



Northern Ireland
Assembly

Committee for Finance

OFFICIAL REPORT (Hansard)

Overview, Priorities and Business Plan 2016-17:
Mr Máirtín Ó Muilleoir MLA (Minister of Finance)
and Department of Finance Officials

8 June 2016

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Members present for all or part of the proceedings:

Mrs Emma Little Pengelly (Chairperson)

Ms Claire Hanna (Deputy Chairperson)

Mr Jim Allister

Mr Jonathan Bell

Mr Paul Girvan

Mr Gerry Mullan

Mr John O'Dowd

Ms Caitríona Ruane

Mr Philip Smith

Witnesses:

Mr Ó Muilleoir

Minister of Finance

Mr David Sterling

Department of Finance

The Chairperson (Mrs Little Pengelly): I take the opportunity to welcome the witnesses and the Minister to his first appearance as Minister before the Finance Committee. I also welcome David Sterling, who is the permanent secretary of the Department of Finance. It is down in my notes that Mike Brennan is joining you.

Mr David Sterling (Department of Finance): He will be here for the next session.

The Chairperson (Mrs Little Pengelly): OK. You are very welcome. I invite the Minister to make a short opening statement.

Mr Ó Muilleoir (The Minister of Finance): Thank you, a Chathaoirligh, Madam Chairwoman, for the invitation. I am used to being on the other side of the table, which was a much easier place to be, but I am delighted to see that you had a short meeting last week and have got down to business. I believe that you are already discussing my trip to New York. I was stopped by Homeland Security; they said that Mr Allister said that I had the chequebook with me, which is wholly untrue. My intention in the time ahead is to work constructively with the Finance Committee. There is a challenge obligation on the Committee, which we will enjoy, but there is also an obligation to work constructively with the Department and Minister. Although some people may pretend that the Ministers have all the answers, of course we do not. It is up to us to have a constructive, cordial and collegial working relationship, and we will sort out the challenge stuff at the same time.

I do not want to go into detail on the different sectors of work, but let us talk about some of the guiding principles, which go back to what we said at the last Committee. I do not think that I will say anything

that people here will disagree with. It is my intention to focus on job creation, wealth creation and building the peace. My job, as Finance Minister, is to make sure that we have the fiscal firepower to do the things that we want to do. We want to do those things because we believe that our people not only are entitled to world-class public services but are ambitious and confident.

The proof of the piece, as you will know, Madam Chairwoman, is seeing something at the bottom of your street that says, "new school", "new training centre", "new social economy hub in Sandy Row", "new tunnels project in the Markets" or whatever. That is the broad outline: let us create a jobs-rich economy with opportunity for all. You know, from the work I did previously on the Finance and Personnel Committee and what we have been saying since the election, that I have special interests. Number one is to make sure that everyone enjoys the peace dividend, especially the working-class communities. I have said it before, but the fault line in all our efforts for peace is that we have not delivered enough for Tigers Bay, the New Lodge, the Creggan or the border region. I want to focus on that as well and find ways that we can, together as a Government, lift those areas as well. There has been a peace dividend, there has been change, but there has not been enough change.

As well as that, I have spoken to colleagues in the Executive and outside and discussed growing the funding pie. You know that I have a resource budget of around £10 billion and a capital budget of around £1.5 billion, but that does not really match the scale of the ambition of our people. The Northern Ireland Science Park alone wants £100 million to build the next phase of that wonderful hub and oasis of innovation and fintech, and it is, I suppose, the hub of our knowledge economy. That is only one project. We need to grow the funding pie, and, in that, you will not be surprised that my first port of call will be our colleagues in London, but I will also talk to my counterpart Minister Noonan. The Irish Government have made some commitment on roads and other matters around the north-west gateway in Derry/Donegal. I would like them to dig deeper, to double down. An early call that I will make is to the European Investment Bank (EIB). We need to grow the funding pie, and I want to look at innovative ways of borrowing. You will remember that, some years ago, different agencies approached government and said, "We think we can lend you some money to do good work, deliver projects that have a revenue stream attached and therefore can service their debt and give a return to society".

I want to defend the Budget we have. Believe me, Chair, that will not be easy because it is under daily assault from our friends in London. However, I want to defend it and grow the funding pie. In that regard, you know and I think it is true of all the Committee — certainly, it was true of all the last Committee — that it is opposed to austerity. We think that austerity is a self-defeating ideology and that the more austerity is heaped on our society and people, the more difficult it is to build confidence and create the jobs that we need to move forward.

I am proud of the fact that the last Executive made the battle against austerity a key objective. We capped tuition fees and blocked water and prescription charges. We have tried to ensure that there are mitigations — the most generous mitigations on these islands — against the welfare cuts. However, all that is not enough. I know that the Committee focuses on different things. When I was on the Enterprise, Trade and Investment Committee, we focused on growing the economy and getting a different tax environment. This Committee focused on the National Assets Management Agency (NAMA) last time. I hope that, in the time ahead, we focus on austerity and that we really push back harder. I know that some of us think that we pushed back hard against the austerity agenda, but I would like us to push back even further in the time ahead. In that respect, Chair, I want to work more closely with our friends in Scotland and Wales, and I will travel next week to meet my fellow Finance Ministers. However, there is a role for the Committee as well.

To finish — I am not going to leave you just yet — I will be relentlessly positive. We will be ambitious and prudent. There used to be a stereotype here: when Mr Wells was here, I would refer to feckless Catholics like me and dour but prudent Presbyterians like him. The reality is that everyone around the table wants to make sure that every penny is spent wisely, that we get maximum bang for our buck and that we all act with maximum caution when spending public money and make sure that we get full value for our people. Do not be held back. Let us not restrain ourselves or cap our own ambition. Let us move forward to support economic growth and support the ambition of our communities.

That is a statement of what some people might call values, but certainly that is the architecture of my approach, Chair. Thank you for inviting me here.

The Chairperson (Mrs Little Pengelly): I thank the Minister for his opening remarks. I can assure you that, on both sides of this table, we want to work in a constructive way with the Department. Everybody is here to try to shape and improve policy. As well as that, we will take our scrutiny role

seriously. We will raise some issues with regard to the role of the Committee with Finance, particularly around the Budget processes. A particularly important and useful role that the Committee can play as part of that process is around consultation, as well as the capturing of ideas about the way forward.

You mentioned the challenging fiscal and budgetary environment in which we find ourselves. We have had contracting budgets year on year, as opposed to increasing budgets. That makes it particularly challenging when there are competing priorities and needs across all of the Departments. You spoke a little about some of the ways in which we can look at growing the amount of money that we have to distribute. I know that some members will come in later in relation to some of the remarks that you have made about borrowing. There are two ways in which we can look at working our Budget better, the first of which is around borrowing or revenue raising. Some people have concerns around having the money to pay that back. Sometimes, people do not always have cognisance of the fact that money today needs to be paid back in the future with interest. It would be interesting to hear a bit more about some of the innovative ideas that you have around that. The second way that we can do it is around transformation, which is a key role and responsibility of the Department of Finance. Have you considered your approach to the transformation responsibility that you have in the Department or considered some ideas about how transformation in our public services will bring about the necessary savings to free up money for some of the other priorities that you have identified?

Mr Ó Muilleoir: That is a big challenge, and there are no easy answers, but we have seen transformation in our approach to government. We have seen a real understanding across government that every penny needs to be spent wisely, that the public want to make sure that where we initiate schemes they are followed through and make a real difference. An interesting part of our journey of transformation is that the public understand that it is not just about money; they understand that there can never be enough money to do all of the things that government and all of the Departments wish to do. That is a truism. People also realise that you can spend extra money in certain areas and not get that bang for your buck. If we are going to spend money regenerating inner-city Belfast or inner-city Derry, trying to regenerate the economies along the border or improving the health system, we need to make sure that money is spent in a way that is innovative, gets maximum value for the public and makes a difference to people.

In the short period that I have been in post, I have been deeply impressed by the civil servants whom I work with. There are now 17% fewer staff in my Department than there were 12 months ago. Everyone is up for the mission of transforming society and building a shared and prosperous future. I have not sent out any challenge. We have had a lot of challenges since I came in, and I have been asking people if we can do things differently, because I think people want more delivery in the time ahead. I have not seen any push back against that. Is there a mood for transformation among the public sector, among our public servants? I think there is. Is there a mood for transformation and better outcomes among the community? We know there is, because every party stood and was elected on the basis of greater change in the time ahead.

I suppose you and the Committee will have a role in identifying how best to build for the future. I can assure you, speaking on behalf of my Department and the approach that we are taking in every other Department, that we are not afraid of change, if it brings more positive outcomes. "As you were", in my opinion, is not good enough. We did tremendous work here, but "as you were" is not good enough, because the people out there want to see more and swifter delivery in the time ahead.

The Chairperson (Mrs Little Pengelly): Connected to that, I am very enthusiastic about the new approach in the Programme for Government, which is an outcomes-based approach. It is also an evidence-based approach with regard to what it is that we want to achieve and how we get there by looking at the evidence and best practice. Last week, we had a brief conversation around the What Works centres. It is one of the many examples of innovative ideas around looking at public services and the way we do business and trying to do it in a different way. I know that we will be corresponding with the Department on the What Works centres and initiatives like that.

As a big supporter of the outcomes-based approach, I know that one of the big challenges, previously, when we used this across government, is that Departments tend to focus on what it is that Departments do. Although OFMDFM — now the Executive Office — and the Department of Finance sit almost at the centre trying to coordinate that process, it can be difficult to get Departments to work constructively together. When we started to try to use that outcomes-based approach for the likes of Together: Building a United Community, there were real challenges with that, particularly around the confines around vires, ambits and collaborative budgets. As we move to put all of our business on that footing, have you considered trying to use innovative budgetary devices or mechanisms to

encourage better joined-up working, being conscious that educational underachievement, good relations and growing the economy are not siloed departmental issues?

Mr Ó Muilleoir: I know that that is not a euphemism for cuts, because that is not what I want to see in the time ahead. I have to say that, although we all are critical of silo government and silo Departments and that is a word that is used often in government, I have found a willingness to work across departmental boundaries. I have not seen "I will defend my departmental empire at all costs". I am in the maw of the June monitoring round, and I do not want to be too naive, but, by and large, I have found that every Department understands that, if it bids for resources that could be better used somewhere else, it is not really of any benefit to the greater number of people in this society. If we could stop that and have everybody realising that the money that we spend needs to be used for the greater good and is not about your Department, that would be a step forward.

At this stage, am I heartened by the approach in the monitoring round? Yes. We have a tough Budget ahead, and we have to align it to the Programme for Government. Again, if we have that cooperation, there is really no sense in one Department saying that it will take resources that could be better used in another Department to deliver the outcome. I am not sure; maybe I am an innocent abroad.

The Chairperson (Mrs Little Pengelly): You are cautiously optimistic, is that right?

Mr Ó Muilleoir: I am more than that: I am very optimistic that we will see a new approach in government over the next five years, and I hope to be at the helm of the Finance Department during that time. I am not sure whether everyone would agree with this, but I feel that there is a new tone and temperament and atmosphere about the place. I spent the dark year here when we spent the best part of a year getting very little done because of the things that divided us. Now, I feel that there is a genuine desire among the greater number of people here, whether they are in opposition or not — the Opposition will have their job to do — to get it done. They say in Irish, "Ná habair é; dean é" — "Do not say it, do it". I feel that that is the attitude of the bulk of our colleagues in the Assembly and of the bulk of our civil servants.

The Chairperson (Mrs Little Pengelly): I suppose that the challenge was not so much about not bidding against another Department for a set of resources. I will give you an example. Under Together: Building a United Community and our interfaces project, the owner of the project at that time was the Department of Justice. Together: Building a United Community and good relations policy was then sitting with the Office of the First Minister and deputy First Minister. The difficulty is that, if there is a project that touches on interfaces and good relations and straddles the ambits of a number of Departments, who bids for those funds and who prioritises that? If somebody bids for those funds, how do they work with the vires that they require from other Departments? In my previous role, I found that to be quite a challenge to work across that. At the time, it struck us that we could perhaps look at a collaborative budget and learn from the experience of the Executive funds, which I think worked well on some bits but not on others. How can we encourage that type of work? Growing the economy brings the same challenges to Departments as well, as it crosses a number of Departments.

Mr Ó Muilleoir: Since you brought it up, I need a favour from Peter Weir. I was at a wonderful project this morning at the bottom of the Falls Road: St Comgall's. There has been a logjam with it for a while, and now we are very close to releasing £7 million to really transform that lower part of the Falls Road — a road that saw a lot of suffering and hurt — and really make the St Comgall's project a beacon of the peace. You are right: the issue is exactly that it is held in the Executive, but the Department of Education has a little piece of work to do. That is one of the examples, and I am confident that Minister Weir will be able to do that work. It is exactly what you are speaking about.

We need people to think about the greater good. It cannot be about trying to stall a project. We cannot always say yes, but we should try to say yes more often in Departments, rather than have letters going into Departments and sitting there for three months and people saying, "No" and then having to go around in circles until someone says, "Yes". I do not know if the man from Del Monte says, "Yes", but we could try to say "Yes" a little more often and see the bigger picture. Let us see the bigger picture rather than a reason to block this or that. I will not name some of the Departments that I have worked with in the past. Like you, Chair, I have had them in my constituency and getting minor things seems like you are moving heaven and earth.

One of the great tests — you know this, Chair — is whether we can deliver expeditiously. If we are going to bog ourselves down in turf wars, doing things in ways that are not innovative and did not make sense, we will fail in that task. I am confident that we will not fail in that task.

The Chairperson (Mrs Little Pengelly): Before I open the discussion for questions, I want to briefly raise the memorandum on the Budget process, which I think had been at a very advanced stage in the previous mandate. We received the timeline for the Budget process from your Department and were surprised that not much account seemed to be taken of the role of the Committee and its value in contributing to what will become the final Budget. I think that we will be coming to you with a few more ideas about how we can play a more constructive role — or a role — in what you have set out. We think that that would be greatly helped by advancing the memorandum that sets out and formalises that constructive engagement between the Committee and the Department. Do you have any thoughts about how you will move that on and work more closely with the Committee?

Mr Ó Muilleoir: I do not want the Committee to think that I have ditched it now that I have moved on to another post. I will make the same argument as I made when I was on the other side of the table: we need a memorandum of understanding. We have kicked the ball back into your court. You will have to come back and tell us how you would like to change the legislation in relation to a proper consultation role on the Budget. I have no fear of that. There is an opportunity for the Committee to examine, scrutinise, look at and suggest other ways on the best way forward.

Time is of the essence, so we look forward to hearing from the Committee on how we could change the legislation on the Budget so that you could have a bigger say. From both sides of the table — the side that I was on and the side that I am on now — greater cooperation between the Committee and the Minister and Department on the Budgets would be beneficial.

The Chairperson (Mrs Little Pengelly): OK. We will take that as a commitment. I will go to the Deputy Chairperson first.

Ms Hanna: Thank you very much. It is great to see you here. Good luck. You have a big job, probably the biggest, and I think that we all want to work constructively with you.

You have talked about defending and growing the funding pie, and I think that we will all be with you in the defending as well as the growing. Do you have any flagship ideas about revenue raising from your Department, or has a conversation happened in the Executive about how we might work on the growing aspect of things?

Mr Ó Muilleoir: You know some of the proposals that Sinn Féin had and that I carry with me into the Department. I will see if they can be realised. The first point is that we should not be afraid of exploring options, other than those that we have ruled out. We have ruled out domestic water charges, and we stand by that. We have also, by and large, ruled out prescription charges, although I know that Mr Wells had a suggestion about that. We have set some things to the side, but the rest of the ideas are open. I am still of the opinion that, if you live in a home that is worth £1 million and someone else lives in a home, as you and I do, that is less than £400,000 — that is where we cap it — there is no reason why —

Ms Hanna: It is considerably less in my case.

Mr Ó Muilleoir: It may be considerably less in your case; it is considerably less in my case as well. It does not make sense to me that the person who lives in a house worth £100,000 — I suppose that any of us would be lucky to get a house for £100,000 nowadays — subsidises the person who lives in the million-pound house because domestic rates are capped at £400,000. That cannot make sense. It may have made sense back in the day amidst the recession, when there was so much financial pain out there, but it cannot make sense in 2016 at a time of austerity. As you know, many of my constituents and many of my supporters live in million-pound houses, but I do not see them objecting to paying their fair share. Let us look at that £400,000 cap on domestic rates and see if there is room there. I think that there is. We have tasked officials, early days, to look at that.

I have to say another thing. It beggars belief that Cerberus could hold onto the 16-acre Sirocco site and pay nothing. That site landlocks the city centre, preventing it from growing out. It is on the river, so it could be a green park area or a river walkway. It could be just a tremendous asset for the city. The Sirocco site went through the crash several times, but our friends in Cerberus — probably one of the wealthiest vulture funds in the world — ended up capturing that 16-acre site in the centre of Belfast

and paid zero — zilch — because it is derelict land. I am really opposed to that. It actually stops construction.

Look at some of the sites in our constituency, Claire. On Wellington Park, four or five homes in a row were bought by a speculator who went bust, so the site sat undeveloped. That had a detrimental impact on the street and really held back the entire area. Yet the person who owned those derelict homes, which again went through many ownerships, paid no rates on them. I believe that they have a vacant home property levy in Dublin now. If we raised revenue on those, it would do two things. One is that it would bring in some money that we could spend on our ADHD centre on Eglantine Avenue, St Comgall's school, which I mentioned earlier, hip operations or whatever. As well as that, it would encourage developers, speculators or those who are land hoarding to get people to work.

Last week or the week before, I visited the school of law at Queen's University. Impressed as I was by the £25 million being invested in the school of law and a student hub for graduate students, the most impressive thing was the 100 people working on the site. Plasterers, brickies and painters are all in good employment, working for Felix O'Hare & Co of Warrenpoint, and are enjoying a fairly good run of maybe 18 months of full employment. Anything that we can do to get cranes above Belfast again is good.

Those are two areas. I can talk about borrowing, if you wish. I am not sure how rapidly we can move, but it seems to me that, in both those areas, we should try to realise the wealth of a productive asset. We should not sit back and let whoever owns a valuable asset like, for example, Sirocco — I think that it may have gone through; it may no longer be in Cerberus — make no contribution to the city by paying any tax, levy or rates on the land.

Those are early thoughts, but will that be enough to fulfil the ambition that we have? We need to look at other avenues as well. I have said to colleagues that, if we do not get a different funding settlement from our colleagues in London, we face a 4-5% reduction in real terms in the resource budget between now and 2021. There will be an increase in capital, but how do we fill that gap? That is a question for the Opposition, for the Committee and for everyone. We cannot continually go back and ask our citizens to live in an environment of cuts. I said earlier that I wanted to be a Minister for investment and building, but I also want to be a Minister for fair play. If you live in a home that is valued at £1 million, really you should not be asking someone who lives in a home valued at £100,000 to subsidise you.

Ms Hanna: I know that Members will come back on that, because I think they have questions about the borrowing as well. Those are the two ideas that you will take forward in the first instance. Probably the latter has more potential than the former. Certainly, I am only familiar with the Belfast figures for a land value tax.

The small business rate relief is semi-related. I think that many people will be aware that it is a fairly blunt instrument in its current form. I am sure that corporation tax will come up later. I have long been of the view that we are building castles in the air there until we get right the tool that we have in our hands, which is our rating policy. It is not working well for a lot of small businesses, particularly those in our constituency. I know that there are some good ideas about recalibrating the small business rates relief: is that something that you might take forward? Obviously, the businesses that are going to the wall are not helping to strengthen our rates base, except potentially through the land value tax. Hopefully, we do not take them to that point.

Mr Ó Muilleoir: You will be aware that Scotland has a more generous dispensation for the really small businesses. Those with a net annual value of less than £10,000 do not pay anything at all. Our rate relief is a bit higgledy-piggledy at the minute, and we have discussed that in Committee. I have a meeting on Friday morning with the head of the rating division about starting a really serious probe into how we focus our efforts more to ensure that, if they want to start or run small businesses, which are the backbone of our communities, people are not carrying an undue rates burden.

It distresses me that so many of our towns and villages have a lot of empty property in the middle. Maybe the derelict property rates will tackle part of that, but it is more than that: people are deciding that they are not even going to try to open a business. I have always said that we sometimes look at rates as a way in which to raise money to do other things; I think that we can use that tax in a way that also has a beneficial impact on communities. Back in the day, Belfast had enterprise zones in which nobody paid any rates. We may not do that, but I am in favour of having a geographical focus. Last year, I was on Portadown high street, which has been one of the victims — I am not sure whether it is just as bad today — of having shops close down and people move out. The domino effect is that no

one wants to have a shop beside an empty shop. How can we use the rates to say, "Let's take Portadown high street. Instead of taking a spray-and-pray approach to rate relief and try it for everybody, if we were to focus our efforts on rate relief there, would it make a difference?". Our friends in Oxford Economics looked at that. There are competing arguments, but someone will have to come up with an idea to revive and regenerate town centres and villages. Members here have a broader geographic spread than I have, but I have been in some towns that seem to be fairly hard hit.

Ms Hanna: I have a couple more things, but I do not want to hog the conversation, so I will take my chances in the questions for oral answer ballot.

Something that seems to be in your work plan is the issue of management companies for apartment dwellers. There has been no movement on regulation for that even though there is regulation down South and across the water. At the moment, there are people in difficult situations with those management companies, but there is no legislation to allow them to take action. Is that something that you plan to take forward?

Mr Ó Muilleoir: I declare an interest: my mother is on the warpath. She had a life of living in a Housing Executive home and then her own home. She ended up in an apartment, and she thought that someone would come and fix everything. Of course, that is not the case: you are part of a group, with an agent who comes and fixes things. There are ways in which we lag behind, and I would like us to catch up. Whether or not it was a good idea, especially in Belfast, to build so many apartments, I want us to work hard at trying to create a faster, more effective and more people-focused response rather than sitting for years, in some cases, after something new happens. You and I know about it from the Holylands, for example, where we, as a society and as politicians, allowed the houses in multiple occupation (HMOs) situation with students. We did not exert any controls on that, and we then reaped the results that we know today. I am sympathetic to those who live in managed apartments. We need to rise to their challenge faster. It should be a much more enjoyable experience to live in an apartment. It should be as enjoyable to live in an apartment in Belfast as it is to live in one on the Continent, but it is not.

Mr Smith: First, Minister, I congratulate you on your role. I wish you well in the future.

The Deputy Chair has already talked about increasing the funding pie and the potential for debt around that. The Public Accounts Committee previously produced a report that stated that there was:

"no published and transparent borrowing strategy underpinning the Executive's budget process."

I know from previous comments that you have made that you have been having conversations with the Treasury and were keen possibly to expand our borrowing capacity. How is that going? How are you progressing with that? Secondly, can you assure the Committee that borrowing in the future will be for capital purposes only and not to underwrite revenue? Thirdly, you have already said that we are in a tightening revenue budget situation going forward to 2021 with a 4.5% reduction. Obviously, borrowing, even if it is for good investment in capital, requires interest to be paid, which will further eat into our departmental expenditure limit (DEL) budget. How do you think we might square that circle?

Mr Ó Muilleoir: Philip, thank you. We should not be afraid of exploring all the options. That is the first point. Secondly, we should not be afraid of taking on more fiscal powers. It is my opinion that, as a people, to be masters of our own destiny, we should be able to control all the fiscal levers, whether it be income tax, stamp duty, corporation tax or air passenger duty (APD). We should control those here, and we should take the decisions on them. That is always my starting point. We should not have someone in the Treasury saying to us, "This is your cap. You will live by it, because we know better than you". I believe that we together, including our friend from Strangford, our friend from South Belfast and our friend from South Down, have the genius and the ability to make decisions in the interests of our citizens. The last time I looked, the Conservative Party representative who stood in South Belfast did not get over 150 votes. My attitude to fiscal levers is that we should be the people who decide how those powers are used or not used. That is number one, and that goes for borrowing as well.

I do not think that anyone here is suggesting that we borrow to waste or to meet resource pressures, but nor do I think that anyone here would argue against finding a way in which to find £100 million for the Northern Ireland Science Park, with its continuing development of space for fintech and tech start-ups. In fact, it comes to us and says, "Of course we can repay this. Here is the funding stream. This is how it will work".

The other great example is housing associations, and I hope that we can do something shortly for housing associations that want to build but have difficulties borrowing to fulfil their ambition. My view is that we have to be innovative. The European Investment Bank is a friend, in my view. I speak as someone who once borrowed from the European Investment Bank and paid it back. I think that it gets what we are trying to do. I do not think that the Treasury does, but the European Investment Bank does, so we have set up an NI innovation fund. We have managed to put £100 million into that from our financial transactions capital (FTC). We have managed to make the EIB the master of the fund, because we are not allowed to do it ourselves. I would like to build up the fund so that we can make a real impact.

There are other ways in which to borrow. For the first time, councils have enhanced borrowing powers. How can we work with them? Belfast City Council wants to spend £1 billion in the city centre, in particular on the little cultural quarter in the north inner city where the 'Belfast Telegraph' building is. How can we partner it? Will our partnership be that we just have to write a cheque, or can we help it with its borrowing? Can we find an innovative way in which to allow it to borrow more? Those are areas that I would like officials to start to explore. We have touched on this a few times, and it would be a bit bold for me to say that I have said to the Treasury that I want to borrow more when I have not. I have said to the Treasury that we need to talk about a number of issues. We need to have an adult conversation about what it is doing to our budgets, because it is trying to put our lights out every day. You know of the pressures on our budgets, and it comes in almost unremittingly — for example, with an apprenticeship levy tax — and says, "Bang, we are taking £50 million out of your economy". We need to have a different conversation with it.

Have an open mind about innovative borrowing, I say. You have my word that we will not borrow except in a prudent fashion. We will not endorse borrowing except in a prudent fashion, even if we partner with other people to do it. I know from my business experience that, if you borrow to build, you need then to have a revenue stream on that asset that will help you service the debt. Business is not the same as government, but that is my intention in government as well.

It is funny that, when you start asking people whether we can grow the funding pie, you start to look at other European funds. We are looking at the Juncker fund. Our friends in Belfast City Council especially are looking at that. They have some bold ideas, including high-speed rail. I went back to our friends in the Special EU Programmes Body (SEUPB) who have around €270 million between now and 2021, I think, although less money will be spent between then and 2023. I said, "Where's Peace V?". He said, "There is no Peace V". I am saying, "Well, let's talk about that, because that funding pie would be very important".

I think that there is around €280 million in INTERREG, and that will get us up to about 2021. Are there other funds that you know of, Philip? I am sure that you know that we have not been as good around pulling down money for R&D projects in businesses as our friends across the border have been. When I started to say this, other people approached me. The charity banks have a role to play, albeit a smaller role. Giving NI has a role to play, as do the comptrollers of New York state and other places. Are there are other ways in which the Ontario Municipal Employees Retirement System (OMERS), the pension fund that bought the international airport, can invest in our economy to take some of the pressure off us? Of course, none of those people will invest without a return.

You have my word on being prudent, but I will be bold. We will come back to the Committee at a future date and say, "Here's some really innovative thinking". I have not mentioned some of it here — maybe, it is too innovative to mention here — but we talked about it this morning. There are some people out there of good heart and deep pockets who believe that they could help our mission of trying to build the economy.

The Chairperson (Mrs Little Pengelly): I thank the Minister for his full answers. I know that this is ironic coming from me — I am not known for my brevity — but I am conscious that a huge number of Committee members want in to ask questions, so perhaps we can be mindful of time.

Mr Smith: I have one more point to make, which, hopefully, will be pretty —

Mr Ó Muilleoir: You might be brief, Philip, but I might not. Go ahead.

Mr Smith: It regards NAMA. When you were on this Committee's predecessor, you were involved in the review and were very keen on transparency. Obviously, you are on the other side of the table now. What are your thoughts on whether it is an area that the Committee needs to revisit? What

commitment will you give that you and the Department will be transparent and helpful when we look at the issue again? You know that 18 witnesses have still not been brought through the process, for example.

Mr Ó Muilleoir: We give you an absolute commitment. You are adults, and you can make up your own mind about what you want to do, but you can be sure of this: my Department will cooperate absolutely with any requests that you make for information or any other assistance. The deal is the same as it was when I was at that side.

I do not want to rehearse the entire NAMA/Cerberus scandal, but it is an absolute disgrace that £5 billion became £1.2 billion, and, in the preceding period, ordinary people — the bulk of whom maybe were across the border — lost out. We have families in this city struggling under negative equity. No one is making them whole, and they suffered during the recession. However, there are, among us, bankers and speculators who wrecked the global economy, and they wrecked the economy of this island, North and South. They have been made whole. What was the previous NAMA inquiry about? It was about trying to get to the truth of what happened, particularly in our neck of the woods, where some people had their snout in the trough, benefiting from the misery and heartache.

My commitment to the NAMA/Cerberus scandal is the same as it was three or four months ago. Ask for whatever you need. I have not had any requests yet, but we will move expeditiously. There have been redactions made to previous material. We thought, as a Committee, that they were not big issues, but I am asking my officials to go back to those to make sure that any redactions that are not justifiable —

The Chairperson (Mrs Little Pengelly): The Committee has corresponded with the Department. That should have been received.

Mr Ó Muilleoir: I forgot that that was supposed to be a brief answer. My apologies.

Mr O'Dowd: Thank you, Minister. One of the areas that I found most frustrating as Minister in the early days, by which I mean the first couple of years —

Mr Ó Muilleoir: I am sure that this did not apply to the Department of Education when you were Minister.

Mr O'Dowd: — was getting public moneys out the door and spent, particularly capital. I will give you a short example. I asked what guidance or material my officials were working off for business cases. I found my civil servants to be keen civil servants, as you said about yours earlier. They wanted to deliver public services, and they wanted to do their best. When I asked them what guidance they were working to — this is no exaggeration — they brought me in a folder a foot and a half thick and said, "This is the guidance on business cases". I had to spend a pleasant weekend reading through it. However, I came across one word that I went back to them with, and I said, "Throughout the file, there is reference to what is 'proportionate'". It asked this: what is proportionate to the project that we are looking to deliver?

I must emphasise that, over subsequent years, working with my senior civil servants, DFP and the head of the Civil Service (HOCS), business cases became much more relaxed. However, they still need to be honed further. The people whom I blame are politicians, because politicians are the ones who put in regulations. Every time something goes wrong, we say, "We need to put a raft of regulations in there, and that will prevent it happening again". That means that the Civil Service has to deal with another raft of regulations before the money that you want spent on projects — at the bottom of the Falls, the bottom of the Shankill or wherever — gets out the door.

I am trying to work this into the Central Procurement Directorate (CPD) as well. I am familiar with its work of but not overly so. I want to drill down into it further, because I want to be assured that, when a Minister makes a decision and the civil servants are delivering that decision, there are no barriers in the way of delivering money into communities, where it is needed.

Mr Ó Muilleoir: We have now spoken a couple of times about procurement and not because we knew that I was coming to the Committee. I will do something that politicians should not do: I will make a pledge. What we have agreed to do on procurement is that I will put myself front and centre and drive it. We were presented with options by our head of CPD. I have gone for an option that will have to be amended to put me front and centre. If we do not get the money out the door, it is no good. "Relaxed"

is not the word that I am looking for with business plans, but I want alacrity. I want business plans to be cogent, but I want them turned around quickly. We do not want any project delayed because people are totally terrified of making a mistake.

We need to give hope to our communities that we will spend the money wisely. There is £2 billion in procurement. We were criticised by the construction industry for not getting big projects in particular out the door quickly enough. It goes back to what I said about the school of law and jobs. I want to put myself right at the helm. I want to be at the wheel, driving it. I want to make sure that we spend the £2 billion, especially on big capital projects. I want us to get the money on to the streets and get people employed as soon as possible. As well as that, I want to make a commitment to Buy Social. Windsor Park is probably an exemplar of a project that went out into the community and made sure that the long-term unemployed, young apprentices and so on were brought in.

I suppose I am making two commitments. The first may get me into trouble, if I come back here and you say that central procurement is not working. I have agreed from now on to chair the Central Procurement Directorate board meetings to try to get new impetus into it, so I will not be able to say that I was not paying full attention to it. Secondly — I know that this is a concern for all members — we must try to get better at Buy Social and at social clauses. We should try to measure that so that we see a step change in the speed of delivery and in its impact.

Mr O'Dowd: You have answered my second question. I am not sure whether this is a point or a question. One of the areas in which we were very successful in education was the delivery of new builds for schools. We learned a lot of lessons from business cases etc. That pumps a lot of money into local communities and into the construction industry. Its primary objective is to provide new facilities for pupils, parents and teachers. Those are the physical things that people can touch at the bottom of their street and say that there is a difference in this world: look at the new school that you provided. I put down an early marker for continued support for capital investment in education.

The Chairperson (Mrs Little Pengelly): OK.

Mr Ó Muilleoir: I take on board Philip's point. We do not want to borrow to build mausoleums or roads to nowhere. Whatever we borrow, whatever we procure or spend our money on, we want the capital build and investment to be worthwhile, as, of course, our schools are. However, I agree with you absolutely. I travelled across town this morning and saw some cranes in the air. I passed the new university. I saw the two oil rigs at the Titanic Quarter. I feel that we are on the cusp, but we need to get people employed. I do not want people to be going down to the airport on Monday morning to fly to Aberdeen, spend a week there and come back. The only way in which to prevent that is to spend the money wisely. Of course, self-praise is no commendation. I say to you and preceding Education Ministers that that spend was appreciated not only in educational terms but in community cohesion and job creation terms.

The Chairperson (Mrs Little Pengelly): Thank you, John. There will be many who believe that removing ourselves from the European Union and European regulation on procurement may speed up the process.

Mr O'Dowd: Now, now.

The Chairperson (Mrs Little Pengelly): That may be something that you will be dealing with in the next 12 months.

Ms Ruane: Tá fáilte romhat, a Aire. You are very welcome, Minister.

I like the saying "Ná habair é, déan é", because, like John, for me, one of the two biggest things when I was in the Department of Education was making sure that every penny that we fought for to invest in new builds was spent, and we moved from the disgraceful underspend on education under direct rule back to 99.7%. You can see the delivery at the bottom of the streets, and children are in there.

Capital is very important, but the second thing was this: I am going to argue for investment in education and early years in primary schools, as well as the builds for the current and next generation. Just to let you know — I am sure that it will come across your desk this morning — the Education Committee agreed to write to the Minister, and I hope that you will look favourably on an extra £1.2 million for the pathway fund. We had a debate in the Chamber yesterday that was supported by all parties. I am just getting that in early.

I have an invite in to you concerning the Narrow Water bridge project. I think that it will be like the Peace Bridge in Derry. It will be one of those catalyst projects for the border region that you talked about for development of tourism. I welcome your words on the delivery of infrastructure. We have to deliver that, because we have not. We have dithered too much on roads — the A5 — and on things such as the Narrow Water bridge. We will be judged on the delivery of such projects and others, for I am not saying that those are exclusive. I hope that you will accept my invitation. The bridge committee is very interested in meeting you. I am sure that other people have invited you, but I pledge, as part of the Committee, to work with you and your team to deliver.

On procurement, I endorse what John was saying. There also needs to be equality in it and for some of the smaller builders and companies to get opportunities. Another big thing that I used to get was that there was not enough space for all the people who had the potential to build.

Mr Ó Muilleoir: I do not know whether you put a first-class or second-class stamp on the letter about the pathway fund.

Ms Ruane: I sent it by email.

Mr Ó Muilleoir: It will never reach me, then. It will be lost in the dark Internet. We will look at that when it comes in and see what it entails and whether I can help. That is if it reaches me. It has not reached me just yet.

I am in favour of building the Narrow Water bridge. We could do with a few more bridges, metaphorical and physical, in the city of Belfast and in other areas. I want to visit the Narrow Water project. I visited Newry last week and stood in the business of Michael McKeown, the president of the chamber of commerce there, looking down towards Narrow Water. It would unlock that part of the country and bring benefits. It is a source of real disappointment that the funds were there but we just could not get it over the line. That is why we are justly criticised as politicians, or as a Government, by citizens. I want to make a commitment to visit early, and it is, for me, a priority project.

As you know, the Irish Government have made a commitment that it is still live. It is appropriate that we get more commitments from the Irish Government — they have made some — without asking them to dig deep for projects that are not beneficial. So many of the projects are beneficial to both sides of the border, so the Irish Government need to look towards the border as well, rather than wait for us to come with projects. I would like to see more projects, but I look forward to visiting your constituency and to trying to expedite the Narrow Water bridge project.

Ms Ruane: Just a brief comment, with your indulgence. There is a North/South Ministerial Council meeting in early July, I think, and I understand that there is a potential report on the review of Narrow Water. Speed is of the essence here.

Mr Ó Muilleoir: Alacrity. Thank you.

Mr Allister: First, I welcome your comments about NAMA and look forward to the delivery of the response to the Committee's request for a further review of the documentation, which, we are told, is already with you. The Committee has certainly been told that that correspondence has been sent.

The Chairperson (Mrs Little Pengelly): It was sent on Monday.

Mr Allister: We look forward to —

Mr Ó Muilleoir: Did you put it in the same envelope as the pathway fund letter?

Mr Allister: I have no idea. I look forward to a —

Mr Ó Muilleoir: You have caught me unawares, Mr Allister. I thought that, last week, you decided not to send that letter. You have sent a letter to me seeking full —

The Chairperson (Mrs Little Pengelly): We had agreed to send the letter, and the letter was sent.

Mr Allister: There was reluctance from some on the Committee and enthusiasm from others.

Mr Ó Muilleoir: I could not be here to help your case, but I assure you that, by return of post, you can have that. Maybe you could explain what exactly you were asking for.

Mr Allister: We were asking for a review of the departmental documentation that hitherto had been withheld.

Mr Ó Muilleoir: What documentation is that?

Mr Allister: Whatever relates and whatever is deemed relevant to the NAMA investigation.

Mr Ó Muilleoir: How many documents have been withheld? Do you know?

Mr Allister: We are hoping that you will tell us.

Mr Ó Muilleoir: Do you want the good news or the bad news?

Mr Allister: We look forward to the response when it comes.

Mr Ó Muilleoir: I am told that there is nothing, but I will check that. I am told that the Committee has been given everything. There have been redactions, and I am asking for those to be reviewed. I think that some of them are silly, but the people who know better and the people in the legal world tell me that there are some protections that people are entitled to and that we cannot just give out their names and so on. Some of the redactions seem to be a bit silly, but I am told that you have all the documents that have been sought. I have not seen the letter, but we will answer that letter.

Mr Allister: Very good. Moving on to the substance of today more, you seek to convey a very can-do attitude, but, of course, anything that can be done has to be paid for.

Mr Ó Muilleoir: Not necessarily.

Mr Allister: Is that not where we are running into a certain populist naivety about how we will pay? Whether we like it or not, we live within the constraints of a block grant. You talk almost glibly — it was your first public utterance — about stretching our borrowing. We are already indebted by £2.1 billion and are the most indebted of all the devolved regions. How much is it that you want to borrow and whom will you borrow from?

Mr Ó Muilleoir: We should go back and look at the Scottish model. Although their central government has borrowed less, I think that you will find that, with the public-private partnerships (PPPs), their borrowing is considerable as well.

Mr Allister: Are you in favour of public-private partnerships?

Mr Ó Muilleoir: I am in favour of getting things — Funny, you used the words "can-do", and we will come back to that in a second. I have asked officials to look at the Scottish figures. What I would ask is this, and we had another discussion today: are there innovative ways to borrow, and is there money that could be available? I think that there is.

"Can-do" is a funny thing, because it does not always cost money. There can be a can-do attitude to fellow Members, to the task that faces us and to common courtesy. None of that costs any money.

Mr Allister: Borrowing costs money.

Mr Ó Muilleoir: Of course, borrowing costs money.

Mr Allister: Paid for out of DEL.

Mr Ó Muilleoir: It is interesting. If you do what I did when I borrowed from the European Investment Bank (EIB) and you build a —

Mr Allister: The Executive cannot borrow per se from the EIB.

Mr Ó Muilleoir: Would you like to answer my questions as well as ask them? Can I tell you this anecdote from back in the day, since you have tempted me? I borrowed £1 million from the EIB and built a building and purchased a printing press, which really drove a successful business. We paid back the EIB. The EIB has now taken responsibility for the Northern Ireland innovation fund, and I think that that will be successful in growing it further. Let us talk to the EIB. What else can it do? How else can we be innovative in our approach to growing the pie?

I had the great good fortune to speak to the New York state comptroller Tom DiNapoli, who, on St Patrick's Day, gave £7 million to an equity fund for start-ups here. He previously gave £15 million to Crescent Capital, which is the largest sum of money ever given to an equity fund here. That is money that we did not have. The Ontario Municipal Employees Retirement System (OMERS), the Ontario pension fund, invested here as well. It obviously has to get a return from the international airport and other projects. What I say is this: there is a "can-do" and a "can't-do". Mr Allister, you are not in favour of "can't-do", are you?

Mr Allister: I know what the statutory restraints are, and I am sure that Mr Sterling can confirm that the Department can borrow only from the National Loans Fund, which builds the national debt. The Department cannot borrow from elsewhere.

Mr Ó Muilleoir: Could we encourage other people to be innovative? Perhaps we might encourage —

Mr Allister: You, the Department, cannot borrow other than from the National Loans Fund, and there is a statutory ceiling on the amount. It is presently £3 billion. Are you trying to stretch that? Do you want the law changed to increase that?

Mr Ó Muilleoir: I am very clear that we should decide, the Ministry and the Government collectively, how much we need to borrow and then set about finding innovative ways to borrow.

Mr Allister: It is Westminster legislation that sets the ceiling.

Mr Ó Muilleoir: Why would you not have a can-do attitude to all the tasks ahead of us?

Mr Allister: It is a matter of being realistic.

Mr Ó Muilleoir: Well, you see, you are a can't-do sort of person.

Mr Allister: No, I am not.

Mr Ó Muilleoir: Well, what are you? Are you can-do —

Mr Allister: I am about living within our means and recognising that we cannot spend money that we do not have. We cannot create a charter for squander. Therefore, there are, quite properly, restraints from the Treasury about whom you can borrow from and how much you can borrow. I want to know this: are you minded to live within those constraints, or are you trying to find a way to do otherwise?

Mr Ó Muilleoir: The good news is that, as you rightly stated, I am a can-do type of person. We will speak with the Treasury about many things, not least about growing the pie and defending it. We will look at borrowing. We will talk to the EIB and all our allies about borrowing. We have to find a way. For example, if a housing association wanted to borrow £50 million to build houses, unfortunately that would then come off the block grant. Surely there is a way round that, because there is a housing revenue stream.

Mr Allister: It has to come out of the Consolidated Fund.

Mr Ó Muilleoir: Yes, but surely there is an innovative way for us to get money to housing associations to build houses. Surely there is a way for us to get funding to housing associations to build homes that have a revenue stream attached to them.

Mr Allister: This is all built on this naivety: "Surely there is a way". Surely, as the Minister, you should know if there is a way and, if there is, whether it is compatible with current statutory constraints. Now, is there a way?

Mr Ó Muilleoir: We will find a way. We will find a way, because —

Mr Allister: You cannot operate outside the law. The law is very clear: you can borrow only from the National Loans Fund.

Mr Ó Muilleoir: We will find a way to get the financial firepower that our community demands to meet the scale of its —

Mr Allister: That is all rhetoric: "the fiscal firepower". You also know that any taxes raised have to go to the Treasury. Under current statutory provisions, you cannot pocket, unless with special permission, any taxes raised here. Mr Sterling knows that, and I am sure that he has advised you of it.

Mr Ó Muilleoir: Well, I consider rates to be a tax. That may be your opinion. I stated at the start that all the fiscal levers needed to be revisited. You are locked in this can't-do world, Mr Allister, and the rest of us —

Mr Allister: I am locked in a realistic world.

The Chairperson (Mrs Little Pengelly): I am keen that we keep things away from the personal —

Mr Ó Muilleoir: Apologies, Chair, I should be speaking to you.

The Chairperson (Mrs Little Pengelly): — and speak through the Chair. Let us move on then to —

Mr Allister: Could I ask you one other thing?

The Chairperson (Mrs Little Pengelly): Jim.

Mr Allister: Corporation tax.

Mr Ó Muilleoir: Yes.

Mr Allister: Is there yet a memo of understanding with the Treasury about the mechanics of that?

Mr Ó Muilleoir: This is the message to our friends in the Treasury. We are restarting negotiations; we are rebooting negotiations. That is the situation around all our relationships with the Treasury, but, in particular, on corporation tax, where they say that they have to get the secondary benefits. We create the jobs; they get the income tax, National Insurance and VAT receipts. That is unacceptable. Of course, they also saved money on the welfare benefits.

What I can say to you is that I have been in contact with the Treasury and have flagged this one up. Is there a memorandum of understanding? Have we agreed how it is going to go forward? Not a chance. We will come back to this.

Mr Allister: So it is still all up in the air.

Mr Ó Muilleoir: Is there a memorandum of understanding? Have we agreed how they are going to do this? It is unacceptable to me that the Treasury gets the secondary benefits. I do not like to say the word "no", but I think that you can take it that that is a no.

Mr Allister: If and when there is a memorandum, will the Committee see it at an early stage?

Mr Ó Muilleoir: The Committee will be involved in everything that we do to move into the future positively. Being can-do, occasionally, like a broken clock that is right twice a day, is a challenge for all of us, but do not let the Treasury talk us down. Do not let our friends in London set the agenda. If we do, we are going to have to give in to an austerity agenda, which means nothing but pain for our people. As the Archbishop of Canterbury said, austerity means placing the greatest burdens of the recovery on those with the narrowest shoulders.

Mr Allister: The public perception that corporation tax was a done deal is inaccurate.

Mr Ó Muilleoir: That has not been my perception, Mr Allister.

The Chairperson (Mrs Little Pengelly): We look forward to getting more detail about the borrowing and your further thoughts on that. We would also like more on corporation tax proceeding, in terms of the confirmed, agreed date and rate, and how that will then be rolled out.

Mr Bell: I have a couple of points. I will try to put them together. First of all, I wish the Minister well in his new role.

One of my concerns is around how we can support our communities and Churches. There are huge numbers of volunteers and bodies out there doing a profound amount of work. I see it in my own church, Newtownards Congregational Church, where hundreds of hours' work are done with young people by volunteers. I see it in community sporting bodies, such as Ards Rangers, which, again, involves hundreds of young people. Yet when I talk to the people in Newtownards, Ballynahinch and Comber, right throughout, there seems to be a common problem when they apply for money. It was once said of British justice that the judgement went to whoever could afford the best barrister. To many community groups, particularly the smaller ones that are entirely reliant on volunteers, it seems that the money goes to the organisations that can buy the best consultant. Would you look at that? Not necessarily today, as I am conscious that this is your first time before the Committee as Minister. Is there any way we can look at how we can make sure that the money goes to the bodies that are giving us the most effective use of our resources and finance? It should not be purely dependent on who can write the most professional business plan or who has the resources. I am not taking anything away from the Big Lottery Fund or from any other organisation that is doing good work, but a lot of local bodies on the ground feel a bit disenfranchised on the basis that they get business plans rejected. There are people trying to do it in their spare time, when others can pay for consultants who do it professionally.

I move on to my second point. I will put three together, if I may. On the housing situation, we have a problem, which I raised last week, with hidden homelessness. There was some good news today: Choice and Apex housing associations have received £150 million and £130 million from the European Investment Bank respectively. We are seeing some indication that we can have more social houses, but there is a big need for social housing and construction, and we will support that to get the construction industry back to work, not least because so many people in Strangford are absolutely dependent on it, right down to the joiners and the bricklayers etc. I am concerned about parts of the Housing Executive, and people have come to see me already in my role on this Committee. People say that there are enough houses in some areas, but when you look at those areas, particularly in Belfast, you see that a lot of the houses are unfit. A single mother in my constituency, with a number of children in the house, cannot even sleep in her own bedroom. Now that is a case of private rent, but it is through the Housing Executive. The reality is that she is living in a home that the council and environmental health would say is not fit for purpose, but she does not appear in the figures. Therefore, sometimes the Housing Executive will say, "Oh, this area is not in need". Is there some way to address the issue of hidden homelessness and drive that forward? I presume that we all want to wish Apex and Choice well as they drive forward the project with the European Investment Bank.

Just one final point. You raised the issue of rates: have you any figure in mind? If the rates cap were to be removed, what could you get? Is there any assessment being done? I am concerned; I do not want to see people in Northern Ireland paying more in rates than someone living, for example, in Chelsea in a £35 million house.

Mr Ó Muilleoir: Thank you, Jonathan. Sorry, I just want to put it on record that there is a memorandum of understanding between officials and officials in the Treasury, but there is no memorandum of understanding between me and the Treasury or this Executive and the Treasury about how corporation tax will be introduced.

On Churches, I have great admiration — I was at Lowe Memorial yesterday — for the work that Churches do to build a community. It seems to me to be a difficulty with our funding that the bulk of our charity funding is done through the lottery funds, given that Methodists and Presbyterians do not — this was the case the last time I checked — access lottery funding. In the last mandate, Jim Wells brought up the issue that we have with what we now call the social innovation fund. It was a fund of around £7 million that we set up from the money in dormant bank accounts. I do not know whether we

had decided, but we had thought — I am trying to check whether the Minister signed off on this — that we would trigger that loan fund, which had been around for a long time, to give it to Big Lottery Fund to dispense loans and grants. I have asked officials to revisit whether there is a way of taking out a small amount of that so that we can have a fund to which Churches can apply. I said to Mr Wells the last time that I do not want it spent on church roofs, important as they are. If you are telling me that Skainos on the Newtownards Road or the Salvation Army's Thorndale families project in north Belfast are asking for money to deliver projects, I would be well disposed towards those.

Let me look at how we can partner Churches more. There is no greater opponent of austerity than Churches, and there is no one doing more work with the Trussell Trust; for example, Rosemary Presbyterian Church in north Belfast. The work that Churches do is absolutely amazing, so let me look at it. I am not too sure how far we advanced that the last time, but it would be a recognition of the good work that the Churches do if we were able to have a fund to help the homeless and so on.

My colleague Mr Givan is responsible for housing, but I have to tell you that, when I was rapping doors, especially at election time, like you, I saw people under huge pressure, such as those living with their parents or in-laws or living in one bedroom. There is this hidden homelessness that we do not see, and sometimes people cannot get enough —

Mr Bell: It is just more how we look at funding for Departments to make sure that that hidden homelessness is addressed.

Mr Ó Muilleoir: We need more homes. We discussed with officials this morning how we get more money into our housing associations to build more homes. I am committed to that. I think I mentioned previously that, when I was at the homeless centre, Roseville House, off the Ormeau Road last month, I met a family of six who had been there since December. I think that all of us realise that there is an imperative on government to do more on that.

On rates, we do not want to say to someone who is asset-rich and cash-poor, living on their own in a home valued at £600,000, that we will drive up their rates. There needs to be some way of easing the burden. Even if we do — we are looking at this — remove the cap, we do not want to drive people from their home. As is the case certainly in parts of south Belfast, there are people who have lived in their home all their life and are now perhaps asset-rich and cash-poor. We need to have a safety net for those people.

One thing I would say to the Committee is this: let us open the debate about rates generally again. The previous Minister had a review of business rates to come up with some ideas, but I would really like us to open the discussion again about how we can, as you say, get value for money. We are not trying to put extra burden on people. Are there gaps in the rates or, as Claire said, smarter ways of affording reliefs? I like the idea of everyone paying something, which was one of the discussions the last time. Let us open the discussion on rates again. Jonathan, as you know, we do not have enough money to do all the things that we want to do, but is there capacity to raise more money from the rates system? I believe that there is, and I would like to examine that with colleagues.

Mr Bell: We will monitor that. The only point I was making on the second point is that I do not want public spending on social housing masked by the fact that there are hidden numbers out there that do not even seem to be picked up by the Housing Executive and that we must use the right figures in the Finance Department for how we look at social housing.

Mr Girvan: Thank you, Minister. I want to focus in on one area, and that is — this was probably mentioned earlier — the small business rate relief scheme. That has been very helpful, allowing a large number of small businesses to avail themselves of a 20% reduction in their rates. We listened. We set it at £5,000, raised it to £10,000 — that was the ceiling — and then put it up to £15,000 to allow more to avail themselves of that. I would like to see a commitment to the continuation of that programme, because businesses benefit from it. We have shops on our high streets that would not be there, and I have had that message. Had it not been for that little bit of help, they would not be there. They have created their own independence, they are still there, and they are still creating employment.

Everyone around the table is happy to put forward their wish list of things that they would like to see delivered and ensure that they are prioritised. We need to ensure that the infrastructure we have is properly maintained rather than always adding to it. The Infrastructure Committee is probably the Committee that will have to deal with the ongoing pothole issue with our roads, but we continue to add additional mileage. New schemes are mentioned, as is the funding for them and where it is coming

from. I am talking about the A5. We had a problem in 2006 with the A8 scheme, because there was to be a major contribution from the Republic but that was pulled away. It was stated that they ran into financial difficulties at the time and, as a consequence, the money from the Republic will be put into the A5 scheme. How do we know that we will ever get that? Seemingly, there was a heads of agreement in relation to the A8? I would like some clarification on the guaranteeing of funding for the A5 and A6 schemes.

Mr Ó Muilleoir: Thank you, Paul. I am committed to rates relief, but could we do it more efficiently, get a bigger bang for our buck and help the high streets? We probably could. I will look at that again. It is not a good use of rates relief to let landlords pay only half rates on empty properties. If you are asking me whether landlords generally could lift a little bit more of the rates burden, my answer is that they probably could, and I want to examine that.

Mr Girvan: I have a difficulty with that issue, because the dereliction policy has allowed those who have bought up properties in high streets to let them go into a state of dereliction to save them paying any rates.

Mr Ó Muilleoir: I will close that. If we ask people to pay full rates on empty properties and they make them derelict to avoid any cost, we have to close that loophole.

Let me give you a commitment: I want to support small business, high streets and communities. Have we the money to do everything we want to do in infrastructure? I hope, in this monitoring round, we will have some more money. As you know, the DRD fell back on maintenance, and I hope to get back on track with that.

I am going to Derry after this meeting, so you can be sure I am fully committed to the A5 and A6 projects. We believe that we will deliver both projects by the end of the mandate. We are confident that they are game-changing. Sometimes, people say that they are needed so that Derry people can get here, but I think they are needed so that we can get to the north-west. It is part of the connectivity on the island.

As you know, there is no such thing as a guarantee in politics, but I am heartened by the fact that the Irish Government came back in. Their current commitment is a lot less than it was at the start. The headline is that we need more infrastructure projects, and that is why I am committed to trying to find more resources to make them happen. We need to deliver them on time. It undermines us as a Government if we make promises and then go back two years later and say, "That isn't a guarantee". We have to deliver on the guarantees we have made in this mandate, including the infrastructure guarantees.

Mr Girvan: There is one small point in relation to budgets and how people in Departments believe that there are separate pots of money for maintenance, infrastructure, resource, capital or whatever. As a consequence, they have a certain amount of money set aside for claims. I heard a horror story this morning in which a pothole that a couple of hundred pounds might have filled or repaired caused claims worth thousands of pounds. Somebody said, "That money did not actually come out of the maintenance budget; it came out of the claims budget". At the end of the day, it is all out of the block grant.

The other point is this: will any Barnett consequential be brought forward in relation to High Speed 2 (HS2)?

Mr Ó Muilleoir: I think that there will be a Barnett consequential for HS2. We may even have received some of that. David may be able to clarify that.

You are absolutely right: if we do not fix the roads and there are claims, it is bad economics. It may look like we are saving money, but we are not.

I do not know if David wants to clarify on the high-speed rail and the Barnett consequential. I remember Minister Foster promising that, but I cannot remember if a bit of it has been paid.

Mr Sterling: We expect a Barnett consequential on HS2, but it is unlikely. You can ask Mike, who will follow in the next session, but, given the plans for HS2, it will probably not be until around 2020 or beyond.

The Chairperson (Mrs Little Pengelly): Lastly, Gerry.

Mr Mullan: I hope that it is a case of last but not least.

Minister, I echo the kind sentiments that have been expressed by most of the other members about your position. As a new kid on the block, I echo those sentiments. I would also like to reinforce a lot of the concerns and questions around rates relief and the rates review. I come from Limavady where there are a lot of derelict shops, and, in Dungiven, there are shopfronts with painted up cardboard shop windows. We also live in a very agricultural area where there are farms with a lot of outbuildings. Can you give a commitment that those will be exempt from tax, as well as charities?

Mr Ó Muilleoir: The issue of charities is ongoing. We are reviewing it, and the Committee had mixed opinions on that. Agricultural land and outbuildings are exempt and will remain exempt in this mandate. The small business rates relief is important, but we need to be smarter in how we do it. I am happy to visit Dungiven. I am not a fan of the idea of painting shopfronts. I saw it in Fermanagh — in Enniskillen — and on the Newtownards Road. It looks good for four days, but it adds to the lack of energy in an area and fuels the feeling that an area is not doing well when we see false fronts. I know that it is done with the best intentions, but could we find another way? Claire Hanna alluded to this. For example, in Scotland, they just say, "There are no rates. You can move in. Make a deal with the landlord, move in and try to create a business". We can try to feed the buy local movement, which is absolutely crucial to us because the money spent in the small shop goes further than the money spent in the large supermarket. That is our strategy, and it will not only be my strategy because it touches a lot of Departments.

Let us use the rates in a way that helps to bring back business. Dungiven is a busy town. It should not have that many empty business properties. Is that because of the recession, or is it because of the rates? If it is because of the rates, we need to do something about it, because it is counterproductive. It is a bit like what Paul said: if we do not fix the potholes, we end up with claims. If we leave shops empty, we are not helping the local economy, and we are not making areas vibrant.

I am happy to visit Dungiven with you. It is a long time since I have been in Limavady, but I am happy to visit Limavady too. We need to engage our small business community in this. There needs to be a better way to do it. It is not good enough that we have what were busy market towns — I do not know if you would call Dungiven a market town — and now they do not exude that confidence or energy.

Mr Mullan: Thank you, Minister. When you come to Dungiven and Limavady, I will take you to Benone as well.

Mr Ó Muilleoir: Thank you. I will be passing through it shortly.

Mr Allister: Chair, just before the Minister leaves, can we have some clarity on this memo of understanding issue about corporation tax? Frankly, I do not understand the status of a memo of understanding between officials. I would have thought that such a thing would have to be signed off by a Minister. What is the status of the existing memo of understanding?

Mr Ó Muilleoir: My understanding is that a memo of understanding is about how they go about their work and what preparations will be put in place, but there is no memo of understanding; that is, we have not agreed as an Executive that it is yet affordable. That means that we open up a negotiation, which was ongoing, but we are refreshing and will reboot a negotiation over secondary benefits.

As I said, to me it is unacceptable that income tax, National Insurance, VAT and savings on welfare all go to London, so we have not signed off on the implementation of corporation tax. No doubt, when it is signed off, there will be a memorandum of understanding, but there is not yet.

The Chairperson (Mrs Little Pengelly): The deputy First Minister has been very clear that the date and rate has been agreed. The amount is moveable depending on the corporation tax across the rest of the UK. I thank the Minister for coming along and giving evidence. He may have caused some concern in our constituency of South Belfast, but I am sure we can assure the residents that any changes to the rates system will be fair and equitable to all. I thank him for his full answers. We look forward to you coming along to speak again on specific issues. A number of questions on a range of departmental responsibilities were raised today, and I know there is a huge amount of detail in all those. I look forward to engaging constructively and scrutinising you as we move forward over the mandate.

Mr Ó Muilleoir: Chair, I wish you and the Deputy Chair luck in your new job as well. I look forward to engaging further with the Committee. I wanted to get in as early as possible, because I know you are busy people and will probably not invite me back for a long time. Go raibh maith agat. Thank you very much.