

From: [Smith, Rae](#) on behalf of [Cooper, Trevor](#)
To: [Private Office DETI](#)
Cc: [Sterling, David](#); [Thomson, David](#); [Lewis, Colin](#); [Ross, Alastair](#); [Brankin, Bernie](#); [Angus, Philip](#); [david](#) Irrelevant information redacted by the RHI; [Aiken, Glynis](#)
Subject: BRIEFING FOR SUPPLY RESOLUTION DEBATES - UPDATED ANNEXES
Date: 27 January 2012 10:18:31
Attachments: [Sub to Minister - BRIEFING FOR SUPPLY RESOLUTION ESTIMATES DEBATES 2012.DOC](#)
[DETI SSE Briefing 2012 - Annex A.DOC](#)
[DETI SSE Briefing 2012 - Annex B.DOC](#)

Andrew

As per Trevor's e-mail last night please see attached for ministerial approval which now includes updated annexes. Should you have any queries please do not hesitate to contact him.

Thanks

Rae

Rae Smith

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FROM: Trevor Cooper
DATE: 27 January 2011
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 in the Assembly in support of the Budget Bill and the 2011/12 Spring Supplementary Estimates. The Debate is scheduled to take place on 13 February.

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 for Budget Bill and Spring Supplementary 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

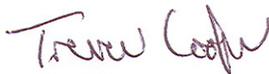
1. DFP have asked for briefing material to be used by the Finance Minister for the Supply Resolution Debates in the Assembly, in support of the Budget Bill and the 2011/12 Spring Supplementary Estimates, which is scheduled to take place on Monday 13 February.
2. Estimates set out the detailed spending 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**. A number of the issues in Annex A have previously been requested from DETI by DFP for the Finance Minister for previous Assembly debates, and it has previously been subject to DETI Ministerial approval. In light of this, and in recognition of the considerable volume of briefing material, we have therefore separated Annex A between topics which have been previously, and those items which have not previously been approved.
5. Divisions have also provided briefing on a number of other topical issues at **Annex B** which they believe may be of use to the Finance Minister during the debates.

Recommendation

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



TREVOR COOPER

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**BRIEFING TOPICS FOR SPRING SUPPLEMENTARY
ESTIMATES DEBATE 2012**

Items already approved:

- 1. Tourism Policy – Titanic Signature Project**
- 2. Business Regulation - PMS**
- 3. Energy – Renewable Heat Incentive**
- 4. Invest NI – Short Term Employment Scheme**
- 5. Invest NI Performance 2008-11**
- 6. Invest NI – Titanic Studios**
- 7. DETI – Efficiency Programme / Savings Delivery
Plans**

Items to be approved:

- 8. Tourism Policy – Air Access and Air Passenger
Duty**
- 9. Energy – Gas Prices**
- 10. Energy – Electricity Tariffs**
- 11. Invest NI - Response to Economic Downturn**
- 12. Outputs from Invest NI Budget 2011-15 Allocation**
- 13. Strategic Policy – The draft Northern Ireland
Economic Strategy**
- 14. DETI – Key Statistics**

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 Titanic Signature Building will open on 31 March 2012 in time for the anniversary of Titanic's maiden voyage and tragic sinking, 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.
- There are already significant advance bookings, around 46,000 bookings made and over 200 bookings for the banqueting suite.
- Opening of building will be marked by a festival of events.

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.
6. NITB have entered into a further £3m 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.

RAISED BY:

TOPIC NAME: 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 from HM Treasury.
- 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, to be recovered from the Administrator in later years.
- As required under the terms of the Financial Agreements made between DETI and the PMS, the Joint Supervisors have been regularly submitting financial and other reports to DETI.
- To date, the Joint Supervisors have already made the first instalment in full of capital and interest repayments as required. In addition they have also sought and obtained DETI's consent on a number of issues, including the re-letting of two investment properties to new tenants.

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 Mutual Access Fund to ease the plight of small depositors in PMS and provided £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: 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.

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. Her Majesty's 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.

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: 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)
 - £1.276 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: 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. A decision on the third series is expected in April 2012.
- 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 invest up to £3.4m in a new company that will own, manage and market the new studios to the global film and television industry.
3. Construction of the new studios has already commenced and they should be available for Series 3 of Game of Thrones (if commissioned).
4. Negotiations with TQL are at an advanced stage in respect of the proposed potential investment by Invest NI.
5. Provided negotiations can be successfully concluded and Invest NI is able to satisfy the approval conditions, it is expected that Invest NI will complete the proposed investment in February 2012.

RAISED BY:

**TOPIC NAME: DETI EFFICIENCY PROGRAMME / SAVINGS
DELIVERY PLANS**

LINE TO TAKE:

- The Department will deliver cash releasing efficiencies of £8.5m over the Budget 2011-15 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 savings identified for 2011/12 have been delivered in full.

RAISED BY:

TOPIC NAME: AIR ACCESS AND AIR PASSENGER DUTY

LINES TO TAKE:

APD – Continental Airlines Belfast/Newark

- HM Treasury has taken a very positive step on Air Passenger Duty in respect of Northern Ireland. The Chancellor is to be commended for his personal engagement on this issue.
- This sends a very positive message that the Executive has successfully championed the needs of Northern Ireland and the Northern Ireland economy.
- Without the steps announced by the Chancellor we would have lost our direct access to the US. And we would have had little prospect of reinstating access to the US for a long time.
- Many Invest NI Foreign Direct Investment clients, including the New York Stock Exchange, have expressly stated that their presence in Northern Ireland was only possible on the basis that direct air access to the Eastern Seaboard capital markets was readily available.
- Devolving APD to Northern Ireland means that the Executive has the power to set an appropriate rate for Northern Ireland, indeed Programme for Government states that the duty on long

haul will be eliminated. The importance of this cannot be underestimated. Having a zero rate of APD for long haul flights is exactly the sort of incentive that can encourage airlines to consider Northern Ireland as a viable option.

APD – Opening of Emirates Dublin/Dubai service

- The decision by Emirates to introduce a flight from Dublin to Dubai will have been influenced by more than the rate of Air Passenger Duty (APD) applied to long haul flights operating from Northern Ireland.
- Airlines consider many factors when deciding to invest in new routes.
- The Executive has worked diligently to persuade the Chancellor to resolve APD.
- Treasury's decision to devolve aspects of APD to Northern Ireland as soon as possible is a very positive step.
- This sends a very positive message that the Executive has successfully championed the needs of Northern Ireland and the Northern Ireland economy.
- The draft Programme for Government states that the duty on direct long haul flights from Northern Ireland will be eliminated once APD has been devolved. The importance of this cannot

be underestimated. Having a zero rate of APD for long haul flights is exactly the sort of incentive that can encourage airlines to consider Northern Ireland as a viable option.

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 recent confirmation from International Airlines Group Chief Executive Willie Walsh that British Airways (BA) 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. Emirates Airlines has introduced a service between Dublin and Dubai. The Irish News has attributed the opening of the route to UK APD and implied that Emirates would have operated the route from Belfast if APD had not been an issue. However, Emirates have never made any statement about operating from Belfast and APD would have been but one of a number of factors considered by the Airline in deciding to introduce its Dublin/Dubai service.

2. There was media speculation that the sale of BMI by Lufthansa might have resulted in the loss of the Belfast City BMI Heathrow service. However following the announcement that International Airlines Group (IAG) (the owner of BA) had agreed to buy BMI, Willie Walsh, Chief Executive of IAG, announced that BA would continue to operate the Belfast/Heathrow service.

RAISED BY:

TOPIC NAME: GAS PRICES

LINES TO TAKE

- Last year's natural gas tariff rises were driven by increases in wholesale gas prices in world energy markets. The volatility in wholesale natural gas prices was partly due to unrest in the Middle East and North Africa, along with uncertainty following the nuclear incident in Japan.
- Retail gas prices in the Greater Belfast gas licence area were increased by 39.1% from 1 May 2011 by Phoenix Supply. This followed a period of stability in retail gas tariffs since price reviews in October 2009.
- Firmus energy announced on 6 September 2011 that the gas tariffs in their 10 towns licensed area outside Greater Belfast would increase by 28.4% from 1 October 2011 for domestic customers, while tariffs for smaller business customers would increase by 30.2%.
- Firmus energy, who entered the retail gas market in Belfast in November 2010, had maintained a price freeze up to 1 October 2011 but announced an increase of some 35% in their gas tariffs for customers in the Greater Belfast area. However, the company did offer a 10% lower tariff for the

first year to new customers and 5% lower in the second year against Phoenix Supply tariffs.

- As Firmus energy is now active in the Greater Belfast gas market as well as their 10 towns licensed area, gas customers in Greater Belfast have a choice of gas supplier.
- Firmus will maintain their “guaranteed cheaper than oil” price positioning for customers in their 10 towns/cities licensed area over the medium term. This is good news, given the economic uncertainty being faced by many consumers at the present time.

BACKGROUND:

1. Natural gas is now 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.
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.

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 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.

5. Wholesale gas prices have not increased to any significant degree since the Autumn tariff reviews, hence further increases in retail tariffs are not imminent. A formal tariff review will be carried out by the Utility Regulator in Spring 2012 which may or may not change retail tariffs.

RAISED BY:

TOPIC NAME: ELECTRICITY TARIFFS

LINES TO TAKE:

- A formal review of Power NI electricity tariffs was completed in Autumn 2011, which resulted in an increase of 18.6% to domestic and Small and Medium size Enterprises (SME) retail electricity prices. While wholesale energy markets continue to fluctuate, the need for any change in retail electricity tariffs remains under continuous review by the Utility Regulator.
- It is welcome that Airtricity and Budget Energy have entered the domestic electricity market in Northern Ireland in recent years, providing a choice of lower tariffs compared to existing regulated tariffs. Competition should be further bolstered as Electric Ireland fully enters the domestic electricity supply market during 2012.
- Larger Energy Users also have a choice of suppliers and tariff structures, and they should utilise guides to buying electricity produced by the Utility Regulator and Manufacturing NI to minimise their energy costs.

BACKGROUND:

1. Power NI is the predominant 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.
4. Formal reviews of regulated energy tariffs are usually held each Autumn. However the Utility Regulator, in conjunction with Power NI, is maintaining 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. Electric Ireland has begun a staged entry to the domestic electricity supply market, with a more pro-active market entry planned later in 2012.
5. The Utility Regulator is currently in the process of agreeing a Price Control with Power NI which will set the company's

regulated income for the next 2 years. Work is also underway in setting the Price Control for Northern Ireland Electricity's regulated income until 2017. Both of these price controls have the potential to impact on the final outturn tariffs for all electricity consumers.

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: OUTPUTS FROM INVEST NI BUDGET 2011-15
ALLOCATION****LINES TO TAKE:**

- Slower than forecast global economic growth and significant uncertainty with regard to the Euro currency has resulted in slower than anticipated investment implementation by a number of large investors. Allied to this has been aggressive bidding on in year capital works projects. These factors have combined to reduce budgetary demand since agreement of the 2010 CSR / Budget settlement.
- As a consequence Invest NI has released in year budget totalling £33m (plus a further £5.6m against which there is significant risk) during 2011-12 to be utilised elsewhere within N. Ireland Departments. This figure also includes an additional £8m of receipts realised by Invest NI, above the figure originally forecast, principally from share and loan investment realisations.
- Despite such surrender Invest NI remains focused on delivering the targets as set out in the Programme for Government. The existing Invest NI proposed budget allocation would enable the promotion of approximately 25,000 new jobs, inclusive of around 6,300 jobs through the Jobs Fund, and R&D investment of approximately £300 million.

RAISED BY:

**TOPIC NAME: THE DRAFT NORTHERN IRELAND
ECONOMIC STRATEGY**

LINES TO TAKE:

- On Thursday 17 November 2011, the DETI Minister launched the draft Northern Ireland Economic Strategy for full public consultation.
- The draft Economic Strategy has been developed by an Executive Sub-Committee on the economy. It includes input from all Executive Departments.
- The draft Strategy proposes an overall focus on export-led growth. Actions have been developed that will deliver the necessary rebalancing of the Northern Ireland economy over the longer term, while also identifying immediate steps to rebuild the Northern Ireland economy after the recession.
- The overarching aim of the Strategy is to improve the economic competitiveness of the Northern Ireland economy, by prioritising export-led economic growth.
- The Strategy identifies measures that aim to rebalance the NI economy by tackling those long-standing structural weaknesses which have hampered growth. It also includes actions aimed at

rebuilding the local labour market to address the impact of the global economic downturn.

- During the public consultation, officials from across Executive Departments will be engaging directly with key stakeholder organisations and the wider public. It is important that those with an interest in the Strategy avail of the opportunity to make their views known.

BACKGROUND:

1. The NI Executive Sub-Committee on the Economy was set up in response to the recommendations made in the Independent Review of Economic Policy. It was established in April 2010 to prioritise action on the economy and oversee the production of an economic strategy for Northern Ireland.
2. The Sub-Committee is chaired by the DETI Minister, other members include Ministers involved in key aspects of economic development policy (the Ministers of DRD, DEL, DFP, DE and the Junior Ministers from OFMDFM).
3. The draft Economic Strategy was published for consultation on 17 November 2011. The closing date for comments is 22 February 2012.
4. The draft Economic strategy outlines the key themes which will drive the rebalancing agenda and increase wealth and living standards across Northern Ireland. These include:

- Stimulate Innovation, Research & Development (R&D) and Creativity to ensure that the NI economy widens and deepens its export base;
- Increase the Skills of the entire workforce in NI to meet the needs of the labour market that continues to be 'skills hungry;'
- Ensure that the NI economy is internationally regarded for its ease of doing business and we compete effectively within the global economy;
- Encourage business growth and increase the potential of our social and rural economies; and
- Develop a modern and sustainable economic infrastructure to help underpin and support the economic vision and growth agenda.

RAISED BY:

TOPIC NAME: DETI – KEY STATISTICS

LINE TO TAKE:

- DETI has a budget allocation of £429m in support of the department's aim, which is to promote the development of a globally competitive economy.
- £214m relates to additional financial provision for the resolution of the Presbyterian Mutual Society (PMS) issue (£225m less £11m receipts).
- Invest Northern Ireland has a budget allocation of £125m. 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 £28m. 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.

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RAISED BY:

TOPIC NAME: SIGNATURE PROJECTS

LINES TO TAKE:

Titanic Signature Project

- 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. A significantly higher number of visitors are anticipated to 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.

Giant's Causeway Signature Project

- The Executive is committed to having world class visitor facilities at Northern Ireland's premier tourist attraction. The Giant's Causeway received almost 500,000 visitors in 2010, ranging from Northern Ireland, rest of UK, Republic of Ireland and international destinations.
- Construction of the new visitor centre at the Giant's Causeway World Heritage Site is well underway with two work packages now complete. The Visitor Centre is on schedule for completion in July 2012.

Walled City Signature Project

- Significant progress has been made on the Walled City Signature Project.
- Forthcoming work includes restoration work on the Guildhall and an Apprentice Boys proposal to build an extension to the existing Memorial Hall to house the heritage centre which focuses on the story of the Siege of Derry, history of the Apprentice Boys and related local culture and history.

Mournes Signature Project

- Work is underway for the implementation of the white on brown signage for the Mourne Coastal Route. In conjunction, work continues to develop and improve various amenity sites and viewpoints along the route.
- NITB has also issued a Letter of Offer for £1.4m to implement two world class mountain bike trails at Rostrevor and Kilbroney in the Mourne Mountains.

St. Patrick's Signature Project

- Work continues to develop and upgrade various St. Patrick/Christian Heritage sites along the St. Patrick's Trail.

BACKGROUND:

1. 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.
2. In March 2010, a funding Letter of Offer was agreed between NITB and the National Trust for £9.25m (which includes £6.125m of EU funding from the European Sustainable Competitiveness Programme) of total project costs equalling £18.5m. Heritage Lottery Fund confirmed a £3m allocation with National Trust providing £6.25m (£2.25m from fundraising).
3. As part of Built Heritage Programme in the Walled City, three restoration projects are now complete; The Playhouse opened in November 2009, First Derry Presbyterian Church & the Blue Coat Visitor Centre officially re-opened on 14 May 2011 and St Columb's Cathedral officially re-opened on 9 June 2011.

4. 11 Letters of Offer issued to date for visitor infrastructure improvements and interpretation along sites on the Mourne Coastal Route.

5. 17 Letters of Offer issued to date for visitor infrastructure improvements and interpretation along sites on the St. Patrick's Trail.

RAISED BY:

**TOPIC NAME: NI AUDIT OFFICE REPORT ON REVIEW OF
SIGNATURE PROJECTS**

LINES TO TAKE:

Delay

- Direct Rule Ministers rightly, did not want to make commitments before devolution. The first Executive recognized the importance of the Signature Projects and included them in its Programme for Government and provided funding.
- Significant progress has been made since then. Many projects such as St Columb's Cathedral and First Derry Presbyterian Church have been completed.
- The two largest Signature Projects, Titanic and Causeway, are very well advanced bearing in mind the time needed for planning, procurement, construction etc.

EU funding for Titanic

- Titanic Signature Building is a complicated project and it is not surprising that clarification questions have been asked.

- DETI are hopeful that these can be dealt with, but financing of the Titanic Building is not at risk.

BACKGROUND:

1. NIAO published a report on the five Signature Projects in December 2011. The Signature Projects are Titanic, Giant's Causeway, Walled City, Mournes and St Patrick's Trail. The NIAO was not able to find any major shortcomings or governance failures.
2. NIAO focussed on a number of areas which are largely matters of opinion. It is critical of what it sees as delays in the implementation of the projects caused by deficiencies in overall project planning; management and governance arrangements; a shortage of funding, particularly prior to 2008-09; time limited funding, match funding issues and inadequate programme and project level performance management.
3. In a number of these areas, DETI was unable to accept NIAO's conclusions and expressed disagreement.

RAISED BY:

TOPIC NAME: TOURISM PERFORMANCE

LINES TO TAKE:

- It is encouraging to report an increase of 6% in overseas visitors to Northern Ireland during January to September 2011 when compared to the same period in 2010.
- It is also very pleasing to see an increase in revenue of 20% during the first 9 months of 2011 compared to 2010, given DETI's aim to grow tourism revenue into the economy and the key objective of increasing spend per visitor per day.
- Visitors from Great Britain to Northern Ireland increased by 6% during January to September 2011, when compared with the same period in 2010, while expenditure increased by 18%.
- During January-September 2011, Northern Ireland residents took an estimated 1.5 million overnight trips within NI; with an associated spend of £121 million.
- The domestic market will be a vital contributor to the long term sustainable growth of NI tourism, and domestic overnight trips are included in the Tourism Strategy to 2020 growth targets for visitor numbers and revenue.

BACKGROUND

1. Tourism is sustainable in times of recession – in the last economic downturn the construction industry shrank by 16.6%, manufacturing fell by 8% however tourism was relatively insulated with a restriction of just 1.7%.
2. Over the next 10 years, the total economic contribution of the visitor economy is set to expand faster than retail, transport and manufacturing.
3. Tourism is worth £529m per annum to the Northern Ireland economy and it is growing.

RAISED BY:

TOPIC NAME: NI 2012

LINES TO TAKE:

- 2012 will be a momentous year for Northern Ireland with a series of significant dates, commemorations and anniversaries.
- The key anniversary will be the centenary of the maiden voyage of Titanic in April 2012 and will of course see the opening of the new £97million Titanic Belfast visitor experience which in itself is a significant marker of the centenary. This will be an opportunity to clearly identify Belfast and Northern Ireland as the home of Titanic.
- NI 2012: our time, our place is an exciting year-long programme of major international and national events.
- The staging of the Irish Open at Royal Portrush presents a wonderful opportunity to showcase golf to prospective visitors in the UK, the Irish Republic and worldwide. Tourism Ireland will exploit every potential promotional opportunity this year in Great Britain, and in other important golf markets, to capitalise on the potential of this prestigious sporting event and have extended their 'Home of Champions' campaign for 2012.

- The Irish Open will be integrated into the NI 2012 marketing activity and be included in all the key communications.
- 2012 offers a major opportunity to change global perceptions of Northern Ireland and reposition it as a place to live, work, invest, study and visit, so the benefits extend well beyond tourism.
- Tourism Ireland's 2012 strategy will see the roll-out of a new three-year global advertising campaign comprising TV, radio, print, cinema and online advertisements featuring locations such as the new Titanic Belfast building, the music scene in Belfast, as well as iconic tourist spots like the Giant's Causeway.
- It will reach over 200 million consumers worldwide in 2012 alone and will present Northern Ireland in a way that clearly differentiates it from our competitors, capturing the essence of a holiday here and highlighting our strengths – iconic experiences, warm, friendly people and value for money.
- An additional £3.8 million has been allocated by DETI to boost Tourism Ireland's NI 2012 marketing campaign in Great Britain.

BACKGROUND:

There is a programme of major events planned for 2012 which includes:

- 7 April – May 2012: Titanic Belfast Festival 2012
- 21 June 2012: Peace One Day concert
- 30 June 2012: Land of Giants event
- 5-8 July 2012: Clipper Maritime Homecoming Festival
- July 2012: A Coastal Installation
- August-September: Giant's Causeway event
- 19 October – 3 November: 50th Belfast Festival at Queen's

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.
- Tourism Ireland and NITB 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.

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.

RAISED BY:

TOPIC NAME: NATURAL GAS - ROLL OUT OF GAS

LINES TO TAKE:

- There are significant benefits to be gained by bringing natural gas to new areas, including greater fuel choice for energy customers, enhanced energy security of supply, reduced CO2 and other emissions, and lower business energy costs, as well as the employment benefits associated with providing new energy infrastructure.
- DETI considers that natural gas continues to provide fuel choice for consumers, and that this choice should be extended, where it is economically viable, to other areas in Northern Ireland.
- DETI issued a three month consultation which ended on 30 September 2011, inviting views on the potential for extending the natural gas network to areas of Northern Ireland which are currently without gas, such as key towns in the West of Northern Ireland and East Down.
- The majority of the responses and acknowledgements, particularly those from the natural gas sector, local industry and the public sector, are supportive of extending the natural gas network and agree that the areas outlined in the consultation, i.e. the main towns to the West and North West

of Northern Ireland and in East Down, represent the key remaining areas in which the natural gas network might feasibly be developed.

- DETI is working with the Utility Regulator to consider how best to take gas network extension forward, in particular with regards to licensing of new areas.

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 has around 10,000 customers connected.
2. The 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 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. Subsequent to completion of the study, the Department issued a consultation in late June 2011 seeking views from

the gas industry and wider stakeholders on the potential for extending the natural gas network in Northern Ireland to areas in the West of the province and to East Down. The 12 week consultation closed on the 30th September 2011 with 29 acknowledgements and responses received, most of which are supportive of extending the natural gas network in Northern Ireland.

4. Extension of the gas network will support the development of a more secure, sustainable and diverse heat market which is not overly reliant on one particular fuel and provides greater choice for consumers and businesses.

RAISED BY:

TOPIC NAME: 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: ELECTRICITY NETWORKS

LINES TO TAKE:

- The Utility Regulator is involved in consideration of proposals from NIE, owner of the electricity grid in Northern Ireland, in relation to the company's 5 year Price Control for the period 2012-2017.
- The bulk of the Price Control includes funding for upgrading of existing electricity assets, includes an amount for the new North-South electricity interconnector, and for grid development to absorb higher levels of renewable generation.
- The scale of expenditure on the grid and the impact on consumers' electricity bills has still to be fully determined by the Regulator.

BACKGROUND

1. A 5 year NIE Price Control for the period 2012-2017 is currently being considered by the Utility Regulator. The Price Control will set expenditure levels for NIE in terms of upgrading of older electricity assets and new infrastructure required for the integration of higher levels of renewable generation.

2. The NIE Price Control submission includes some £607million for general upgrading of the existing electricity grid and associated assets, along with £76million for the new North-South electricity interconnector, and around £215million for integration of renewables.

RAISED BY:

TOPIC NAME: MOYLE INTERCONNECTOR

LINES TO TAKE:

- The Moyle electricity interconnector between Scotland and Northern Ireland was out of service for a number of months in the latter half of 2011, after developing 2 cable faults.
- Work to repair both cable faults is well underway, with Mutual Energy, owner of the Moyle, having procured the services of a specialist repair ship the North Sea Giant.
- Completion of the repair work has been delayed due to poor weather conditions in the Irish Sea, however the first cable repair has been completed and the first Moyle line returned to operation on 18 January 2012, which has seen 225MW of power transfer capability restored between Northern Ireland and Great Britain.
- Work is progressing well on the second pole and will take a further six/eight weeks to repair.

BACKGROUND:

1. The Moyle electricity interconnector between Scotland and Northern Ireland sustained 2 cable faults in the second half of 2011 resulting in both 250MW cables going out of service.
2. The Moyle is owned by Mutual Energy and the company has procured a specialist repair ship, the North Sea Giant to complete the repair work. One cable fault is at 140metres depth in the Irish Sea, and the other fault is in much shallower water closer to the Scottish coastline. Repair costs are currently estimated at some £10 million for each cable repair which Mutual Energy expect will be covered by insurance.
3. The repair work has been delayed due to heavy seas as a result of stormy winter weather, but the most difficult repair was completed on 18 January 2012, allowing the return of 225MW of power transfer between Great Britain and Northern Ireland.
4. The Department has been in regular contact with the power generators, Mutual Energy, and the electrical system operator SONI, in respect of managing Northern Ireland's security of electricity while the Moyle remains unavailable and there are currently no concerns regarding this.
5. It is too early to say what effect the absence of the Moyle interconnector will have on electricity prices, eg. in relation to

not being able to receive electricity from GB, however Mutual Energy advise that they expect the significant cable repair costs to be covered by their insurance.

RAISED BY:

TOPIC: NORTH-SOUTH ELECTRICITY INTERCONNECTOR

LINES TO TAKE:

- A new line is critical to meeting the Executive's 40% renewable electricity target by 2020. It will play a key role in facilitating growth of green economies and resilience of grid.
- It is also an important part of creating a France–UK–Irish Republic regional wholesale market.
- Lack of a second transmission line is causing costs of £18-25M per year in the Single Electricity Market due to transmission capacity constraints that restrict use of the most efficient generating plants in the market. This affects consumers on both sides of the border.
- The new Irish government undertook in its programme for government to appoint an independent expert commission to review again the case for, and cost of, undergrounding all or part of its section of the line and to report within 6 months of appointment in July 2011. It will be for the Irish Government to decide on publication of this report.
- The review findings will be key to progress on upgrading of the Northern Ireland and Irish Republic transmission networks, and we are keen that the review does not lead to further delay in the public inquiries into the line.

Background Note:

- PAC inquiry on Northern Ireland section of the line opens on 6th March 2012. EirGrid is likely to re-submit its application for the RoI section in the first quarter 2012. Notwithstanding the planning decision the new line could not be built before 2016/17.

RAISED BY:

**TOPIC NAME: ENERGY SUPPLIER OBLIGATION FOR
NORTHERN IRELAND**

LINES TO TAKE

- As indicated in the 2010 Strategic Energy Framework, DETI is currently considering an energy supplier obligation which could offer significant new energy efficiency opportunities for Northern Ireland.
- A contract was awarded to a consortium, AEA Technology and Cambridge Economic Policy Associates (AEA and CEPA), on 22 August 2011, and the final report is currently being considered by the Departments involved.
- This work is being guided by the Energy Efficiency Sub Group of the Sustainable Energy Inter Departmental Working Group. AEA and CEPA considered the Northern Ireland energy efficiency “market”, appraised a set of options as part of that process. They also took stock of the GB scene including the Green Deal and the Energy Company Obligation (ECO).
- Any option selected as being suitable for Northern Ireland would also have to be able to align with the Green New Deal proposal which DSD is currently considering.

- On the basis of the report on this study DETI will be preparing a consultation document which should be ready in Spring 2012.

RAISED BY:

TOPIC NAME: GROWTH LOAN FUND

LINES TO TAKE:

- A new £50 million Growth Loan Fund is being established by Invest NI to support Small and Medium Sized Enterprises (SMEs) in Northern Ireland with growth potential.
- The Fund aims to generate £150 million sales growth each year in SMEs and safeguard / create over 2000 jobs over a 10 year period.
- Invest NI will provide £25 million – intended to be principally financed by European Regional Development Fund (ERDF) under Sustainable Competitiveness Programme for NI.
- NILGOSC, which administers Local Government Pension Schemes in Northern Ireland, has agreed in principle to provide additional £25 million private match funding.
- The Fund will be available to businesses demonstrating sales and profitability growth or strong growth potential.
- The Fund will be targeted at businesses currently exporting and those that wish to expand in international markets.

- Loans, primarily unsecured, of between £50,000 and £500,000 to businesses in manufacturing / tradable services only.
- Borrowing terms and repayment structures will vary on a case by case basis and will be negotiated by the fund manager.
- The Fund will be managed on a fully commercial basis by a Financial Services Authority (FSA) authorised fund manager.
- It is anticipated that the Fund Manager will be appointed in February 2012 and that the Fund will be live and operational at the end of March 2012.

BACKGROUND:

- The proposed Growth Loan Fund represents a key component of Invest NI's Access to Capital strategy that aims to promote the availability of over £100 million of risk capital to SMEs based in Northern Ireland over the next six years.

RAISED BY:

TOPIC NAME: SMME LOAN FUND

LINES TO TAKE:

- A new £5 million Small, Micro, Medium Enterprises (SMMEs) Loan Fund is being established by Invest NI.
- The proposed SMME Loan Fund will be 100% funded by Invest NI with no private monies. Loan repayments will be recycled within the Fund.
- Loans, primarily unsecured, will be between £1,000 and £50,000 and be available to the wider customer base, including social enterprises that can demonstrate viability.
- Mentoring support will be provided to businesses where lending is less than £15,000.
- Borrowing terms and repayment structures will vary on a case by case basis and will be negotiated by the fund manager.
- Fund will be managed on a fully commercial basis by FSA authorised fund manager

BACKGROUND:

- The proposed SMME Loan Fund is a component of Invest NI's Access to Capital strategy that aims to promote the availability of over £100 million of risk capital to SMEs based in Northern Ireland over the next six years.

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.

- Invest NI has held a number of 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: BOMBARDIER C SERIES PROGRAMME

LINES TO TAKE:

- Bombardier has completed and commissioned 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 ¾ scale Wing Test Demonstrator rig has been used to conduct thousands of complex tests on the composite wing structure for the aircraft.
- 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 significant opportunities in the local aerospace supply chain.
- The C Series project is progressing on schedule and is already employing over 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: BUSINESS START PROGRAMME TENDER /
ENTERPRISE NORTHERN IRELAND (ENN)**

LINES TO TAKE:

- The DETI Minister acknowledges the work of the local enterprise agencies and their position within local communities. However, it is in the public interest that Invest NI and other public bodies apply appropriate procurement processes when purchasing services, particularly when these could be delivered by a range of providers.
- In line with best practice in public procurement and to ensure fairness and transparency, the tender process and assessment for the Business Start Programme was facilitated through Central Procurement Directorate. As the process is now subject to legal challenge, it would not be appropriate to comment further on tender process or award decision.
- Invest NI is not currently delivering a Business Start Programme and is prevented from doing so unless Enterprise Northern Ireland withdraw their legal action or until the legal process runs its course.
- Invest NI has put in place appropriate arrangements to respond to enquiries and to ensure that those individuals with an interest

in establishing their own business are able to access relevant advice and guidance during the period of delay.

BACKGROUND

1. Enterprise NI (ENI) has challenged the result of the tender process for the award of contract for Invest NI's Business Start Programme. Invest NI and CPD are defending the action, which is expected to go to trial in March 2012.
2. Invest NI is not delivering a Business Start Programme but has put in place appropriate arrangements to respond to enquiries and to ensure that those individuals with an interest in establishing their own business are able to access relevant advice and guidance during the period of delay. This is part of Invest NI's core role.
3. The interim service provides 1:1 advice, business clinics and business plan support and is delivered through Invest NI's Regional Office network. This is provided by existing Invest NI staff with many years experience in providing advice and support to both individuals and businesses.
4. In addition, and as part of ongoing work on the Jobs Fund, Invest NI is focusing on outreach/development activities in Neighbourhood Renewal Areas and for individuals Not in Employment, Education or Training (NEETs).

5. Invest NI continue to advertise to stimulate the public interest in starting a business, Invest NI will respond directly to all enquiries generated.

RAISED BY:

TOPIC: REGIONAL AID

LINES TO TAKE

- The European Commission has commenced its consultation process with Member States to agree the State Aid rules for Regional Aid post 2013. DETI officials, along with their counterparts in Scotland and Wales, are working closely with BIS officials to ensure the interests of the devolved administrations are fully and appropriately reflected in the UK's interactions with the Commission.
- In parallel to those discussions, Business for Innovation and Skills (BIS) has recently consulted on Revisions to the Industrial Development Act (1982), and specifically the potential removal of Northern Ireland's automatic assisted area status.
- The Executive has significant concerns with the BIS proposal to remove Northern Ireland's 100% assisted area status, and has responded robustly to the BIS consultation to ensure that the best possible outcome is achieved for Northern Ireland in terms of Regional Aid ceilings and coverage. We await the outcome of this consultation.
- Whilst Regional Aid is just one of the economic tools available to the Executive and other tools, including the devolution of the

power to vary Corporation Tax to NI are being explored, we recognise that Regional Aid will remain an important tool.

- Therefore, DETI are keen to ensure that, post 2013, Northern Ireland's continuing unique circumstances are reflected in the revised Regional Aid Guidelines.

BACKGROUND

1. The European Commission (EC) has commenced its consultation process with Member States to agree the State Aid rules for Regional Aid (RAG) post 2013. The new RAG is expected to cover the period 2014 – 2020.
2. Whilst this issue is seen as being a 'reserved' matter, in which BIS is in the lead, DETI officials, along with their counterparts in Scotland and Wales, are working closely with BIS officials to ensure the interests of the devolved administrations are fully and appropriately reflected in the UK's interactions with the Commission.
3. The UK recently received a non-paper on the Revision of the RAG from the EC for discussion at the first formal multilateral meeting with experts from Member States, due to take place on 8/9 of February 2012. DETI officials are currently discussing the content of this non paper with counterparts in BIS, and will be represented at the multilateral in February.

4. In parallel, BIS has recently consulted on Revisions to the Industrial Development Act (1982), and specifically the potential removal of Northern Ireland's automatic assisted area status.
5. Post 2013, the key issue is that BIS is now of the view that all of NI does not merit automatic Assisted Area status, because this would result in relatively prosperous areas of Northern Ireland, such as Belfast, being eligible for Regional Aid when less well off areas in the rest of the UK (measured in terms of GDP per capita) are not.
6. Therefore, whilst NI is still expected to be eligible for Regional Aid post 2013, unless the United Kingdom agrees that all of NI can again have automatic Assisted Area status, Regional Aid will only be available in designated 'Assisted Areas' and these geographic areas will cover less than 100% of NI's population.
7. The Executive has significant concerns with the BIS proposal to remove Northern Ireland's 100% assisted area status, and along with other key stakeholders, has responded robustly to the BIS consultation to ensure that the best possible outcome is achieved for Northern Ireland in terms of Regional Aid ceilings and coverage. The outcome of this consultation is anticipated in February 2012.
8. When the outcome of this consultation is known, the UK intends to discuss specifically with the Commission the

ongoing treatment of Northern Ireland, given the special treatment it was given in previous rounds of Regional Aid.

9. Junior Ministers Anderson and Bell met with Director General Italianer, DG Competition in Brussels in October 2011 to raise the importance of Regional Aid in developing the NI economy and to discuss how Northern Ireland might be considered as a 'special case' in light of its ongoing and unique situation, in order to consolidate the progress already made in addressing Northern Ireland's difficulties. DETI is currently considering how best to further engage with the Commission on the issue.

10. Over the next 12 months, DETI expects the EC to issue revised drafts of its post 2013 RAG and hold a further multilateral with Member States. The EC is aiming to adopt the post 2013 RAG before the end of Q3 2012. Then, during 2013, Member States (i.e. the UK) will have to draw up their 'Assisted Area' maps and submit these to the EC for approval. Finally, on 1 January 2014, the new RAG will come into effect.

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 Northern Ireland Executive (DARD) funds being examined.
- Discussions ongoing with BDUK 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: NORTHERN IRELAND EXECUTIVE SPEND
PRIORITIES 2011-2015 – NEXT GENERATION
INTERNET APPLICATIONS**

LINES TO TAKE:

- £5M allocated to DETI under Budget 2010 to build on the legacy of direct international connectivity and widespread next generation broadband coverage to develop Northern Ireland as a base for delivery of next generation internet applications.
- Funding allocated for 2014/15 and work to examine investment opportunities will commence in 2013.

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).