Incentive**
- 4. Energy – Gas Prices**
- 5. Energy – Electricity Tariffs**
- 6. Economic Policy – Enterprise Zones**
- 7. Tourism – Air Access and air passenger Duty**
- 8. Tourism – Tourist Revenue and Visitor Number**
- 9. Minerals – Hydraulic Fracturing**
- 10. Invest NI – Titanic Studios**
- 11. Invest NI – Nitrates**

RAISED BY:

TOPIC NAME: 100% BROADBAND SERVICES

LINES TO TAKE:

- DETI has put in place a 3-year contract for delivery of high-speed broadband services in areas where fixed line delivery is economically prohibitive.
- The contract brings a new entrant to the Northern Ireland marketplace (Onwave).
- The contract builds on commitments set out in the Telecoms Action Plan for 2011-2015 consultation paper to maintain Northern Ireland's status as a region with 100% broadband coverage.

RAISED BY:

TOPIC NAME: BROADBAND DELIVERY UK (BDUK)

LINES TO TAKE:

- Engagement continues with the Department for Culture Media and Sports to source funding for Northern Ireland through the £530m national broadband programme, Broadband Delivery UK.
- £4.4m has already been secured to deliver a minimum 2Mbps broadband service and to increase access to next generation services in rural areas.
- Opportunities to supplement funding by re-direction of funds from the Department of Agriculture and Rural Development are being examined.
- Discussions are ongoing with Broadband Delivery UK to source additional funding of up to £6m to deliver an innovative project aimed at improving mobile broadband coverage.
- Both projects represent commitments set out in the Telecoms Action Plan for 2011-2015 consultation paper to build on Northern Ireland's existing status as a region with world-class telecommunications provision.

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

- The Department of Enterprise, Trade and Investment (DETI) is committed to developing and supporting the renewable heat market in Northern Ireland and has set a target of 10% renewable heat by 2020, this is a challenging target considering the current level of renewable heat is estimated at 1.7%.
- By growing the renewable heat market there are significant opportunities for Northern Ireland to reduce our dependence on imported fossil fuels and increase our fuel security, this in turn will reduce carbon emissions. There could also be opportunities for new 'green jobs' in this sector.
- In order to reach the target set, DETI is considering the introduction of a Renewable Heat Incentive (RHI) specifically tailored for the Northern Ireland heat market. This would be similar to the scheme proposed in Great Britain; however it would be designed solely for Northern Ireland.
- In July 2011, DETI launched a public consultation on the development of the Northern Ireland Renewable Heat Incentive. This consultation closed for comments on Monday, 3 October 2011.

- DETI is now considering responses and carrying out further analysis in advance of confirming a final policy position.
- In addition to the Renewable Heat Incentive, DETI has introduced [*expected to be w/c 21 May*] grants for domestic customers wishing to install renewable heating technologies.

BACKGROUND:

1. A Renewable Heat Incentive (RHI) is a mechanism designed to increase the uptake of the proportion of heat that is generated from renewable sources. It is also designed to encourage a switch from fossil fuels and to contribute towards the wider carbon reduction goals.
2. The main purpose for this work on the RHI was the Renewable Energy Directive (RED), published in June 2009, which requires the UK to ensure that 15% of its energy consumption comes from renewable sources.
3. In addition to this, the development of the renewable heat market in Northern Ireland supports wider DETI energy goals in terms of increased fuel security, reduced carbon emissions and opportunities for 'green jobs'. The Strategic Energy Framework, published in September 2010, included a target of 10% renewable heat by 2020; this is a challenging target considering a starting position of 1.7%.

4. HM Treasury has allocated £25 million for the spending review period for a Northern Ireland RHI from 2011 to 2015. This is a significant level of funding and demonstrates significant support for this emerging industry.
5. In July 2009, the Department of Energy and Climate Change (DECC) indicated that they were planning to introduce a RHI in Great Britain. On 25 November 2011, DECC announced that the GB RHI for non-domestic generators will open for applications on Monday 28 November 2011.
6. The reason why the GB RHI does not apply in Northern Ireland is due to the fact that there are significant differences between the heat markets in GB and Northern Ireland.
7. Northern Ireland is largely dependent on oil with a developing natural gas market, whereas in GB the gas market is well established and is the predominant fuel source. There are also differences in fuel prices between GB and Northern Ireland and the amount of our income that goes towards heating our homes and businesses, as a consequence the levels of fuel poverty tend to be higher. Finally, the geography of Northern Ireland is very different to GB, with Northern Ireland being more rural with fewer larger cities and therefore has a very different heat density.
8. The RHI will initially be open to non-domestic customers (commercial, industrial or public buildings and not-for-profit organisations); it will then be extended to the domestic market

as part of a second phase. In the interim, DETI has provided grants for domestic customers wishing to avail of these technologies.

RAISED BY:

TOPIC NAME: GAS PRICES

LINES TO TAKE

- Phoenix Supply announced an 8.5% reduction in gas prices on 23rd February effective from 1st April 2012. Phoenix Supply previously increased its gas prices in Greater Belfast by 39.1% from 1 May 2011.
- Firmus Energy increased in gas prices in its 10 Towns licensed area by 28.4% for domestic consumers and 30.2% for smaller business customers from 1 October 2011.
- In the Greater Belfast gas market where Firmus Energy is a competitor with Phoenix Supply, Firmus increased its gas prices by some 35% from 1 October 2011, but offers a 10% reduction against Phoenix Supply tariffs for the first year and 5% for the second year for new customers. Following Phoenix's 23 February 2012 price reduction announcement, Firmus Energy has confirmed its commitment to track Phoenix's prices.
- Firmus is able to charge different tariffs in its 10 Towns gas market compared to those it charges in Greater Belfast as the company currently has gas supply exclusivity in the 10 Towns where it is building a new gas market, while in Belfast

it competes against Phoenix Supply and has to charge the published gas distribution charge for that area.

- The “large industrial and commercial” gas market in the Firmus Energy 10 towns area will be open to competition in October 2012, and the market will be fully opened in April 2015.

BACKGROUND:

1. Natural gas is now used by around 140,000 consumers in the Greater Belfast area (including Lisburn and Larne), and approximately 13,000 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.
2. Firmus energy continues to roll out the gas distribution network in 10 urban areas outside Greater Belfast, including Londonderry, Ballymena, Coleraine, Newry, Craigavon, Banbridge and Armagh. Firmus also provides gas to consumers in Warrenpoint and Tandragee.
3. Firmus energy’s gas supply exclusivity within their 10 towns/cities licensed area will cease on 1 October 2012 for the large industrial and commercial sector, and on 1 April 2015 for domestic and small industrial and commercial users. By October 2012, some 75% of the gas supply market

(by volume) in the 10 towns/cities area will therefore be open to competition.

4. This further gas market opening should have positive benefits for consumers, as competition should provide lower retail prices and an opportunity to compare standards of customer service.

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

- Power NI increased its electricity prices by 18.6% from 1st October 2011. Airtricity also increased its prices to track the Power NI price increase, but offers tariffs at up to 14% below Power NI prices.
- Budget Energy and Electric Ireland have also entered the domestic electricity supply market, offering discounted tariffs compared to Power NI.
- A formal electricity tariff review is likely to be carried out by the Utility Regulator in Autumn 2012.
- Retail electricity costs are heavily influenced by wholesale gas prices in particular.
- The Single Electricity Market continues to put downward pressure on wholesale energy prices, and through greater transparency has encouraged new suppliers and new and more efficient power generation in the Republic of Ireland.
- Following the recent ruling by the Irish Supreme Court, that the Irish Government's "carbon levy" can now be bid into the

Single Electricity Market, the DETI Minister has written to the Irish energy Minister Pat Rabbitte TD about this matter and its impact on electricity prices for Northern Ireland consumers. A response is expected shortly.

BACKGROUND:

1. Power NI 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. Budget Energy entered the domestic supply market in early 2011 also offering lower tariffs than both Power NI and Airtricity. Electric Ireland is entering the domestic electricity market on a staged basis.
4. Formal reviews of regulated energy tariffs are usually held each Autumn. However the Utility Regulator, in conjunction with Power NI, maintains a monthly review of wholesale electricity market fluctuations. Suppliers in Great Britain and the Irish Republic also

increased tariffs in the later part of 2011, again as a result of rising wholesale costs.

5. The Utility Regulator has made a Price Control determination for Power NI which will set the company's regulated income for the next 2 years. The Regulator has also recently published his proposals for the 2012-17 Price Control for Northern Ireland Electricity.

RAISED BY:**TOPIC: ENTERPRISE ZONES****LINES TO TAKE:**

- Both I and the Enterprise Minister have monitored developments in relation to the UK Government's Enterprise Zone policy.
- I am aware that the Chancellor indicated in Budget 2012 that he was looking forward to the first Enterprise Zone in Northern Ireland. However, this issue has to be considered in the context of the ongoing Treasury work on rebalancing the Northern Ireland economy, the outcome of which will not be known until later this year. As such, any decision on establishing an Enterprise Zone for Northern Ireland cannot be taken until those discussions have concluded.
- Northern Ireland's difficulties are further exacerbated, given the Government's proposal to remove Northern Ireland's automatic assisted area status, on the basis that the economic and statistical analysis no longer supports that position. This will impact on our ability to progress with establishing an Enterprise Zone or zones in Northern Ireland, and in particular the capital allowance element which is based on zones being within assisted areas for the five years from April 2012.
- It should be noted, however, that the approach being adopted in other GB regions in terms of Enterprise Zones relates to issues

such as rating, simplified planning and broadband, all of which are already devolved and being applied across Northern Ireland as a whole. The enhanced capital allowances referred to in the Chancellor's Budget announcement, may be of interest and are currently being explored.

- I and the Enterprise Minister will continue to closely monitor developments in relation to the UK Government's Enterprise Zone policy as it is implemented in other GB regions to ensure that any potential benefits for Northern Ireland are exploited.

BACKGROUND:

1. In Budget 2012 the Chancellor provided an update on Enterprise Zone policies in England and highlighted that he wanted other parts of the United Kingdom to benefit from these policies. In his speech he indicated that he was looking forward to the first Enterprise Zone in Northern Ireland.
2. Enterprise Zones benefit from simplified planning rules, superfast broadband and business rates discounts aimed at encouraging investment and growth. In addition, enhanced capital allowances are to be available in a small number (4 – 6 in England) of specially designated zones that must be in an assisted area before and after 2013. The Enhanced Capital Allowances (ECAs) are available instead of the business rate discounts. DFP is currently exploring the options for ECAs with Treasury.

3. It is not clear that there would be any substantive benefits from creating Enterprise Zones in Northern Ireland. The initiatives available within Enterprise Zones in GB are, with the exception of enhanced capital allowances, already devolved policy areas (specifically planning, rating policy and telecoms) and the Executive is already taking steps to support businesses using these levers across Northern Ireland. No real benefits would be expected from Enterprise Zones that did not offer the enhanced capital allowances.
4. However, the removal of NI's 100% assisted area status will impact on our ability to progress with the capital allowance element which is based on zones being within assisted areas for the five years from April 2012.
5. There were no Barnett Consequentials for Northern Ireland in respect of Enterprise Zones as part of Budget 2012. This was also the case in the Autumn 2011 Statement. The only Barnett Consequentials Northern Ireland has received in respect of Enterprise Zones was in Budget 2011 and this amounted to £5.7 million Resource DEL over the 2011-12 to 2015-16 period.

RAISED BY:

TOPIC NAME: AIR ACCESS AND AIR PASSENGER DUTY

LINES TO TAKE:

BMI Job Losses and Closure of BMI Baby

- Any redundancies at George Best Belfast City Airport are very regrettable. However, decisions regarding BMI staff at the airport are commercial matters for the International Airlines Group, the new owner of BMI.
- It is important to stress that the BMI mainline service to Heathrow from Belfast City is not affected by this decision.

Air Access – Belfast-Heathrow

- Northern Ireland is uniquely dependent on high frequency and economic connections to international flights through the UK's key international hub at Heathrow.
- The Belfast-Heathrow link is vital for business and tourism and I welcome the commitment made by International Airlines Group Chief Executive Willie Walsh that British Airways is to retain the route.
- This is good news for the many people who depend on direct and quick access to and from London.

BACKGROUND:

1. BMI Baby announced it is to discontinue services from the George Best Belfast City Airport from 10 June. Currently the airline serves – Alicante, Amsterdam, Birmingham, East Midlands, Faro, Geneva, Ibiza, London (Stansted), Mahon (Menorca), Malaga and Palma.
2. However Northern Ireland passengers will not be left without options or airline choice as most of these routes are already serviced from NI by other airlines.

RAISED BY:

**TOPIC NAME: TOURIST REVENUE AND VISITOR NUMBER
TARGETS**

LINES TO TAKE

- Challenging tourism targets to 2014 have been set in the new Programme for Government which take account of the tremendous opportunities the next few years will bring for local tourism.
- Tourism will make an important contribution to a number of the rebalancing themes within the Northern Ireland Economic Strategy through increased visitor numbers and revenue, the development of tourism product and the delivery of key signature events.
- Key targets are to increase visitor numbers to 4.2 million and tourist revenue to £676m by December 2014.
- The long term targets remain unchanged i.e. to increase visitor numbers to 4.5million and to double the current contribution tourism makes to the NI Economy to £1 billion by 2020.

RAISED BY:**TOPIC NAME: HYDRAULIC FRACTURING****LINES TO TAKE:**

- DETI policy is to facilitate the assessment of all energy supply options, including indigenous gas resources.
- No licence for hydraulic fracturing in Northern Ireland has been issued, nor has anybody in Northern Ireland permission to extract oil or gas by any method.
- DETI have awarded petroleum licences to four companies in Northern Ireland, these licences grant a Licensee the exclusive rights to explore for oil or gas. Only geological mapping, desk studies, laboratory work and shallow rock sampling are permitted, initially, without requiring additional consents.
- Drilling and fracking are subject to further individual consents from DETI and other bodies such as the Health and Safety Executive, the Environment Agency and the Planning Service.
- DETI and other regulators, including the Northern Ireland Environment Agency, the Planning Service, the Health and Safety Agency for Northern Ireland and the Geological Survey for Northern Ireland, will undertake detailed scrutiny of any

proposals in the context of the rigorous international engineering protocols that are now emerging.

BACKGROUND:

1. Interest around the issue of hydraulic fracturing (fracking) has been evidenced by an Oral Assembly Question 7 November 2011, a No Day Named Motion on Hydraulic Fracturing on 6 December 2011 and numerous written Assembly Questions, Treat Official cases and Correspondence cases.
2. Petroleum exploration and development are activities licensed by DETI and administered by Minerals and Petroleum Branch with the technical advice of GSNI. DETI also benefits from the technical advice of the regulatory authority in GB, the Department of Energy and Climate Change (DECC).

RAISED BY:

TOPIC NAME: 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 now filmed the first and second series of *Game of Thrones* in Northern Ireland and has recently confirmed that it will also film the third series here later this year.
- In May 2011 the DETI Minister gave her approval for Invest NI to support the development of the Titanic Studios Project. This Project is seeking to provide additional studio infrastructure in order to build on the success achieved to date in Film & TV

production and to ensure that companies such as HBO make Northern Ireland a location of choice for further investment.

BACKGROUND:

1. The Titanic Studios Project is focused on the provision of c43,000 sq ft of purpose built, high specification, studio facilities beside the existing Paint Hall facility in Titanic Quarter, Belfast. (A full green book economic appraisal has been completed on the Project, which identified Titanic Quarter as the preferred location for additional studios facilities in Northern Ireland.)
2. The Project is being promoted by Titanic Quarter Limited (TQL) and it is proposed that Invest NI will provide support of £3.4m in a new company that will own and manage the new studios.
3. Construction of the new studios is essentially complete and they will be available for Series 3 of *Game of Thrones*, which will start filming here later this year.
4. Negotiations with TQL are at an advanced stage in respect of the potential Invest NI assistance.
5. Provided negotiations can be successfully concluded, it is expected that Invest NI will approve the release of its assistance package in the next few weeks.

RAISED BY:**TOPIC NAME: NITRATES****LINES TO TAKE:**

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

BACKGROUND:

- 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.
- 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.
- 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.