



**BRITISH-IRISH
INTER-PARLIAMENTARY BODY**

**COMHLACHT IDIR-PHARLAIMINTEACH
NA BREATAINE AGUS NA hÉIREANN**

THIRTY-FIRST PLENARY CONFERENCE

28 and 29 November 2005

Dalmahoy Hotel and Country Club, Edinburgh

OFFICIAL REPORT

(Final Revised Edition)

(Produced by the British-Irish Parliamentary Reporting Association)

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IN ATTENDANCE

CO-CHAIRMEN

Mr Pat Carey TD

Rt Hon Paul Murphy MP

MEMBERS AND ASSOCIATE MEMBERS

Mr John Austin MP	Mr Paul Flynn MP	Mr Andrew Mackinlay MP
The Baroness Blood	Mr Mike German AM	Senator Martin Mansergh
Mr Johnny Brady TD	Mr Jim Glennon TD	Rt Hon Michael Mates MP
The Lord Brooke	The Lord Gordon	Senator Paschal Mooney
Mr Tony Brown SHK	Baroness Goudie	Mr Arthur Morgan TD
Mr John Carty TD	Mr Dominic Grieve MP	Mr Jim O’Keeffe TD
Senator Paul Coghlan	Mr John Griffiths AM	Mr Séamus Pattison TD
Mr Seymour Crawford TD	Mr Robin Harper MSP	Mr Chris Ruane MP
Senator John Dardis	Senator Brian Hayes	Senator Brendan Ryan
Dr Jimmy Devins TD	Ms Cecilia Keaveney TD	Mr Joe Sherlock TD
Mr Jim Dobbin MP	Mr Séamus Kirk TD	Mr Iain Smith MSP
Senator Maurice Dubras	Ms Julie Kirkbride MP	The Lord Smith
The Lord Dubs	Senator Terry Leyden	Deputy Mike Torode
Mr Mark Durkan MP	Dr Dai Lloyd AM	Mr Murray Tosh MSP
Mr John Ellis TD	Mr David McLetchie MSP	Mr Robert Walter MP
Mr Damien English TD	Mr Michael McMahon MSP	Senator Diarmuid Wilson
Mr Jeff Ennis MP	Rt Hon Andrew Mackay MP	

ALSO IN ATTENDANCE (FOR ALL OR PART OF PROCEEDINGS)

The Secretary of State for Northern Ireland and Wales, the Rt Hon Peter Hain MP

Professor Paul Bew (Queen’s University Belfast)

Mr Stephen Kingon (PricewaterhouseCoopers)

STEERING COMMITTEE

Co-Chairmen

Mr Pat Carey TD
Rt Hon Paul Murphy MP

Members

Mr Tony Brown MHK
Mr Seymour Crawford TD
The Lord Dubs
Mr Séamus Kirk TD
Mr Dai Lloyd AM
Rt Hon Michael Mates MP
Mr Murray Tosh MSP

OFFICIALS

Joint Clerks

Ms Alda Barry, British Clerk
Mr John Hamilton, Irish Clerk

Delegation Clerks

Ms Alison Dickie
Mr Peter Kellam

Committee Clerks to the Body

Committee A: Sovereign Matters

Ms Dearbhla Doyle
Mr Huw Yardley

Committee B: European Affairs

Mr Mike Clark
Ms Elaine Hollowed

Committee C: Economic

Ms Dearbhla Doyle
Mr Michael Hennessy

Committee D: Environmental and Social

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Ms Audrey Nelson

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BRITISH-IRISH INTER-PARLIAMENTARY BODY

COMHLACHT IDIR-PHARLAIMINTEACH NA BREATAINE AGUS NA hÉIREANN

THIRTY-FIRST PLENARY CONFERENCE

Monday 27 November 2005

The Body met at 9.35 am.

PLENARY BUSINESS

The Co-Chairman (Rt Hon Paul Murphy MP): The Body is now in public session. Before we start, I have a few formal announcements. First, I would like everyone present to turn off their mobile phones while they are in the room. Secondly — and much more importantly — Members are reminded that the proceedings of the Body do not attract parliamentary privilege.

Since the last plenary meeting of the Body, there have been a number of changes in the United Kingdom membership due to the general election. The new full UK Members of the Body are: Mr Paul Flynn MP, Mr Dominic Grieve MP, Ms Meg Hillier MP, Mr Eddie McGrady MP, myself, Mr Lembit Öpik MP, Mr John Robertson MP, Baroness Blood and Baroness Goudie. The new Associate Members are Mr Dave Anderson MP, Mr John Austin MP, Mr Tony Baldry MP, Mr Joe Benton MP, Mr Jim Dobbin MP, Mr Mark Durkan MP, Mr Roger Godsiff MP, Mr Albert Owen MP, Mr Jim Sheridan MP, the Lord Donoghue and the Lord Gordon of Strathblane.

From the States of Jersey, Deputy Maurice Dubras replaces Senator Terence Le Sueur as a full Member. I have been chosen as United Kingdom co-chairman, and Lord Dubs has been chosen as a United Kingdom vice co-chairman.

In accordance with Rule 2(a), the following Associate Members have accepted the invitation of the Steering Committee to assume the powers and responsibility of Members for this session: from Ireland, Senator Paul Coghlan, Senator John Dardis and Senator Terry Leyden; from the United Kingdom, Mr John Austin MP, Mr Jim Dobbin MP, Mr Mark Durkan MP, Lord Gordon and Ms Julie Kirkbride MP; and from Scotland, Mr Robin Harper MSP and Mr Michael McMahon MSP.

Before the session resumes after lunch, there will be a group photograph at 2.00 pm. The location for the photograph will depend on the weather at that time. As soon as we know what the weather is like, we will let you know where the photograph will be taken.

Members will have received a copy of the proposed order of business. Before I move that, I want to thank the British-Irish secretariat for all the work that they have put into this splendid and very Christmassy venue. Thanks also to our hosts from the Scottish Parliament; we will have another opportunity to thank them at the formal dinner this evening.

I am pleased to be chairing this session with Pat Carey TD. I also wish to remind Members of the singular importance of the Body. Many years ago, I chaired the negotiations on strand three of the Good Friday Agreement with Liz O'Donnell TD. At that time, people believed — and I think that it still is the case — that strand three was a very important part of the agreement. It is important that we try to encourage a Unionist presence on the Body — and that is particularly significant as I look round. Talks are ongoing with the parties, and I hope that they will be able to become Members because there is a great gap in the Body's proceedings.

Another point that will become evident in the next couple of days is the important work of the Body's Committees, which mirrors the significance of the Body as a whole. It also mirrors the significance of the enormous changes in British-Irish relations over the past five to 10 years. In the years that I have been involved in British-Irish affairs, I have been struck by the remarkably good relationship between the United Kingdom and the Republic of Ireland at governmental and, importantly, parliamentary level.

Members will have an opportunity later to consider the general political progress in Northern Ireland and the importance of the announcement made earlier this year that decommissioning had taken place. We await with interest the next report of the Independent Monitoring Commission (IMC), but all of us look forward to the restoration of the institutions of Government in Northern Ireland. Direct rule makes it hugely difficult to deal with the issue of the democratic deficit in Northern Ireland, and the sooner that the Assembly and the Executive are up and running the better. It strikes me that the business of governing together in Northern Ireland —

Nationalist, Unionist, and those who are not aligned with either — makes an enormous difference, and is at the heart of the Good Friday Agreement. Members will have an opportunity today to talk and listen to Peter Hain, but I know that he agrees with me that the number one priority is to ensure that the institutions are restored. However, that can only be done if there is an end to criminality; I think that we are getting there, and hopefully it will happen.

All people in Northern Ireland — in fact, all people in these islands — look forward to a time when the institutions are restored. We hope that there will be progress by the time we next meet.

Who knows — the Assembly and Executive might be up and running by then.

Mr Andrew Mackinlay MP: I apologise for causing aggravation so early in the proceedings; but that will not stop me. After the last plenary session, many Members were under the impression that, at last, a plenary would be held in Northern Ireland. That is a matter of fact.

We are never told the reasons why we do not go to Northern Ireland. When one enquires informally, one receives various responses. Some names are mentioned; sometimes “the Secretary of State”, sometimes “the Northern Ireland Office”, which I would have thought were one and the same thing. Apparently, we can never meet in Northern Ireland. It is now time to put on record why we are not meeting there. Which person or what body is vetoing it?

As much as I welcome the hospitality of our colleagues in Scotland — and it is a great privilege to be here — meeting in Northern Ireland would, on the margins at the very least, allow us to have contact with people whom we would otherwise not reach. Why have we not met in Northern Ireland? Time after time we are tantalised by the possibility of meeting there, but somebody somewhere is blocking it.

I really want to ask a formal question about this, because I am deeply disappointed that we are not meeting in Northern Ireland, as the Body would benefit so much from it. The next opportunity will not be for another year, when, I guess, the UK will be the host. Can we place on record in Hansard why the Body has not met in Northern Ireland? Can we also have an undertaking that the Steering Committee will get the thrust of the mood last time and ensure that, at the earliest opportunity, a plenary is held there?

9.45 am

Mr Robert Walter MP: I raise the same point as Andrew Mackinlay. We left Bundoran in the full expectation that the Body would meet this week at the Europa Hotel in Belfast. I understand — and I should be corrected if I am wrong — that the Northern Ireland

Office put pressure on the Steering Committee not to meet in Belfast. Various reasons were given. First, as I understand it, was because meeting in Belfast would upset the Unionists. However, I had several discussions with Unionists who said that they would welcome it. I have had discussions with DUP Members, and I agree with the Co-Chairman that they are very close to joining this Body.

I then heard that it was connected with whether the Northern Ireland Grand Committee met in the North; the outcome being that if the Northern Ireland Office conceded to this Body meeting in Northern Ireland, then it would have difficulty not conceding to the Northern Ireland Grand Committee.

The fundamental point is that this is an inter-parliamentary body, not an inter-governmental body. As an inter-parliamentary body, its role is to question the actions of Governments on both sides of the border. As such, we should assert our independence and instruct the Steering Committee to arrange for the next UK home match to be in the North.

Rt Hon Michael Mates MP: I can understand people’s frustration, and I too was looking forward to meeting in Belfast, but there is an overriding point here. We were not told that we could not come, because, as Robert Walter has just said, we are independent. To that extent, we are sovereign and can meet wherever we like. However, if the Secretary of State personally advises that he does not think that it is a good moment, we cannot lightly turn that advice down. Co-Chairman, I mention that because you offered the same advice the year before for reasons that were perfectly clear then.

Perhaps the reasons were not so clear this time. However, given the nervousness about the timing of the IRA statement and the possible reaction had it not happened in the way that it, in fact, did, if the Secretary of State is concerned about the Body meeting in Belfast, I do not think that we can overturn that. That is not to say that the Steering Committee is not unanimous in wanting to meet in Northern Ireland, because I assure Members that it is. In the end, we must be guided by the advice of the person who knows all the facts.

Senator Paschal Mooney: I fully appreciate what Michael Mates said — but with all due respect, as someone from the South, I do not fully understand it.

However, as Andrew Mackinlay pointed out — and he speaks for all of us — we are an independent Body. We made a decision, and I do not understand why a third party is involved. I take Michael’s word that the switch was based on advice from the Secretary of State and I await clarification of that. But with all due respect to the Secretary of State, we have had 30 years of violence on the island, and nothing has stopped: there have been sporting and many other links.

Do we have such an exaggerated sense of our own importance that we thought that we would all be blown up if we went to Belfast — particularly in light of decommissioning, the IRA statement and all that has flowed from that in the last number of months? From an Irish perspective I am deeply disappointed — deeply disappointed because that decision was made on the British side. It was a British call; it would not have happened had it been an Irish call.

Rt Hon Andrew Mackay MP: I support what has been said. I have voiced my concerns before about our not going to Belfast. It is hugely damaging and makes this Body look ineffective and second rate. I ask my colleague, Michael Mates, just when will it be a good time? If this year is not a good time, there will never be a good time. Continually we are being stalled and delayed, and if Rob Walter is putting down a formal motion that the next home fixture be in Belfast, I formally second it.

Mr Dominic Grieve MP: I echo what Bob Walter has said. If there were to be a formal motion, I would support that. We have to get a move on. I agree too that events are changing quickly. The attitude of the Unionists to this Body is evolving, and I just do not see the downside of our meeting in Belfast or elsewhere in Northern Ireland. I hope that we can do that next year.

Mr Andrew Mackinlay MP: Do you get the drift?

[Laughter.]

The Co-Chairman (Rt Hon Paul Murphy MP): The decision to come here was taken before I formally took over this role. Nevertheless, I understand the feelings of Members. That decision was taken because the advice of the Secretary of State for Northern Ireland was against Belfast as a location. It is quite difficult to go against that advice if it was felt that the meeting would have resulted in complicating the peace process.

To touch on a previous point, I hope that in the months ahead there will be a significant change in the political climate in Northern Ireland. I share your view that the time has come to meet in Belfast, and I hope that our next home fixture will be in Northern Ireland. Unless anybody disagrees, I will assume that your wish is to meet the time after next in Northern Ireland. There is an opportunity, if you are skilful enough to take it during questions today, to ask Peter Hain. Certainly, I will make that point privately to him when I greet him later.

ADOPTION OF PROPOSED PROGRAMME OF BUSINESS

The Co-Chairman (Rt Hon Paul Murphy MP): I move that the proposed order of business be adopted.

Programme of Business agreed.

I have just one point before we move to our first item on economic regeneration. It would be helpful if those wishing to speak later in the debate on the political motion, who have not given their names to the clerks, should do so as soon as possible, or otherwise indicate to us that they wish to speak.

We move now to the first item on the agenda.

ECONOMIC REGENERATION AND POLITICAL PROGRESS

Rt Hon Michael Mates MP: I beg to move

That the Body, recognising that economic and political progress go hand in hand, welcomes recent developments in Northern Ireland, including the independently verified statement by the IRA that it has decommissioned all its weapons and the indications by loyalist groups that they were prepared to consider a positive response; urges all paramilitary groups to complete the process of decommissioning; notes the particular potential of deeper North/South economic co-operation to deliver real benefits for all the people of Ireland; trusts that the January report of the Independent Monitoring Commission will be favourable to the early restoration of the devolved institutions so that a renewed devolved government may play a central role in linking communities with the political and economic decision-making process; and calls on all appropriate authorities and political parties to work for the social and economic development of all communities in Northern Ireland.

The Co-Chairman (Rt Hon Paul Murphy MP): In a change to the format of previous sessions this morning's substantive debate will have both a political and an economic focus. To help us out we have asked Stephen Kingon from PricewaterhouseCoopers to make a presentation, which you will see in a minute. Mr Kingon has also agreed to answer questions after the presentation. Following that, there will be a break for coffee.

After that, we will begin the debate proper on the resolution. Stephen, thank you very much indeed for talking to us. We very much look forward to your presentation.

[Mr Kingon illustrated his talk with a slideshow.]

Mr Stephen Kingon (PricewaterhouseCoopers): Good morning, Ladies and Gentlemen. I will quickly provide a helicopter view of the Northern Ireland economy, and bring you up to speed on some of the economic issues that we and other members of the business community have been wrestling with, and about which we have been talking with political parties in Northern Ireland.

Starting with the economic assessment, the top-level economic data suggests above-trend performance. Growth in Northern Ireland's gross domestic product (GDP) is at two to three per cent. I will presently show a graph demonstrating that it has out-performed or equalled the UK average since the mid- to late 1990s. Despite the decline of the manufacturing sector in terms of employment, it has out-performed the UK average since the late 1990s. Compared to the whole of the UK, there have been relatively few job losses in manufacturing. Productivity has increased, employment is at a record high, and in the last 12 months just over 10,000 jobs have been created. Unemployment is at its lowest in 26 years, and has been below five per cent for 43 consecutive months.

To summarize GDP growth and forecast growth until the end of 2005, I will refer to Slide 4. The performance of Northern Ireland's GDP has exceeded that of the UK on quite a few occasions. The green line represents the performance of the Republic of Ireland's GDP, which is outstanding; the Republic has been the fastest growing national economy in the EU over that period.

The graph and the headline figures demonstrate that Northern Ireland seems to be doing reasonably well. Total jobs increased from over half a million to just under 700,000, while unemployment, represented by the blue line on Slide 5, fell to its current low level. In other words, the data suggests a very positive situation. Tracking the data over three decades on Slide 6, a remarkable shift in the statistics can be appreciated. Total jobs dramatically increased, and unemployment fell from a very high level of 120,000 at one stage.

That is the good news. The bad news is that digging deeper into the figures reveals major structural weaknesses in the Northern Ireland economy. These need to be addressed if it is to continue to grow and if we are to put it on the right basis, particularly for the long term.

Some of the key problems relate to Northern Ireland's underdeveloped private sector. There is overdependence on the public sector; that, and public expenditure in particular, are boosting GDP growth. Levels of business formation are very low, and research and development is at the bottom of the international league table. Removing foreign direct investment (FDI) companies from the statistics makes it clear that indigenous companies are spending very little on research and development. Research and development, and innovation, are among the key factors in economies that are accelerating.

One of the other problems we have had is that while employment has risen, low levels of economic participation in the labour market persist. Unemployment has fallen, but social inclusion issues remain to be faced. High levels of long-term unemployment persist and these are dispersed unevenly within the region. To draw up a balanced economic scorecard for Northern Ireland, we should consider what is spent in public expenditure and what is put back in corporate tax and direct tax, in National Insurance and in all the various contributions.

Currently, we are running with a subvention in excess of £5 billion a year, which is about £3,000 per head of population. Given current public finances in the UK and the pressure applied by the Treasury, that is not a sustainable position, and we need to foster economic growth in the private sector in order to overcome that.

10.00 am

In the unsophisticated private sector we have almost 54,000 VAT-registered businesses. However, 31% of those are in the agriculture sector where farmers have

set up little companies, and 89% of all businesses in Northern Ireland employ fewer than 10 people, making it the bottom end of the corporate market. There are only 200 businesses employing more than 200 people, including ourselves, the banks, and so on, and a mere 65 businesses employing more than 500 people. There are two active public limited companies in Northern Ireland; here in Scotland there are over 270. That shows the relative levels of sophistication.

Foreign direct investment manufacturing firms account for 60% of Northern Ireland's research and development spend, and 10 of those firms account for 50% of the exports. Therefore, we are heavily reliant on FDI companies that have a culture of research and development and that are also internationally competitive. Our indigenous businesses are small and quite parochial in a number of areas. There are some exceptions, but unfortunately too few. Private sector wages are 83% of the UK average and are falling relative to the rest of the UK. That, again, will hit retail and personal services.

The economy is dominated by the public sector. The latest figures show that public expenditure is equivalent to 61% of our GDP compared to 42% in the UK as a whole, and that public sector wages are 103% of the UK average.

Public sector, retail and hospitality account for 64% of all jobs, with the public sector employing one in three people, and 60% of all females in employment. Per capita, the Northern Ireland public sector is larger than those in many of the emerging ex-Soviet states. We cannot be complacent, but it is important to understand fully where economic growth is coming from. That disproportionate reliance on public spending supports above-average retail and personal services activity. I will come back to the issues arising from that.

We have many retail-based regeneration strategies. For example, another one million square feet of retail space will be put up in Belfast "metro" over the next three years. That raises questions about sustainability, particularly if there is a programme to run down the size of the public sector too quickly, because public sector wages are going into the economy and helping on the retail side.

While the headline figures look good, deprivation and long-term challenges remain. There are wards in Belfast and Derry with some of the highest levels of deprivation in Europe, and social inclusion must be part of economic progress.

I have already mentioned economic activity. Over 530,000 people — 41% of the working-age population — are not economically active, and there are worrying underlying trends, despite good headline figures. Since 1978 unemployment has come down by just over 24,000 — in relative terms a 45% reduction. The number of people in employment rose by almost 172,000, up

33%, which is excellent. However, over the same period, claimants of incapacity benefit rose by almost 68,000, up 156%. The graph on Slide 11 plots unemployment against the claimant count over that period. Those trends must be looked at together to understand the overall picture. Dealing with deprivation and long-term unemployment in key areas is important.

On the positive side, the demographics are heading in the right direction.

The working-age population will increase this decade by over 40,000. In formulating economic development policy, it is important to recognise the sub-regional economies as well. The demographics show that the workforce west of the Bann will gain more new, younger workers, while the workforce in the Belfast metropolitan area is getting older and will lose workers.

It is an advantage that we are in one of the few EU member states with a growing population, which is essential for the future competitiveness of the island. However, there is a warning that, if we do not create new employment opportunities, we could face serious problems and have a disillusioned workforce.

There are about 720,000 people in work supporting a total population of 1.7 million. Of these, 577,000 are full-time employees; 159,000, or 22%, work part time; and 116,000, or 15%, are self-employed. Of the working-age population, 41% are economically inactive, but the records show that only 12% are actually seeking employment.

That poses a challenge. In order to lift the participation rate to meet the current UK average, we would have to create just over 68,000 new jobs and 40,000 additional jobs for the growing population. Also, the participation rate will not stay at the current level, so we will probably have to work even harder. In addition, the manufacturing sector used to employ almost 180,000 people, but employs only 85,000 at present. Of those jobs, 20,000 will be under threat over the next three to four years, and in other sectors about 12,000 jobs are under threat. One of our clients in the agri-sector is facing a problem of low-cost competition that could force production out of Northern Ireland to South America. So those sectors are under pressure. Taking the three constituent factors together, it means that we will need to create 141,000 new jobs over the next decade.

The strengths and weaknesses of Northern Ireland among the 12 regions in the UK are outlined on Slide 15. It is clear from this data that, although we have improved — our employment growth is at number one, our change in claimant unemployment is at number one, as is our percentage of school-leavers with qualifications — there are many areas in which we are still bottom of the regional league table despite the headline statistics that tell us things are good. That is why it is necessary

to drill down into the data to get a true perspective on the strength of the economy.

The Northern Ireland Business Alliance, along with five of the local political parties, put together a working group some time ago to examine the whole question of the economy. On the subject of political engagement between business and the parties, a situation arose where the business community, between 1972 and 1994, focused largely on dealing with and lobbying direct rule Ministers. After the 1994 ceasefire the business bodies began to engage with the locally elected politicians in order to increase political awareness of the economic issues and to move the economy up the political agenda. The background to that was the Chamber of Commerce's holding political lunches with all the parties. Subsequently, the Business Alliance — comprising all the employers' bodies, such as the Confederation of British Industry (CBI), the Institute of Directors (IoD), and the Chamber of Commerce — got together with the five parties and tried to formulate an agreed policy for economic and social regeneration, because it believed the Good Friday Agreement lacked an economic strand to underpin it.

The objectives of that group were: to define the current status of the economy; to go through the kind of analysis that I have presented today; to try to forecast key demographics and economic and social issues; to identify structural weaknesses; to agree a common approach; and to lobby UK, United States and EU Governments on specific initiatives.

The working group agreed that the business model was unsustainable and that a new economic strand to underpin political agreement would enable local politicians to deliver a long-term solution, including addressing structural weaknesses, the negative international image, et cetera. Members concluded that the situation would worsen if increasing global competition undermined the local economy, and we can already see the impact of that, particularly on our manufacturing sector.

Furthermore, the group concluded that a significant process of change was necessary to stabilise the political situation and create that competitive and socially inclusive economy. It was agreed that the major infrastructure deficit must also be addressed. Some estimates have put that at £16 billion, but there are doubts as to whether that will be sufficient. The group agreed that appropriate economic development policies and internal packages should be available, particularly EU investment incentives post-2006, and that that sufficient funds must be made available to stimulate and deliver those policies.

The group agreed that there was no quick fix for the economy; that the window of opportunity for action and to negotiate an economic package was closing fast; and that it was appropriate to seek a resolution of these issues as part of the current political review process, rather than attempting to negotiate unitary fiscal concessions with Treasury.

The economy did not appear on the main political agenda at the Leeds Castle talks, and the five-point economic development package was rejected, mainly because of a Treasury reluctance to grant fiscal flexibility to Northern Ireland. That is the feedback that the business bodies have received, and no major initiatives resulted from the talks. The business bodies facilitated a meeting of the Business Alliance, and their current policy assessment takes into account the Economic Vision document, the Review of Public Administration (RPA), the Gershon Initiative, the Investment Strategy for Northern Ireland and the recent draft Budget. The business bodies believe that only radical changes to the status quo — particularly concerning the pressures put by Treasury on the subvention — will address economic regeneration and social inclusion.

The Business Alliance was also very concerned that the absence of an elected Assembly was detrimental to Northern Ireland, and that a local democratic input into strategy and policy decisions was necessary.

Furthermore, to repeat our earlier point, we require cohesive sub-regional strategies, with appropriate and accelerated infrastructure and investment. There is a worry that failure to get the Assembly back on the ground may result in decisions that will have long-term and irreversible consequences for Northern Ireland.

Taking one side of the equation, a reduction in public expenditure — which is under pressure at the moment — combined with increased personal and business taxation could detrimentally affect economic stability and service-sector employment, which in turn could impact on political and security stability. We return to the point that economic regeneration and social inclusion are inextricably linked, and we need a dynamic and inclusive regional economy. The IMC suggests that failure to address underlying social disadvantage through economic opportunity may accelerate lawlessness and organised crime, which is:

“the biggest long-term threat to the rule of law in Northern Ireland.”

There is no overnight fix or panacea to Northern Ireland's problems, and no long-term solution can be planned without active partnership between our elected representatives, the business community, and the public and voluntary sectors. Historic economic development strategies failed to make any substantial impact on private sector growth and competitiveness. The general view of the Business Alliance was that there was no confidence that the new Economic Vision would be any different unless it was underpinned by more pro-active actions.

The Business Alliance believes that the way forward lies in a managed transition: reviewing the public sector but stimulating private sector investment and improving service delivery at the same time.

10.15 am

It must be a managed transition, because if we were to take down one side of the equation the consequences would be detrimental to the economy as a whole. Also, for the private sector to grow, we must target foreign direct investment as well as growing our indigenous businesses and making them internationally competitive. We need a culture of entrepreneurship, right down to the school level.

Some functions of the Northern Ireland public sector have been privatised in the rest of the UK and may transfer into the private sector here as part of the way forward. Public-private partnerships (PPPs) are already being used to meet some of the infrastructure deficit. However, increasing our competitiveness demands a world-class infrastructure, and that can be partially funded by a radical and transparent programme of privatisation of public assets. If we do that, it is important that we retain and reinvest those privatisation proceeds and reduce the level of long-term debt. We must also take care not to use PPPs or private finance initiatives (PFIs) all the time; the public sector should still inject capital expenditure rather than mortgaging future generations under PPP. Moreover, the Business Alliance believes that legislation should be relaxed and the planning process accelerated to increase infrastructural progress and reduce reliance on public expenditure.

The introduction of new and competitive tax incentives is necessary to enhance our attractiveness as a location for foreign direct investment, while rewarding investment by indigenous companies in key areas such as innovation, research and development, marketing and sales, and skills and competency development. From 2007 onwards, our ability to facilitate foreign direct investment will be essential to underpin FDI activity and competitiveness. Combining all those elements would help create a new economic development and social inclusion strategy for Northern Ireland.

Any future economic development strategy must embed an entrepreneurial culture in the educational process and enhance essential skills among our school leavers. Again, looking at some of the weaknesses that must be overcome, our overall management skills must be improved, particularly in marketing and sales. Several projects have failed because we have not had those skills.

We must increase our investment in innovation, research and development. We need to provide appropriate risk capital. And we probably need to create a portfolio approach to Government funding to encourage risk: otherwise we will find that bodies such as the Northern Ireland Audit Office will monitor on a project-by-project basis, whereas it would be preferred that a bundle of schemes should be observed over five years to determine whether their objectives were achieved.

I speak today with the authority of the Business Alliance, which has produced an eight-point development strategy. It wants a significant reduction in the size and intervention of central Government, reflecting some of the outcomes of the Review of Public Administration (RPA); a radical programme to externalise and privatise assets and to stimulate investment through reduced Government intervention; and to see the proceeds of privatisation — if they are retained in Northern Ireland — funding regional and sub-regional infrastructure programmes.

Public expenditure commitments should be commensurate with the planned privatisation of infrastructure investment programmes, with a managed transition from public- to private-sector economic leadership. An economic development allocation should be ring-fenced specifically to stimulate the additional 148,000 new jobs needed over the next decade. There should be a review of transparency, processes and funding mechanisms to ensure that the infrastructure deficit is erased without the unbearable burden of long-term debt.

Selective financial assistance packages for Northern Ireland should be retained beyond 2006, and some fiscal flexibility and regional tax incentives for Northern Ireland should be introduced within the constraints of the EU competitiveness policy.

In conclusion, without the subvention at £5 billion the Northern Ireland business model is unsustainable in the long term.

We are also aware that ratepayers are further subsidised by lower levels of taxation than ratepayers in other regions of the United Kingdom. Although the headline indicators are good, Northern Ireland has potentially fatal underlying structural weaknesses and is reliant on disproportionate levels of public expenditure. In the short to medium term, the relatively unsophisticated small private sector cannot compensate for a decline in historic levels of public expenditure.

PricewaterhouseCoopers worked out some economic models that illustrated that, through a phased reduction in public expenditure, that subvention could probably be halved if the GDP growth increased to 5% over the next 10 years. So, one is not asking for double-digit growth. The subvention cannot be taken out totally, but with managed transition the current structural imbalance can be redressed. Only a radical and flexible strategy that reduces the size and influence of the public sector in favour of stimulating private sector investment can effect that managed transition.

The Co-Chairman (Rt Hon Paul Murphy MP):

Thank you, Mr Kingon. That was a fascinating and stimulating presentation with much food for thought.

Mr Chris Ruane MP: Like many countries — in fact all countries on the Celtic fringe, be it Scotland, Wales or Northern Ireland — your greatest export has been your

youth and qualified people. Perhaps that has been accelerated over the past 35 years because of the troubles. Is there any information on where those young talented people went, where they are now, their skills profiles, and whether they can be attracted back to Northern Ireland to use their entrepreneurial or professional skills to help build the economy?

Rt Hon Andrew Mackay MP: Mr Kingon gave an immensely stimulating contribution, but it was also sobering and worrying. From my experience in the Province, there is little appreciation from either the public or politicians that the problem exists. People do not understand that they are paying much lower council tax and water rates than my constituents and that there is a huge subsidy that no London Government, of whatever political party, could sustain in the long term. Neither is there an understanding of the need to privatise and reinvest that money.

How will you, or you and we, change that mindset, particularly as — even with a devolved Assembly and Executive — there still seems to be an attitude of passing the buck to London and Dublin rather than taking responsibility in Belfast?

Senator Martin Mansergh: Thank you, Mr Kingon, for a stimulating address, which was made without fear or favour and which set out the realities as you see them. I would be glad if you would answer my question in the same frank manner, whether or not we like the answer. Your economic regeneration strategy was striking in that it made not a single reference to the value, or otherwise, of North/South economic co-operation.

Tourism is one sector of the economy that is effectively run on an all-Ireland basis. As you illustrated, the South's economy works in an extremely dynamic manner. Mr Kingon, is it your view that North/South economic co-operation is absolutely irrelevant to the regeneration of Northern Ireland, or is its current structure such that it is not sufficiently significant to make a difference? Would a much greater effort still not make much difference, as I think the Secretary of State mentioned in a recent speech? What is the significance, if any, of the Southern economy to the regeneration of the Northern Ireland economy?

Mr Stephen Kingon: I will answer the questions in the order in which they were asked.

A third of A-level students go to universities outside the Province, and much work has been carried out recently to track where they have gone. Some 75% still do not return to the Province because of job opportunities, connections with an outside university and so on. That figure has come down; it was a much higher percentage, but more people are coming home.

From our firm's perspective, many people working in Birmingham, Glasgow, London and New York now want to return, and the situation has certainly improved

since 1994. There is a lot of talent, but it is a chicken-and-egg scenario. Job opportunities must be created to attract people back. It is useless to headhunt people unless there are employment opportunities and career prospects for them. Interestingly, our firm sends many locally based people to work in the States and Australia, and my fellow managing partners wonder how we can let this talent go. People we rate as average, they think are absolutely brilliant. There is a lot of talent, which is why I am confident that we can turn Northern Ireland into a vibrant, thriving economy.

The second question asked was "what we are doing about it"? I mentioned the working group with the five political parties: Sinn Féin, DUP, SDLP, Official Unionist and the Alliance Party. To be fair, there is an awareness among the parties, and many local politicians are well aware of the issues, but the public at large are not. There is complacency; people see all the signs — new car registrations, retail activity and the general buzz — but do not understand the underlying structural weakness in the economy itself.

The biggest problem for us all — both politicians and the business community — is to get the public at large to realise that moving to a private-sector-led economy is fundamental. Certainly, that realisation came when business bodies talked to the local political parties. Therefore, to get the message out, there must be a partnership between elected politicians, the business community, the public and the voluntary sector.

Purely from a Northern Ireland and UK perspective, the North/South dimension is important to the economic regeneration strategy. For example, business bodies see a need to consider energy policy, and even infrastructure, on the island together. There are several economic development scenarios on the island whereby two plus two will make five. Work is already ongoing in that area, and I am a member of a roundtable group that tries to bring together the private and public sectors, North and South, to consider the strategic priorities for the island. In particular, there are areas at a sub-regional policy level within the EU that would benefit from a North/South common policy.

There are issues, such as those relating to the entire labour market, where simple things like mobility of labour on an island basis should be examined. There are barriers to that, however, such as portability of pensions and various other things. If the Republic's economy is growing but is short of labour supply, and there is a labour supply in the North, we ought to make sure that mechanisms are in place to facilitate demand. However, that eight-point plan was within the context of the UK and the Northern Ireland economic strategy.

10.30 am

Mr Andrew Mackinlay MP: I would like our colleague to comment on the poor road structures in Northern

Ireland and the west of Scotland between Stranraer and Carlisle. As those on the eastern side of the Republic improve significantly, there is a disincentive for commerce to go beyond the border. Also, good transport systems in the North could feed into the Rosslare and Dublin ports, and there may be a spin-off into parts of Wales. There is a lack of joined-up thinking, and for everyone's benefit, that must be addressed via funding for roads from the Northern Ireland Office and the Scottish Executive.

It may be obvious, but I wonder if any assessment has been made of the impact of television in other parts of the United Kingdom and around the world as a disincentive to invest in Northern Ireland. Unfortunately it is true, but we have all experienced people looking at us as if we are going to the other side of the moon when we say that we are going to Northern Ireland. I remind those people that Northern Ireland is the safest place in Western Europe, which is also true, but people do not seem to experience that elsewhere, both in the UK and certainly not abroad.

My final question is on tax collection. The black economy in Northern Ireland is proportionally higher than in the UK. Even such simple things as collection rates for television licences are extremely low compared to the rest of the United Kingdom. That would presumably be reflected in other charges and taxes that impact on the total bill.

The Lord Brooke: Mine is a statistical supplementary to Senator Mansergh's question. When I lived in Brussels 33 years ago, 30% of the Benelux economy was contained in trade among the three members. When I lived and worked in Northern Ireland 16 years ago, the figure for cross-border trade was 10% of GDP, but that was slightly inflated by the Republic's exports going out through Northern ports, which I gather has since receded as industrial relations in the South have changed. What is the present figure for trade between North and South? I ask since, in the context of the Single European Act, the more integrated that economy is the better.

Mr Jeff Ennis MP: That was an excellent summary of the economic problems in Northern Ireland. Mr Kingon mentioned on a number of occasions the underdevelopment of business enterprise culture in Northern Ireland.

That is not peculiar to the region; in fact, it is a factor common to many of the more deprived regions of the UK. I recognise it as a feature of former coalfield areas, such as the one I represent. So too is the over-dependence on small to medium-sized enterprises (SMEs). In my area, I have found that such enterprises reach a comfort zone, and many of them will not take the risk of expanding further to become a big business. Is there a magic bullet to resolve that? It is not simply a question of creating new businesses, but of getting the established SME network to expand and create further employment.

Mr Stephen Kingon: The roads issue is really part of the infrastructure deficit. It is absolutely essential that we develop a competitive infrastructure. On the island alone there are \pounds 100 billion to be spent in the next decade on infrastructure, of which \pounds 25 billion, or \pounds 16 billion, is for spending in the North. Roads will definitely be funded from that. Cross-border co-operation and planning have a role in this. Anywhere in the world where good motorways, freeways or other roads are created, a lot of economic activity occurs adjacent to them. They almost create economic corridors. They are seen as part of the economic deficit that has to be made up.

There are two other points. I am not aware of any research on the impact of television coverage of the Troubles; I can speak only from personal experience. When travelling in the United States talking to key clients, I have seen historic footage of the Troubles on CNN. The first question I am asked is "How do you live there?", and I spend the first hour trying to explain that it is not really like that at the moment.

There is no doubt that this does horrendous damage to Northern Ireland's image. I spoke to the President of the Chamber of Commerce in the United States. He made a very poignant point. He said that capital could only go where it was wanted, where it was safe and where it was profitable, and told me that I have not convinced him on the second point as far as Northern Ireland was concerned.

That is the impact that negative publicity has had, and no matter how good development agencies are in a one-to-one situation, it is a serious handicap to overcome. Perhaps it would help to get "good news" stories out to the media; or at least to get the media up to speed on what has been happening recently, because there has been a lot of progress which has probably been ignored.

As for taxes, the Inland Revenue has been tightening down on collections. Northern Ireland is subject to the same scrutiny as any other region of the UK, and we know from dealing daily with the Inland Revenue that collections have improved.

North/South trade has improved, and the Republic is now our biggest export market, representing in the region of 14%. There are a lot of cross-border linkages, with companies based in the Republic of Ireland either setting up or acquiring companies in the North of Ireland. Some very good all-island groups are being formed, so there is a lot more activity in that area. Having said that, there are huge opportunities for Northern businesses to do more trade in the Republic's market. As we have seen from the growth statistics, it is a boom economy.

Underdevelopment of entrepreneurship is a problem not only for us, but for the educational system. We need to get an entrepreneurial culture into the curriculum much sooner. I left school 30 years ago and my daughter

recently got the same careers advice as I did. She was asked whether she was going to do medicine — no; or law — no; and was then told to get a good degree and think about the public sector. Industry and commerce were not even mentioned. We must review careers advice.

Business has a burden of responsibility to sell industry and commerce much more, and we need to help shape the curriculum. There is no quick panacea. Admittedly, some small and medium-sized enterprises (SMEs) have the BMW-type syndrome, where people get to a comfort level and are not prepared to risk going further. However, SMEs now realise that global competition means that they can no longer be secure in their own regional market. One cannot tell where competition will come from next. Big global players are coming in and playing in spaces they would never have played in before and have different channels to market.

Many of the SMEs I deal with want to become more internationally competitive and realise that they must take more risks. One of the problems in Northern Ireland is that we do not have enough risk capital available. We need a lot more venture capital players to engage in the market, but because we have been so small we have not had the transactions to date. However, we need to be much more international in our financial markets.

Dr Jimmy Devins TD: Like other Members, I thank you very much, Mr Kingon, for your stimulating presentation. Unfortunately you confirmed what quite a lot of us had suspected for some time.

In the process of developing small indigenous industries, what role do the universities and third-level institutions play in encouraging business development through the use of business innovation centres (BICs)? One of the areas in the Republic that has seen an enormous growth, particularly in targeted, added-value jobs, has been the incubation centres where small concerns involving two or three people have developed, and have then been encouraged to go out into the wider world. They have helped enormously in the development of industry.

Mr Séamus Kirk TD: I agree that it has been a stimulating presentation. I have just a few comments on the economic development strategy, which has been raised in several questions recently.

10.45 am

The education system and the creation of a good skills pool that will be attractive to the FDI personnel coming in is one issue. How can the problem of the long-term unemployed be tackled? Is it a matter of enhancing educational opportunities? Should there be retraining programmes to suit the skill levels that the unemployed individuals have?

Martin Mansergh mentioned the issue of cross-border employment. It is easy to underestimate its relevance

and importance to overall economic well-being north of the border, but there is in fact a significant cross-border employment element, and we should attempt to quantify that.

I am also curious about the retail spend north of the border — the amount spent by people who go north of the border to shop at the weekend, for example.

My last question concerns the tax incentives. Should we have an all-island approach to that — a special, or an equal, corporation tax north and south of the border to help stimulate the overall economic development strategy?

Mr Arthur Morgan TD: Go raibh maith agat, a Chomh-Chathaoirligh. I thank Stephen Kingon for his presentation; I too found it particularly interesting. Several of the questions that I was going to ask have just been asked by Séamus. One of the surprising features about the northern economy is that the huge growth that occurred south of the border did not impact more profoundly on the North — that it did not catch on.

I wonder whether there was some block that is not obvious to us. Is there a block of some sort, preventing business in the North from getting a piece of that southern cake? I know that with the EU and open borders and so on, there should not be any block, but why is export so low? Should it not be much greater than 14%?

The Baroness Blood: As many of you know, some of our problems in parts of Northern Ireland are, first, high unemployment and, secondly, low educational attainment. I wonder whether Stephen has any thoughts on how we might skill up those communities. At the moment support organisations offer training, but Government considers these to be short-term arrangements. Is there any way of bringing the whole idea of business into community development? Also, do you think that Invest Northern Ireland is innovative enough in those areas?

The Lord Gordon: I would like to offer a figure, which perhaps substantiates Andrew Mackinlay's concern about the damage done by television coverage of the troubles, but also offers considerable hope for the future. The figure is drawn from the world of tourism, which I need hardly remind people is the fastest growing industry in the world: Northern Ireland's income per capita is one quarter of that of Scotland's.

The two countries — I will probably be shot when I go home — are broadly similar in landscape, climate and probably even ethnically. It is not, therefore, over-ambitious to think that Northern Ireland could double its tourist income. That would have a side benefit in that tourism is contingent upon the existence of normality in a country and, therefore, it gives the population a vested interest in peace and a normal life. To add another vested-interest point, transport links with the Republic are absolutely essential; so are links with south-west Scotland, and we might do well to renew

the natural links that used to be maintained between Scotland and Ireland.

Mr Stephen Kingon: The universities and further education colleges have been doing a lot of work in setting up centres of excellence for research and development and innovation. I was involved in a study that examined the demand side of that. Although we have the supply side right, the demand side from our SMEs is where the problem lies. Around 50% of SMEs had spent nil on research and development.

The worrying thing is that 97% of that 50% said that they never intended to spend money on research and development in the future. The question for us is how to make the small business environment realise that it cannot be a “me too” product: it must actually spend some money and be innovative at that level.

The universities have been encouraging spin-outs, and I am pleased that they have set up incubator projects, but much more could be done. We could learn a lot of lessons internationally, and we have to keep working on that. The big worry is that without an income stream from business, universities will be highly dependent on public expenditure to continue to finance those research centres of excellence. In the current public expenditure climate, that is unlikely to happen to the same degree as it has in the past. When we turn up the demand on the business side we could fall foul of not having those centres of excellence in tertiary education, so it is important that we get that balance right.

The education system is absolutely fundamental to getting our people skilled. We cannot compete with the low-cost economies in some areas of the value chain and in some industries. We are just not competitive there. We need to “up-skill” and play on those bits of the value chain where we can make a competitive contribution. A great deal needs to be done. Businesses have gone into some disadvantaged areas to try to help mentor and increase the skill base. Some work has been done, but not enough.

There is a big problem with the lack of role models in some disadvantaged areas, and there needs to be greater effort put into that. Baroness Blood asked about investment policy in those areas. Part of the problem is that the Department for Employment and Learning is responsible for that, and it does not have an investment mandate. It is essential, however, that a number of initiatives are tried through joined-up government. It will take commitment in those areas, with the focus particularly on the longer-term unemployed where there are no role models.

I do not have the statistics for those employed in cross-border work, but many people commute from the border counties. Cross-border work could be made easier. The portability of pensions, for example, can cause problems.

With regard to tax incentives, my view is that cutting the tax rate will not help indigenous businesses to the same degree, but it will encourage foreign direct investment. Fiscal incentives must be offered to encourage indigenous businesses to spend in the key areas of innovation, and research and development. For example, for every pound spent on research and development, businesses could get a £3 credit in the tax computation, which would reduce the taxable profit and, de facto, the effective rate. In other words, changing the rate per se will be difficult, but that in itself will not necessarily encourage the kind of behaviours that are needed.

The three big things that Northern Ireland business lacks are: first, innovation spend and research and development spend, which must be encouraged; secondly, skills and competencies — businesses need to retrain their people into the higher value added, so any money spent on training and reskilling should get a tax credit; and thirdly, business must become internationally competitive, so it needs to spend money on marketing and sales, infrastructure and organisations. There should be tax credits in those areas. Tax credits would not add any administrative burden — by changing the tax computation, de facto, the rate is lowered. However, it encourages positive behaviours to deal with some of the underlying problems, particularly if the intellectual property of the research and development rests in Northern Ireland.

The Internal Revenue Service (IRS) in the United States is challenging companies at the moment. Apple went overseas and has now issued a profits warning because it could be charged up to 32% tax on any repatriation. The tax rate is currently a big issue, because the intellectual property rests back in the United States and not in the overseas countries. It would be better to get the intellectual property resting in the country of origin and to consider fiscal incentives rather than tax rate.

Tourism has been improving, but it provides less than two per cent of our GDP, whereas in the Republic of Ireland it is seven per cent and in Scotland nine per cent. We need to address that problem by improving the international image and also building up the infrastructure.

Mr Jim Dobbin MP: I thank Mr Kingon for his presentation. For a new Member on a steep learning curve, that was a very comprehensive overview of the economic situation. The pensions debate is at the top of the agenda across Europe, and some statistics were mentioned in the presentation. I am not expecting Members to discuss the pending Adair Turner paper. I know that it is important for the economy, particularly in Northern Ireland where there is high public sector employment. How important is that issue for the future of the Northern Ireland economy?

Mr Séamus Pattison TD: It is generally agreed and accepted that the success of the Republic’s economy was due to the social partnership arrangement between

business and employers' organisations on the one hand and the trade unions on the other. Does Mr Kingon see a need for a similar arrangement in the North, and does he see a role for the Irish Congress of Trade Unions (ICTU) in that?

Mr Mark Durkan MP: Like others, I thank Mr Kingon very much for the presentation. As a Northern politician, I do not know whether I would say that it was stimulating, but it perhaps stimulates in me apprehension and depression given the scale and depth of some of the issues that we face. Mr Kingon clearly painted the changes and challenges that confront us. He mentioned that the Business Alliance has engaged with the political parties and has agreement on some of these issues, but the problem is that the parties have a habit of agreeing things in general terms but when it comes to implementation and delivery they get into sequencing issues and problems about what has to give first and what has to move first. Everybody wants to go to heaven but nobody wants to die. We know where we want to get to, we know the change we want to see in the economy, but we are not sure that we are prepared to pay the price of change and make the adjustment needed to get there.

With regard to the tax question, perhaps targeted tax credits and other fiscal incentives would be the way to go rather than one rate of corporate taxation for the island. That could be combined with a rethink on some of the issues regarding North/South co-operation that were discussed at the time of the Good Friday Agreement.

11.00 am

Inward investment was left out of the remit of the Trade and Business Development Body (InterTrade Ireland). That was because of Southern defensiveness as well as some Northern hang-ups; however, things have moved on economically, and the South is much more selective about the investment and employment that it looks for.

There is inward investment that could be sought, North and South, which would locate different types of employment in different parts of the island. In so doing, it would get the best out of both tax systems. It is a question of looking at some of these issues inside the structures that we might take forward in strand two, as well as how the fiscal incentives Mr Kingon mentioned might be negotiated.

Finally, if we are serious about negotiating those fiscal incentives, the Northern parties must know whether they have an answer to the Treasury's question when it asks whether they are prepared to pay for tax credits out of the Northern Ireland block. That is what the Treasury will reduce it to in negotiations. If we do not have a joined-up answer to that, then we do not have a combined plan, an alliance or anything else.

Mr Joe Sherlock TD: Do I take it that the emphasis is on private rather than public development? Mr Kingon made no reference whatsoever to EU Directives and the effect that they may have. I will give an example. In the past week the last sugar factory in the South of Ireland closed. For the first time since the 1930s, no beet will be grown, nor hauled by road or rail. Workers will be made redundant as the result of an EU Directive. How has that happened? Will it have an impact on agriculture in all parts of the country? I think it will have a major impact, and it is a matter over which we appear to have no control.

Mr John Ellis TD: Those of us who live close to the border have highlighted some of the things that we know are happening on both sides. Mr Kingon mentioned the number of people classed as incapacitated and claiming benefits. I wonder how many of those people are working in the black economy in the South: there is no doubt that many Northern people are working in it. It is an accepted fact that, due to the labour shortage in the South, they are filling that vacuum. It is the only way that they will work; they will not work legitimately. They only want to work "off the books", and that is causing problems, North and South.

Mr Kingon also mentioned the lack of venture capital. Has anyone in the North looked at bringing in some of the business expansion schemes (BES) that operated in the South? Some companies have grown enormously from small seed capital provided by people who were prepared to take the tax write-off. If it went wrong, it went wrong. There are wealthy individuals in Northern Ireland paying serious tax, and I am sure that with a proper scheme in place, they would be prepared to reinvest that money as venture capital into projects in Northern Ireland.

Ultimately, the problem is in the education system. Despite the top sector being very good, the bottom 50% lags way behind the education system in the South, and that is where the biggest problems are coming from. Not enough highly skilled people are being produced who can attract outside investment. As far as international investment in the South is concerned, it is education that has provided the drawing power.

Mr Jim Glennon TD: I thank my Colleague Deputy John Ellis for raising the issue of the numbers from the North who are working in the South, particularly in the building industry. My daily 20-mile commute to Dublin is on the M1 — the Dublin to Belfast road. In the early morning in particular there is a very high proportion of Northern-registered vehicles, minibuses or cars carrying four and sometimes five individuals at 7.00 am, heading into Dublin. It must be a very significant figure.

There are two other matters that I want to raise. The outstanding features of the Southern economy at present

are immigrants and a rapidly developing black economy, not entirely unconnected. Do these issues exist in the North, and if they do, to what extent?

Senator Terry Leyden: First of all, I recognise the tremendous contribution made by the Co-Chairman, in his time as Secretary of State, to Northern Ireland and to the peace process.

How much of the £5 billion subvention relates to the continuing presence of the British troops in Northern Ireland, and would a reduction in number and ultimate withdrawal of those troops lead to a reduction in the subvention?

I hope that a copy of this economic slideshow has been given to Dr Ian Paisley. It might convince him to establish the devolved administration in Northern Ireland with the other parties, leading to far more co-operation between North and South. Ultimately, the solution lies in a direct North/South relationship.

Mr Stephen Kingon: I will answer the questions in the order in which they were asked.

There are two factors to consider on the pension debate, and our competitors in the private sector will be affected. The headline in today's 'Financial Times' tells of the potential in the Budget for another three per cent burden on employers. Therefore, that pension cost would be another cost on businesses globally, and it is a big issue.

Attracting people away from the public sector is also difficult. Good people are coming out of university, and businesses are trying to attract them into the private sector. However, there is no doubt that the public sector pension is an attraction that is considered by the talent for whom we are trying to compete. The public sector package looks relatively attractive at present.

Social partnership was a key plank in the Republic of Ireland's success. In the North the Economic Development Forum was formed on which all social partners are represented: business bodies, trade unions, the voluntary sector and academia. The Minister meets with that body regularly, and at present it is overseeing the development of an economic vision and action plan. So the mechanism exists, and there has been involvement since 'Strategy 2010' of a wider social partnership.

Mark Durkan mentioned North/South co-operation — particularly in relation to inward investment. He is right: even though we are in a competitive scenario, I find when talking to clients that we are actually complementary. For instance, if a major financial services company has a revenue-generating product, it wants to put it in the Financial Services Centre in Dublin so that it can avail of the fiscal regime. However, it also has within its group internal systems that it wants to develop. It is looking for a skill base — IT and back-office skills — and it can get that at a lower cost in the North. We have had the same client put projects into Dublin

and into the North that are complementary, and we can present the one package to them.

In relation to inward investment, selling the island to the outside is easier than selling the two constituent parts. It is a much more holistic offering, and it is something that should be looked at.

With regard to tax incentives, Northern Ireland's corporate tax take is about £500 million a year. The Treasury should not get overly exercised in the context of total public expenditure, because it would be self-financing after a period, and if it were successful it would encourage profitable companies. So I do not think the block needs to be cut; it needs to be renegotiated as part of the package. It is not a big risk area in which the Treasury will lose billions. In fact, we would like it to be the other way round so that there were billions of pounds worth of corporation tax coming in, because that would mean that Northern Ireland had a vibrant economy.

Northern Ireland is subject to the same EU Directives as the Republic of Ireland. Earlier, I mentioned the potential loss of 12,000 jobs in the agriculture sector. The farming community is not sure what will happen because there is so much uncertainty in the industry. It looks as though the bigger farmers will probably get bigger, but the small and medium-sized ones will probably go out of business. The farmers' unions are very concerned about that.

The next issues are incapacity benefit and the black economy. Yes, we have a black economy. As I said earlier, the Inland Revenue has focused on that and has closed much of it down quite rapidly. We had the equivalent of a business expansion scheme (BES), which was not all that successful because we do not have a great number of entrepreneurs. At the moment, business angels are not prepared to invest risk capital, particularly since the dot-com bubble burst post-2000.

Many Portuguese immigrants live in the Dungannon area, and some of our clients employ Romanian and Eastern European workers. The last estimate was that around 45,000-50,000 immigrants had come in to the North. The black economy existed before the immigrants came, so I have no data on the linkage, but there is definitely a build-up of immigrant labour, particularly in the meat-processing and construction industries.

Senator Terry Leyden: Would the subvention be reduced?

Mr Stephen Kingon: The subvention would not be much reduced because that £5 billion is calculated on public expenditure. The security is outside of that.

11.15 am

The Co-Chairman (Rt Hon Paul Murphy MP): Thank you. It has been a fascinating hour and a half.

Eighteen Members have spoken. I would like to ask Séamus Kirk, chair of our Economic Committee, to say a few words of thanks.

Mr Séamus Kirk TD: On behalf of the Body, I express gratitude to Stephen for his excellent and stimulating presentation. It has afforded the Body an opportunity to focus on an area that we have not previously addressed. The time has come to examine it closely.

He has clearly identified the underlying problems with the Northern economy. The subtext of the message is that the sooner the Assembly gets up and running the better, if a beginning is to be made in finding a solution to those problems. The session will concentrate our minds on the challenges facing all politicians in the UK and Ireland. The implementation of the economic development strategy is really urgent if the long-term and intractable problems that have bedevilled the North are to be tackled. The obvious challenge is to simultaneously convince all parties in the North — and I am sure that some are already convinced — of the need to get the Assembly moving and to implement the economic development strategy. I hope that this session will begin that process of convincing everyone that we can take it from there.

The sitting was suspended at 11.16 am and resumed at 11.38 am.

The Co-Chairman (Rt Hon Paul Murphy MP): There are a couple of practical points before I ask Michael Mates to begin the debate. First, the photograph will be taken — believe it or not — on the Robbie Williams steps outside the bar. Secondly, this afternoon you should all do what I am not doing at the moment, which is to wear an identity tag. The police will be there in force, so we must all wear our passes. Thirdly, remember to put on your microphones, not just so that we can listen to each other but for the benefit of the Hansard reporters. Finally, I appeal for reasonable brevity of speeches so that as many people as possible who would like to get in can do so.

Rt Hon Michael Mates MP: Thank you. Those of us on the Steering Committee are left feeling that one cannot win. A year ago this Body was wondering how much more talking could be done about the political situation because it had calmed down to such an extent that there was little to say. So we tried to include the economic side of life, which is why we had that excellent presentation this morning. Of course, that is important. Nevertheless, there is a residue of political issues, and those are now about to get up and bite everybody and are causing much worry, particularly among the Unionist community. Those issues are the transparency of decommissioning, on-the-runs legislation, exiles, punishment beatings and paramilitary and sectarian feuds, all of which I will cover briefly.

There is no point in repeating how disappointing it is that no Unionists are here. If they were, they would have the most enormous amount of passion in their voices. Last week when I, with many others, attended the debate in the House of Commons, I heard a strength of feeling from Unionists that I had never heard before over the way in which the on-the-runs legislation has come in. Not only that: I saw the extreme discomfort of the Secretary of State, who behaved impeccably in letting everyone have their point of view, but clearly was as uncomfortable as I had ever seen a Member of the British Cabinet about the legislation that he was introducing.

I saw Ian Paisley and Mark Durkan — I hope I will not damage Mark by reporting this — in almost complete agreement on every issue of that legislation, but equally speaking with enormous passion and concern about what was being done. That will have a difficult time going through our legislative system and will not emerge in the same form as it was introduced. Even to find you, Co-Chairman, as a former Secretary of State, saying that the Government needed to listen to the reason that the people had given for the legislation being so unacceptable, and that you too wanted to see it amended, spoke volumes.

I do not want to get too technical, but three amendments were put down. It was no coincidence that all three said that the legislation should not go through unless there was a reciprocal measure to deal with exiles; there seems to be a certain symmetry to that. It came from every corner of the House and every party. The matter is said to have been resolved, but everybody knows that it has not. When you add to that the fact that there are still punishment beatings going on and paramilitary and sectarian feuds — and the Loyalist feuds in Belfast are possibly the more worrying of the two — that has brought about a crisis in the Unionist community. That crisis was reflected in the general election results in May. Everybody saw it coming. I make no comment on, but just report, the fact that moderate Unionists felt that the moderate form of Unionism did not seem to be working, and that they seemed to be losing at every turn, so decided to vote in the more robust people who were against the Good Friday Agreement, against the Belfast Agreement, and — roughly speaking — against all those measures, to see if they can do any better.

There has been a sea change in the attitude of Unionism, and one must remember every now and then that Unionists make up the majority community in Northern Ireland. They are now extremely worried that every single measure being taken is, as they see it, against their interests.

I understand why those measures have been taken: partly they are a result of the Good Friday Agreement, of which I am a staunch supporter. But others were not part of it. The on-the-runs legislation, for example, was not there, because had it been, no one would have

signed it. David Trimble would not have signed up to it. The feeling is that those extras have been added at conferences since the Belfast Agreement was signed, and Unionists perceive that every single one has been against one community and in favour of the other. If we do not find a way to address that problem and be seen to be fair, we are looking at a long period before anybody will be prepared to do what we all want to see done, which is to restore the devolved institutions.

I have always felt that the DUP were stronger on devolution than the UUP; that in their hearts they really wanted to get control of the levers and to do for their own communities what the British Government does its best to do but does not do nearly as well. But given the stand that they had to take to make the political gains they have now made, it is now going to be a very difficult question indeed for them, unless and until the two Governments, but mostly our Government, can produce some sort of solution that they see as rather fairer than the situation we have at the moment.

Let us consider decommissioning for a moment. There is no question about it: it was a major event. For the IRA to do what they did was as unexpected as it was overdue. But Unionists ask how they are to know that the arms have really gone. I have no criticism of Gen de Chastelain. I think he has done a marvellous job in first gaining and then retaining the respect, confidence and trust of all parties. He is probably the only person to have done that over such a long period of time in all the history of the Troubles. But Unionists are saying that they do not know how many arms were decommissioned — whether it was all of them, half of them, a quarter of them. They do not know because no one is allowed to say. All that Gen de Chastelain was allowed to say is that he saw weapons put into a state in which they can never be again be used, and that that was what happened.

I believe that, if it is in the IRA's interest, it is certainly in the interests of all the democratic parties, for them to say that yes, 100 tons, or 50 tons, or 80 tons have been decommissioned — whatever the figure is, so that the situation becomes transparent. Even if it cannot be checked, at least one would have a statement to which everyone can adhere. Everyone would then have an idea of the size of that gesture which the IRA made. That would do an enormous amount for confidence in the Unionist community.

The exiles, I have touched upon; I do not need to return to that topic. But there needs to be not just a statement that that issue is over and behind us, but an absolutely unequivocal public declaration that anyone who was expelled from either side during the Troubles may now come back. Punishment beatings and paramilitary feuds are something that I do not believe anyone can do anything about at the moment, because until and unless trust and confidence in the police service has

grown, and to an extent that its impartiality and ability to carry out normal policing is demonstrable, I am afraid it is going to continue in the communities where it is happening now.

Over all, I believe the challenge we all face is to try to give the moderate Unionists some form of reassurance that, when this whole procedure is all over, although there are some uncomfortable things that have to happen, it will in the long term be in their interest. It is, I believe, that lack of confidence and trust — which has been growing and still is growing — that is going to give us the major political problem of the next six months or a year. I do not see them being able to agree to join in a devolved institution embracing all of the parties until those problems have been solved.

I could go on for longer but I will not, because I know many people will want to take part.

11.45 am

The Co-Chairman (Rt Hon Paul Murphy MP):

Thank you for an interesting, stimulating introduction to our morning's proceedings.

Senator Brian Hayes: I want to refer briefly to the issue that Michael Mates has introduced this morning, the on-the-runs. While this has been a matter of controversy in the House of Commons over the past week or so, I regret the fact that it has not been debated in either House of the Oireachtas over that period, because there are significant issues here that we as parliamentarians need to tease out. Ostensibly both Governments made a concession on the issue of on-the-runs to Sinn Féin. It was a deal conceded at the Weston Park talks. As Mark Durkan MP said in the House of Commons last week and as Michael Mates has said again this morning, that was not part of the original agreement. That was an add-on. But it was a deal, and the question that needs to be addressed politically is what we are getting from the Sinn Féin side for the concession that we are giving. I tend to agree with Michael Mates.

We must have a very firm statement on exiles — a significant group of people, on both sides, who have had to leave Northern Ireland over a 30-year period. However, we need also a much firmer commitment to the new policing dispensation in which the PSNI is working. In not getting a commitment from Sinn Féin on policing, both Governments have sold a pass.

With the on-the-runs proposal in the Republic, the Government have said that they intend to establish a non-judicial eligibility body, which would advise, on a case-by-case basis, who should qualify under the scheme. The eligibility body would advise the Minister for Justice, who would advise the Cabinet, and the Cabinet would recommend to the President that a Presidential Pardon be granted under article 13.6 of Bunreacht na hÉireann.

Our Government should consider this again. Presidential Pardons were not included in the Free State Constitution of 1922, but since 1937 they have been given exclusively for miscarriages of justice. Are we really suggesting that the dozen or so individuals who have either absconded from the Republic or have refused to face trial were subject to miscarriages of justice? If we are, we are sending an extraordinary message to the victims of terrorism in the Republic and in Britain.

There are two problems with our Government's approach to this issue. How can a pardon be granted if there is no conviction? The Government have not explained that sufficiently. Also, I have very serious doubts about this non-judicial eligibility body, which is removed from the courts and which, in effect, has its genesis in a political deal, meaning that under our Constitution, the executive arm of our Government is to encroach on the judicial arm of that Government. That matter must be resolved.

A more sensible approach must be taken. Our problem is that when prisoners were released in the Republic, following the Good Friday Agreement in 1998, unlike in Northern Ireland, they were not released on licence. In other words, if individuals break the terms of that licence, they cannot be put back in prison. That is a very important crux that must be included. Unfortunately, in 1998, when the legislation was enacted in the Houses of the Oireachtas, our Government did not do that.

This was a bad deal, and there is still time for both Governments to put additional pressure on Sinn Féin to give much more than it is giving, especially on policing. Through this Body, I take the opportunity to make that plea to our Government and to the British Government.

Mr Seymour Crawford TD: I am glad of the opportunity to say a few words on this very important motion. We covered the economic aspects in our worthwhile discussion this morning, so I will not go into that in any great detail. However, the full benefits of the Good Friday Agreement will not be felt, north or south of the border, until the Assembly is up and running properly, with Ministers in place to co-operate with Ministers in Dublin on a daily basis. The foot-and-mouth disease outbreak showed how invaluable that co-operation is. It is inconceivable how much things could improve if Ministers were able to work together.

There is no doubt that IRA decommissioning was extremely significant. If the Loyalists would decommission, and if there were a decommissioning of minds on both sides, we could move forward with confidence. One disappointing outcome of the IRA's decommissioning, however, was that we did not achieve agreement on policing.

The two areas that annoyed me most were the lack of decommissioning and the criminalisation issue. If

we do not have a proper police force that can go into all areas, north and south of the border, criminal activity will be hard to control. In itself, this will cause major underlying problems for the political structures because, for example, it does not allow for fairness in how the political institutions are funded.

Three things that have annoyed me recently make the restoration of the Assembly more difficult. First is the on-the-runs issue and how it has been handled. As Senator Hayes said, there has been no open discussion on that in Dáil Éireann. During the summer, I called for the Dáil to be recalled because of some of the things that were happening behind the scenes. The on-the-runs issue was not one of them, but how the process has been taken forward was obviously agreed behind the scenes. The Presidential Pardon leaves no comeback and, as Brian said, how do you grant a pardon when there has been no conviction?

The second issue is the murderers of Jerry McCabe. Some time ago, it was agreed that they would be released, and the Minister for Justice said that he would welcome the day when he would have to go to Limerick to try to explain the reasoning behind the decision to Jerry McCabe's widow.

The third issue to annoy me was the suggestion that political representatives from Northern Ireland be given speaking rights in the Dáil. Again, that was more or less agreed to behind the scenes without any political discussion and would be very difficult to implement.

These types of things going on behind the scenes are not helpful to those of us who are committed to an end to the problems in Northern Ireland and to the restoration of the Assembly. We need more openness and frankness among all politicians because we can only move forward if we trust each other and do not feel that secret agreements are being made just to get people onside.

I have discussed the Good Friday Agreement with people from the extreme Unionist side and I am satisfied that, with some tweaking, we may be able to get them on board. However, if things happen behind the scenes that they do not like, it will be much more difficult. The Good Friday Agreement was extremely important — a means to an end — but if it needs to be tweaked in some way to bring others on board, so be it.

Although it is obvious that changes have been made regarding on-the-runs and some other matters, to bring more people on board, the message must go out from here that we are prepared to make other changes.

At this stage, it is vital that we move forward and that the Assembly be restored. The only way to do that is to create trust and to ensure that everybody can become involved. We do not need to revisit the past on every issue. If we do, nothing will ever happen. We

need to move forward. As someone who lives in a border area, I know more than most how the murders and mayhem affected the six northern counties and their neighbouring southern counties — much more than anywhere else in the rest of Ireland or in the UK.

Senator Martin Mansergh: Thank you, Mr Co-Chairman. To start on a slightly more positive note, there has been historic progress this year. Not merely has the IRA decommissioned, it is ceasing all activity, which means — and I am talking about the island as a whole — that for the first time in 80 years, there is no significant armed challenge to Irish democracy.

It is an enormous step forward.

Michael Mates asked how we can know whether the IRA has decommissioned. The best guarantee is that if it turns out that the IRA has not decommissioned or has done so only incompletely, the political cost would be absolutely huge.

We need to connect the political progress that we are seeking with this morning's session on the economy. It is in the interests of everybody in Northern Ireland, and especially the Unionists who are attached to Northern Ireland as a political entity, that it be economically viable. The different sides working together again in a devolved Government would send out a very powerful message of confidence. It would mean also that elements of the process, such as the North/South bodies, could cease to function on a care-and-maintenance basis and could move forward.

Rather, therefore, than considering all the reasons why people should not move forward, if Unionists want Northern Ireland to be a viable entity in the future, which is presumably what Unionism is all about, they need to consider the long-term political cost of not moving forward.

12.00 noon

The on-the-run issue, very emotive though it is, should be kept in context. It is one of many loose ends in the Agreement. On all fronts, we have moved beyond the strict text of the Good Friday Agreement: the creation of the PSNI was not in the Good Friday Agreement, and the precise North/South bodies were not outlined in the Good Friday Agreement. The commitment made in the Good Friday Agreement is considerably looser than the achievements on explicit total decommissioning.

To say that something was not in the Good Friday Agreement is not enough. The Good Friday Agreement was a base from which to move from the past and to build. It was the basis for all sorts of agreements over the past six or seven years, and we must bear that in mind.

I am very attached to full support for policing. The political reality is that that will happen in tandem with the restoration of devolution.

My colleague, Seymour Crawford, asked under what circumstances elected representatives from the North might speak in the South. That was not a behind-the-door deal. It was the subject of an Oireachtas Joint Committee in which all parties took part and reached agreed conclusions, and I refer Deputy Crawford to the report. It had been a matter of discussion for the previous two or three years, so it is not the case that it was being suddenly sprung on people. My preferred solution, which is in the Good Friday Agreement, is a North/South parliamentary assembly; but to discuss that meaningfully, a Northern Ireland Assembly must be in place.

Mr Robert Walter MP: Thank you, Co-Chairman. This motion is in two parts: economic regeneration and political progress. Economic regeneration is a bit motherhood and apple pie, but we can all agree with it, and as other Members have said, there are problems with the political progress issue.

There has been a serious error in perhaps putting too much trust in some of the parties to various agreements. Michael Mates very eloquently discussed the Northern Ireland (Offences) Bill that we debated in the House of Commons last week. Kate Hoey, who spoke immediately after Ian Paisley and Mark Durkan, summed up that debate very well. She said:

“It is an amazing day in the House of Commons because the leaders of the two largest parties on the Unionist side and the Nationalist side are, give or take a few nuances, virtually in agreement. It is also amazing that my Government —”

that is, the Labour Government

“ — are pushing through the Bill. They always say: ‘Why don't people in Northern Ireland get together? Why can't we get the good, non-violent, democratic, constitutional parties to work together?’, but that is what is happening.”

That summed it up.

The DUP would be against this — and I will let Mark Durkan speak for himself — but there is a distinct sense of let-down on the side of the SDLP. In his speech to the House, Mark talked about the discussions on the Good Friday Agreement at Weston Park and other places, but the most telling phrase that he used — and he may relate this to us again — was that the Prime Minister said to him:

“You guys, your problem is you don't have guns.”

And we have to take that on board.

The truth is that a grubby deal was made between the British Prime Minister and the leaders of Sinn Féin/IRA, and successive Secretaries of State have been lumbered with that inheritance. I do not know whether the Taoiseach was part of that deal. Brian Hayes referred to the fact, and it may be telling, that there has

been no equivalent legislation in the Republic, although there has been the question of pardons.

It is argued that the legislation is inextricably linked to getting the IRA to end its terrorist war and enabling Northern Ireland to return to what the rest of us would regard as normality. In the House of Commons last week, the Secretary of State referred to the significance of the IRA statement in July and also to its decommissioning announcement in September. Both initiatives are important, and they are welcome, and of course, all of us want the Republican movement and the Loyalist paramilitaries to complete the transition to democratic and peaceful politics. But we also want to be confident that the process is permanent and irreversible. After three decades of killing and bombing, we are entitled to test the IRA's good intentions over a period of time before accepting that it can be trusted. It is only 12 months ago that Sinn Féin/IRA were talking to our Prime Minister and to you, Co-Chair, as the then Secretary of State, about a new agreement on power-sharing while at the same time, we know, they were plotting to raid the Northern Bank.

Progress has been made, but the trouble is that Ministers on our side seem to have no reservations, which other observers insist they should have. The Independent Monitoring Commission (IMC) is charged with examining how the paramilitary groups are complying with their undertakings. Its most recent report, published in October, says that:

“it is too early to be drawing firm conclusions about possible overall changes in behaviour —”

that is on the part of Sinn Féin/IRA. It also remarks that:

“the leadership of the republican movement has shown a capacity in the past to turn on and off the tap of violence.”

That is an exact quote from the report. The language employed by the IMC echoes accurately remarks made earlier in the year in the Dáil by the Taoiseach.

We still have no commitment by Sinn Féin to support the police, nor any recognition of the legitimacy of the courts. The murderers of Robert McCartney have not been turned in. Instead, his sisters have been driven from their homes by intimidation. Others, exiled from Northern Ireland over the years by paramilitary threats, are still unable to return home.

The Baroness Blood: This time last year it looked like we were moving fast to closing a deal. At least that is the way it was being sold in Northern Ireland. It looked like the DUP was going to do the business.

If my information is right, the issue of on-the-runs has been around for longer than a year, so it looks as if the DUP could have closed a deal last year but still had this stuff to deal with.

The on-the-run legislation is morally wrong. Do not misunderstand me: we have got to draw a line under the troubles in Northern Ireland. I could tell you about the family and friends that I have lost through the troubles, but that would not help. The on-the-run legislation is wrong because it is the political overseeing the judicial. That is the wrong message to send. If these people want to come back to Northern Ireland, why can they not come through the early-release scheme? That would not be a problem. They could come into court, be charged, do two years and walk away.

I spoke to the present Secretary of State about this, and he made a big thing, first of all, about these people not even having to be in court, and I think that is obscene. He is also pinning this on the fact that those folk will be let out on licence. The choreography of this could not be more wrong. Someone was picked up in July as it was considered that he had broken the terms of his licence. However, within a matter of weeks he was released when the Secretary of State refused to put forward the information that he had. When I asked the Secretary of State if he had irrefutable evidence in connection with Sean Kelly's incarceration, I was told that he had, yet within one week Sean Kelly was back on the streets.

There is no way that the Unionist community is going to accept this licence scheme. It is just not acceptable. When we were canvassing for a yes vote in the Good Friday Agreement referendum, one of the big things in my community was the early release of prisoners. That was a huge pill for people to swallow. The Northern Ireland (Offences) Bill is not only asking us to swallow the pill, it is also asking us to swallow the bottle it came in, and that is going to be extremely difficult.

The other side of it — and I have heard some folk this morning referring to the exiles — is completely different. These people are exiled from their community, and I do not think that you can legislate for that. Many times, I have heard Gerry Kelly from Sinn Féin saying that the exiles can come back and that there is no restriction on them. The problem is that these people have to get permission from their community to come back. There are many private scores to be settled on both sides of the peace line. It is not just a question of somebody saying that everybody can come back. There are private scores to be settled in both communities.

One of this morning's newspapers was talking about Loyalist decommissioning. That is one thing that worries me, and I have raised this on a number of occasions. How will we know that decommissioning has taken place? There is fear in the Loyalist communities, because they are being told that if the IRA has not decommissioned all its weapons — whatever that might amount to — then the Loyalist paramilitaries will be required to protect them.

That is the way it is being sold in the community at the moment. At the moment, I do not really see how any pressure on the Loyalist community is going to make them give those guns up. The OTR legislation only makes it that bit more difficult, and the Government has to think again about that.

Senator Brendan Ryan: Co-Chairman, I always promise to be very brief, and I never am, but this time I will try to keep my promise.

Speaking as one who was de facto close to Sinn Féin when nobody else would talk to the party, I now find myself growing further and further away from it because, firstly, its members do not need my help any more. In fact, probably the reverse is the case. There was a time when Arthur and all his friends were on the phone once, twice, three or four times a week to know whether, as one of the few people in Leinster House who was prepared to talk to them, I would make representations on behalf of prisoners and do all the things that I, and a small minority of other people in Leinster House, did.

Now Arthur was on the run, and he did not have time to ring me. *[Laughter.]* Those of his friends who were not on the run were phoning me. I listened, and others listened to them. Sinn Féin is in great danger of not listening to anybody else any more. The truth is that the Unionist support for the Good Friday Agreement has collapsed and that which was there at the time of the referendum no longer exists. There is no point in saying that it is the Government's fault; whether or not it is, part of the solution is for Sinn Féin members not just to listen and not just to say that they are listening, but to give a clear indication that their listening means that they are changing.

I would like the party to explain some things. First, if the IRA has decommissioned — and I believe that it has decommissioned and that it was done honourably and completely — what is the IRA for now? It is a question that many of us would like answered. If it no longer has any paramilitary or other role, what it is for? We would like to know.

Secondly, does Sinn Féin view political debate like the rest of us do? Francie Molloy has been suspended because he dissented on local government reform. If there is no room in a political party for dissent on a matter as subordinate, in some ways, as local government reform, then it does not seem to me that there is much room for serious political debate.

Thirdly, many observers in the Republic are dangerously close to the impression that Sinn Féin has now been given a veto and that, essentially, the final decision by the British Government is that there will always be something else. At this stage, if Sinn Féin does not understand the way sub-deals, side deals and private deals undermine the confidence of the rest of us in the

political process that they are supposed to be part of, they may win a battle — and excuse the military terminology because they probably understand it fairly well anyway — but they will lose the war to get some sort of agreed institutions. In spite of what Sinn Féin might think, neither Unionists nor democratic Republicans like myself can be coerced into doing things that we do not want to do just because Sinn Féin is in a moment of political triumph. I would really urge the party and the British Government to listen for once and not just make speeches.

12.15 pm

Mr John Ellis TD: If somebody had told me when I first joined the Body that we would be having this debate, I would have said that it could never take place, because at that stage there was no trust on either side. Nobody trusted either side, even down to the smallest item.

They would not trust them even to say that they were going out the door and turning right; they would expect them to turn left. That was the position in the early 1990s. We have come a long way since then, but we now find that every six or 12 months a new hurdle appears; things that were never dreamed of in the early days because it was thought that they would not be reached. People thought that the situation would be ongoing and that decommissioning would never be seen. As I have said from day one, the other decommissioning that must happen is that of minds on all sides; of the set positions that people have taken up and from which they have refused to move.

We can talk about on-the-runs and exiles: there is little or no difference between them. They are the people who found themselves left outside the loop when it came to dealing with the prisoner situation, and they remain outside the loop. It is a case of finding a way to bring them back within the system that is acceptable to everybody. That is utopia: there is no hope of finding that.

I have no doubt that both Governments want to see the issue resolved, but now that we have had decommissioning, people need to come out and give more support to the PSNI. Some of us recently met the Police Ombudsman, Ms Nuala O'Loan, and she showed us evidence of something that I thought could never happen — the support for her office across all sectors of the community. That is a quare change. She told us that when there is a problem, Republicans, Unionists and those who are not aligned to either all come to her. The fact that she has community support and that her office is being used shows that Sinn Féin now needs to become involved with the Police Service of Northern Ireland. One cannot always stay outside an organisation and not be involved in its day-to-day running, while using its facilities. That is happening at the moment and it will have to be looked at.

In the context of where we go from here, there is a grave need to get Unionists back to this Body. It is

great to see Mark Durkan back here today; we have not had SDLP representation here for a long time. It is equally important that Unionist parties be represented here, rather than having proxy representation, as has been the case in this Body for the past 15 years. I have no problem with proxy representation, but if we can sit down and talk to each other on local authorities in the North, on cross-border groupings and various behind-the-scenes organisations, is it not time that everybody took the last bold step and become fully involved in the day-to-day running of Northern Ireland?

There must be a return to devolved government, and it is up to those who have been elected on all sides to make the bold leap and say that they will give it a go again. It worked before, and I have no doubt that it will work again, but people on all sides will have to be bold. Let us not single out any particular party for special treatment. Every party must get involved, and communities must achieve faith in the people whom they have elected to represent them. Those people must be granted the power that they were given through the ballot box — to take decisions.

Mr Andrew Mackinlay MP: Unusually, I find myself in considerable agreement with Michael Mates. I departed from him, however, when I went into the lobby with the Government on the Second Reading of the draft on-the-runs legislation, although I felt distinctly uncomfortable about it, and it was, unusually, out of loyalty to the Government. However, one does recognise the enormous strides that have been made, such as decommissioning, and one has to balance that.

However, the more I reflect on this, the more I am unsure of what I will do on Third Reading — and I think there will be one or two others. Among other things, there is still a backdrop of non-co-operation with the PSNI, a highly legitimate police force that should have all our backing. This is a very difficult area for us all, and one which is not concluded as regards myself and a number of other Labour Members who went into the Lobby last week to support the Government.

I invite colleagues in the Republic of Ireland to reflect on the suggestion that representatives elected in Northern Ireland might be able to speak in the Oireachtas. I have no fundamental objection to that. I also accept that Sinn Féin will never attend Westminster. I understand that, but people have to reflect on the impact that representatives elected in Northern Ireland speaking in Leinster House will have on Unionist communities who are represented by Sinn Féin.

Something is happening which has been ignored: the redrawing of the border by stealth. It should not be done by stealth. The reason I say that is that under the first-past-the-post system for Westminster, Sinn Féin has Members of Parliament or deputies from a significant number of constituencies. On top of that, the proposals

for local government of Peter Hain, your successor, Co-Chairman, will compound the problem. By the next meeting of the Body, local government reform in Northern Ireland will have gone down a long road. It is not merely a domestic matter. It will impact on all of us here.

I draw your attention to the draft proposals. Traditional County Down will probably remain Unionist. A new local government unit will take in Antrim, Newtownabbey, Carrickfergus and Lisburn. In the north a unit comprising Ballymena, Larne, Moyle, Coleraine and Ballymoney will probably return a Unionist majority on the council. But the rest is very vulnerable to producing Sinn Féin or Nationalist majorities on local authorities. That would be the will of the majority and one has to recognise that. However, coupled with representatives elected to Westminster who speak in the Dáil and do not attend Westminster, it will cause enormous aggravation.

Something I have raised here before — and I know it is still part of SDLP policy — is the need to have proportional representation for Westminster elections in Northern Ireland, so that Unionists out in Fermanagh, Strabane or Omagh can feel some belonging; so that they can have a representative who attends Westminster. It would make the other issues, such as people speaking in Leinster House, more tolerable to them.

The local government proposals will compound and aggravate a feeling among Unionists in Fermanagh that they are not represented. Added to a possible right of audience in the Oireachtas, it will cause a considerable additional problem: a fall in the confidence of Unionist people, whose self-esteem is at a very low ebb, as Baroness Blood has already indicated.

Last week in the House of Commons Gregory Campbell of the DUP made a proposal that was seen by most as eccentric. It should not be deemed eccentric just because it is proposed by the DUP. He raised the question of parity of treatment as regards citizenship. As everyone here knows, anyone born in Northern Ireland has the option, and sometimes they exercise it, of having two passports and choosing when, where and on what occasions they declare their citizenship. I am perfectly comfortable with that.

However, there is no reciprocity. People born in the Republic of Ireland after 1949 cannot declare themselves as British, and that should be addressed. There should be parity of treatment in our rights of citizenship and our rights of franchise. I would not be able to vote for the President of Ireland if I were living in Dublin, but citizens of the Irish Republic can become Prime Minister of the United Kingdom. We are entitled to ask our Governments and legislatures to address those issues. Above all else, please do not rush to give right of audience in Leinster House to members elected in the North without either proportional representation for Westminster or a significant review of the local government boundaries

proposed by Peter Hain. His proposals will be well under way the next time the Body meets, and that will compound the problem considerably.

Mr Mark Durkan MP: I agree with the other Members who have spoken, and I recall the wider positive context within which our discussion is taking place. I welcome the complete decommissioning by the IRA which has been properly reported and verified by Gen de Chastelain.

However, like others, I underline the fact that decommissioning has happened five and a half years after the deadline set out in the agreement, and that has caused some frustration. The agreement provided for decommissioning. The text used in the agreement contained some ambiguities, but those ambiguities were deliberate. Sinn Féin was making it very clear to the Governments that if it was framed in that way decommissioning would be delivered within that time scale, whereas to put it as an absolute requirement might make it a little harder.

We must be careful. People say that we may have got more on decommissioning than the agreement asked for, but the agreement was also quite deliberate in that the date set for the final prison releases was June 2000 and the date for decommissioning was May 2000. That point was stressed to Unionists, including people like Jeffrey Donaldson who were struggling with the issue but walked out anyway. It was stressed that there was a significant correlation. We must remember fully the context of the agreement then, and why it was worded that way, just as much as we must remember the wider context now when we are dealing with questionable and unpalatable issues.

Of course there were other deadlines in the agreement. There was a deadline that meant that we would have all the institutions — including North/South institutions — working fully by the end of October 1998. Governments at that time were telling us that we could rely on those commitments being honoured and everything would work. Some of us were a bit sceptical during the negotiations as to whether we could rely on those things. Of course we did not get the institutions set up and as a result there was a whole stand-off between decommissioning and the establishment of the institutions.

The two Governments refused to do what some of us asked them to do during that period, which was to make two things absolutely clear: first, that decommissioning was a clear requirement of the agreement, and secondly, that decommissioning should not be a precondition for anything else. Instead we had fudging on those points; the Governments got caught up in an understandable process that concentrated on Sinn Féin on the one hand and the UUP on the other hand; and then we had all the side deals, and the rest of us found our interpretation of the agreement and our roles and interests parked at times; and so it went on.

We then had the Weston Park meetings where different parties were in negotiations about different issues, and similarly at Hillsborough Castle and other places, where we had the litany of side deals, sub-deals and pseudo-deals. We were told that we could have great confidence in all of those deals and they were spun as though things were now going to go swimmingly.

We were told that there was going to be an inevitability about it. We could assume this and we could assume that, in the same way that some Members here today are saying that policing will click into place; that it will sort itself out; that we will get the institutions up and running; and that it will sort itself out. The history of this process tells us that we can make no such assumptions, even in the benign context in which we find ourselves where decommissioning has been delivered — albeit in a context in which we were told it could never happen.

We were told that there would never be decommissioning without the institutions being in place; that we could not get decommissioning while there was a question mark over David Trimble's position; that we could not get decommissioning as a gesture or as a unilateral measure in itself; and that it would be dangerous and counterproductive to ask for it. Yet now we have it with Ian Paisley in the ascendant, and it is being presented as a unilateral gesture. However, we must take that as a positive move, albeit one which was delayed, and see how we can move forward.

Reference has been made to the on-the-run legislation in Westminster. The Government are stressing the point that it is some sort of imperative. We are told that it is needed, that it must be done, no matter how unpalatable it is for anyone. It is an unexplained imperative, because nobody has yet told me what it is that will not happen if this legislation is not passed. The Prime Minister implied that we need it so that we can have an Assembly and an Executive. What party is saying that unless this is passed, there will be no Assembly and no Executive? It cannot be any of the parties that are opposed to the legislation. Is it a party that is in favour of the legislation? Is Sinn Féin making this a precondition for going into the Executive and the Assembly? That would be a surprising position. Is it being linked to the question of policing? Is it that they will not entertain anything on policing unless this legislation is passed? If so, why can they make a link between policing and this issue while the Government cannot? It shows how upside down the process has become.

12.30 pm

Self-respecting legislators cannot be conditioned to simply pass this legislation as some sort of unexplained imperative. A pretence is being made that it flows directly from the agreement — it does not. I know, as someone who helped not only to negotiate the agreement, but as

someone who ran a campaign in the referendum trying to sell the agreement, not only to our supporters but by talking to people across the communities. I know that questions were asked, such as whether the early prisoner release would mean that there would be no pursuit of all the outstanding cases. All the pro-agreement parties gave assurances that it did not. The Government gave very clear assurances that all the outstanding cases would be pursued, even if it meant that people might serve only two years in jail. Those assurances were given by the Prime Minister, by the Taoiseach, by Ministers from North and South and by parties such as mine. I was not lying then, and I will not lie now. I gave victims a direct assurance; I looked them in the eye then, and I want to be able to look them in the eye today and in the future. That is why I feel so strongly about this. There is a danger that it will make liars of pro-agreement people.

Points were raised about the Bill. My issue with the Bill is not so much where it came from, but its content. We have a crazy situation where people who can benefit from this Bill do not have to appear in front of a tribunal. However, victims who were witnesses could be compelled to appear in front of the tribunal and may face jail if they do not. Therefore, the perpetrators of crimes, who are guaranteed no jail sentences, do not have to turn up, whereas victims who are witnesses have to be party to proceedings that they fundamentally disagree with, otherwise they face the penalty of jail. If that is not upside down and inside out, I do not know what is.

Similarly, police officers are compelled to take part in these proceedings. The very police officers who will be taking part in these proceedings — compelled to do so on penalty of prison — could be doing so in a context where their legitimacy, their credentials as officers of the Police Service of Northern Ireland, are being impugned by the very people who are benefiting from these procedures. Again, that is completely upside down.

We have a situation where, once people get eligibility certificates, the police will not be able to ask them any more questions or pursue new evidence, such as DNA evidence.

All of that is probably going to make the conviction rate fairly low. The Government are selling it by saying that people will get closure, because there will be a lot of convictions and those convictions will be on the record. When the letter of this law is examined, it is clear that there will not be as many convictions on the record as is being claimed. There is provision in the legislation for the Secretary of State to produce certificates stating that the names of applicants are not to be disclosed to anyone other than himself and the Eligibility Commissioner. The Secretary of State will be able to lay down restrictions on the information not only in relation to the applicants but on information relating to the cases.

That means that victims will not only be denied justice, but they will be denied truth. Anonymous applicants will

go through a process with unspoken, undeclared, unstated crimes that will happen totally in camera with all those limits. The idea of saying that that will give victims closure is not only an insult to victims but an insult to the intelligence of legislators. That is why I feel deeply and strongly about this.

Like others, I hope that January's Independent Monitoring Commission (IMC) report will be positive, but if the legislation has gone through the House of Commons by that stage and is struggling through the House of Lords, are people then going to be minded and well conditioned to respond fully to a positive IMC report, bearing in mind the feelings that we heard reflected last week from parties in the North?

If the DUP wanted an excuse not to move positively in reaction to the IMC report, this legislation and the terms and timing of it will give it that excuse.

Sinn Féin now tells us that it fundamentally objects to the fact that the legislation takes in agents of the state in relation to possible crimes that they committed or crimes that they solicited from paramilitaries. Sinn Féin should withdraw its support for the legislation if it finds it unacceptable for those reasons. If Sinn Féin does not ask the British Government to withdraw the Bill, it is accepting what the Bill provides regarding security forces and Loyalists and ensuring that there will be no truth in the whole story of collusion. So Sinn Féin can release the Secretary of State and the British Government from the seedy bond in which they find themselves.

The Secretary of State was put in an unbearable position. He was bringing forward legislation that is contemptible; legislation that provides for a process that is contemptuous of victims; and he was unable to answer basic questions as to why the legislation is needed now and in those terms.

I accept that a case can be made that there is an outstanding anomaly around the question of people who are known as OTRs. That can be dealt with in time and in context, in circumstances where there is stability and commitment in the political institutions and stability and commitment across the board on policing arrangements. Most importantly, victims need to know the story regarding truth, recognition and remembrance. The legislation is going through at a time when a Victims' Commissioner is about to take office. Part of her remit is to consider the establishment of a forum for victims and survivors and what it might do.

Many victims and survivors were looking forward to such a forum. It was talked about in the Joint Declaration of May 2003, but never happened. Now those same victims are asking what is the point of having a forum to deal with truth, remembrance and recognition in circumstances where the legislation already sells the pass as far as their outstanding desire for truth is concerned.

The legislation will mean that there is no compulsion on anyone to come forward with the truth. It means that there will be pressure on the same parties that negotiated this legislation to work together to make sure that they suppress the truth. It is not just that they each have separate truths that they want to hide; Sinn Féin and the British Government have some truths in common within their files that they want to hide, “Steak Knife” for one. That is what is at the heart of this legislation, and that is why it is objectionable. I cannot believe that the only way we can go back into the institutions is on the basis of this legislation.

Some Members seem to think that once the IMC reports are published, we will be back into the Assembly as it was before. I must point out that the comprehensive agreement of 8 December 2004 means that when the institutions are restored, the likelihood is that the SDLP and the Ulster Unionist Party will be excluded from ministerial office.

The terms of the comprehensive agreement require a new vote for the Executive, but, as the Governments have pointed out to us, the only legal effect of that new vote will be to elect the First Minister and the Deputy First Minister. If the SDLP and the UUP choose to abstain in that vote — because they do not want to vote confidence in the DUP and Sinn Féin — they will be excluded from office. Those are the terms of the deal. There will be a new law, and we will be automatically excluded from office. We will nominate our Ministers, abstain on the vote and then be excluded.

Are we excluded for committing a crime? No. Are we excluded for poor performance in office? No. We are excluded for exercising the democratic right of abstention, because we do not agree with the new law. The Governments are prepared to bring in pardons here and virtual amnesties there, and the new high political offence will be to have a position and principle for the Good Friday Agreement if you are in the Northern Ireland Assembly. That is why we will be excluded from office.

The principle of inclusion is there in the agreement with regard to two things; respect for mandate and respect for difference. We are now told, however, that we will only be included as Ministers if we bow the knee and pass on our mandate to Sinn Féin and the DUP respectively. We should not have to do so. Sinn Féin and the DUP did not have to do so under the agreement; no other party should have to do so now.

[Applause.]

The Lord Dubs: I will find it very hard to follow that brilliant analysis and exposition by Mark Durkan, so I will make my comments brief. I am very disturbed by the implications of what he said: that the SDLP might be excluded from office in the Assembly for not giving support to a First Minister and a Deputy First Minister. I hope that the Government will be dissuaded from

proceeding down that path, because it would have the most appalling consequences. I was not aware of the full implications of it until Mark Durkan spoke.

As regards on-the-runs (OTRs), I find myself increasingly unhappy about the Government’s position as I listen to this debate. I am sorry that the Secretary of State is not present to hear what Members of the Body have said, particularly Mark Durkan. I was originally inclined to give the Government the benefit of the doubt — perhaps I still am — but I would need a bit more persuasion than I have heard from the Government side so far.

In any case, I doubt very much whether the legislation will get through Westminster. It may or may not be heavily amended in the Commons, but frankly I would be very surprised if it were to get through the House of Lords. I had originally thought that several amendments, such as people having to appear before a tribunal, and so on, might be sufficient to get it through. Having heard this morning’s discussion, I am not persuaded that any number of amendments will get this Bill through the British Parliament. I could be wrong, but it may well be that we will get an answer to the question of what will happen if the Bill is not passed.

I have said to the Sinn Féin people that the chance of the Bill going through in its present form is nil. Everybody should be aware of that.

No matter how hard the Government will try, ultimately the arguments that we have heard today are likely to push people into voting against the Government.

12.45 pm

I may or may not be loyal to the Government, but the Labour Party is in a minority in the House of Lords, so even if all Labour peers were to support the Government not many other people would, and Labour only has about 31% of the total vote. One might ask how we ever win votes with 31% of the total, but that is a subject for a drink and not for the debate today.

Admittedly, as its members wander around Westminster the DUP exudes a lot of confidence at its electoral success in the last British general election. However, underneath that — as other Members of the Body have said — the Unionist community clearly lacks confidence. Unless there is some way of giving the Unionist community confidence in the process, then it is hard to see how the institutions will be restored. After all, the DUP — much as its members believe in devolution — is under no particular pressure from anybody. It has done well electorally on an anti-agreement platform. Why should it concede — unless it is in its interest and in the interest of its community?

I fear that the current OTR legislation will dissuade the DUP from being willing to have the institutions restored. We are in a difficult situation, but the bottom

line is finding a way of persuading the Unionist community that it is in its interest that the institutions be restored.

As we heard from today's brilliant economic analysis, unless the institutions are restored the economy will not move forward as it should. I do not believe that it can under the present system of direct rule, but, above all, the peace process and the future of the whole of Ireland depends on the institutions being restored, and the path to that is through building confidence among the Unionists.

Mr Dominic Grieve MP: In one of the corridors of my old school, there was a large document signed and sealed by King Charles II, which granted a free pardon in 1672 to six schoolboys who, having had a disagreement with a man in the street, had kicked him to death. The document was granted because of the boys' personal connections with the Sovereign, and by administrative fiat it was ensured that the boys were never brought to trial. When I heard about the approach taken by the Irish Government to on-the-runs, I did see a similarity. It has a pure administrative element to it, which has at least the merit not to sully the judicial system.

What I found so profoundly objectionable about the legislation that was brought before the House of Commons was that it was seeking to use the judicial system as a fig leaf for an administrative convenience in a way that was obscene and repellent. As Lord Dubs said, I do not believe that it stands the slightest prospect of getting through the House of Lords. It is not even amendable: it is an appalling proposal. I share the views of many in the Body that there ought to be a way of achieving some degree of closure, but if it is not by the existing system — a proper conviction and two years in prison — then there should be a system of truth and reconciliation, because I do not think there is any hybrid in between which can meet the justice of the case.

We must look on the bright side. When the debate was taking place in the House of Commons, I noticed that Gerry Adams was wandering out into the Central Lobby and then into the Back Lobby where the Committee staircase comes down. I know that Gerry Adams sometimes comes to Westminster — as Andrew Mackinlay said — but he usually skulks in Committee rooms holding court to those who are invited to see him. However, in this instance for some reason he had decided to be within about 50 feet of the Commons Chamber — if not within it — to lobby. It struck me that Parliament was doing a good job.

If Andrew can gather some courage and vote against this measure at Third Reading, we might see Gerry Adams coming over more frequently to lobby, and that would go some way to meeting the democratic deficit that he commented on.

The truth is that if the peace process is to move forward, and if we are to move towards normality in

Northern Ireland, we must have some normal rules. Backstairs skulduggery and deals such as those made at Weston Park must feature less prominently; a proper system must be established within which people can work together.

The on-the-runs issue, albeit that it is only one element of the total picture, is significant in symbolic terms. The fact that Parliament has essentially spoken with one voice on this — and it is not seeking to derail the peace process, but to make clear that the proposals are completely unacceptable — should greatly hearten us, and the Government would do well to heed that. I am not sure what the Irish Government should do when it contemplates the debate. I am not sure that the administrative solution commends itself to me either, but at least it is more honest.

Ms Cecilia Keaveney TD: I missed part of the debate on economic regeneration because a sub-committee of Committee B was considering opportunities for Ireland, Northern Ireland, Scotland, Wales — and Southern England now that INTERREG funding has been expanded — and the clear message was that we have not embraced transnational funding opportunities.

The motion is very much about economics and politics moving hand in hand, and this morning Stephen Kingon talked about the economic opportunities for Northern Ireland. We always complain that the Unionists are not here, but this morning we heard from two people at the core — Baroness May Blood and Mark Durkan — and if you pardon my saying so, it made for very depressing listening.

I am from Donegal, which has been as badly hit as many other parts of Ulster by the decline of industry and the lack of new industry being developed, particularly because of its geography and what has happened in the rest of Ulster. We hear about positive things that can happen, and yet the real message is that no matter what happens at the next hurdle, there will always be another hurdle.

The more we can hear from the people on the ground, the better. In one respect going to Belfast would have given us that access, but I do not want to rehearse that argument, and I do not want to offer that the next Plenary from the Irish side be based there, because that could cause more bother.

Somebody mentioned proxies. The situation has moved on so much that we must engage with events on the ground. I imagine a wonderful scenario whereby people knock their heads together, see the economic value of working together, head off together to Parliament Buildings and all is happy every after. Having listened this morning, the fairytale does not have a happy ending at the moment.

In the context of 10-year plans being formulated by our Government, not having an Executive up and running, and the North/South Ministerial Council not really operating either, I am being as badly treated in terms of an east-west divide on the island of Ireland as many other politicians. I want to see things moving forward, but I am at a great loss as to how this is going to happen. Go raibh maith agat.

The Co-Chairman (Rt Hon Paul Murphy MP):

Thank you very much indeed, Cecilia. Before I ask Jim O’Keeffe to wind up what has been an interesting debate — Arthur, you had not indicated, but by all means speak before Jim comes in.

Mr Arthur Morgan TD: Sorry, Co-Chair, I did indicate earlier. I thought that had been picked up, but if not, I would not like this debate to go by without contributing, as is my wont. I am particularly pleased that the Body is having great success — Michael Mates has inched his way right round and is beside me here, so that is interesting.

I want to clarify briefly the question of Unionist voices, a Chomh-Chathaoirligh. You mentioned at the outset, Michael picked up on it, and I have said in the past, that we are disappointed that Unionist voices are not here. Of course, we meant Unionist voices from the North of Ireland because there is no shortage of Unionist voices here. We have heard many contributions from a strong pro-Unionist perspective, but we want to hear from Northern Unionists.

It is many years since a Taoiseach proclaimed that the North was a failed political entity, and I was delighted to hear a Northern Secretary of State declare, as Peter Hain did recently, that it is now a failed economic entity. Examples of that include two tax systems and two currencies.

We listened to an economic appraisal of the North this morning; where hinterlands are cut off and where it is simply not viable. I am delighted that the issue is out there and being discussed, particularly at a relatively senior level in the British establishment, when a British Secretary of State in Ireland acknowledges that. We would probably be best served facing up to that reality and by beginning to encourage Irish unity. That would be a huge step along the road of resolving the economic catastrophe in the Six Counties.

When the IRA made its declaration on 28 July 2005, it stated that its:

“Volunteers must not engage in any other activities whatsoever.”

I have not heard many people say that that was unlikely to happen. Generally speaking, most of us on the island would expect the IRA and its volunteers to honour that statement of 28 July.

Return of exiles is an issue between the exiles and their communities; and there are indeed issues. Lest

media people or political opponents take that out of context, David Ervine also has said that there are huge issues between exiles and their communities. It is not simply an issue in Republican areas or of IRA threats to exiles. Since 28 July, such a threat no longer exists.

As regards on-the-runs, Sinn Féin completely supports the scheme published by the two Governments after the Weston Park meeting in 2003. It related only to on-the-runs, not to agents of the British state. That aspect was introduced unilaterally by the British Government, and, yes, we have a problem with that element of the legislation on OTRs. We also recognise and acknowledge that everyone in the process has had to face difficulties and unpalatable options in dealing with the situation.

My party and I recognise the Unionists’ difficulty with it; however, for the record, Nationalists have had huge issues with the justice system for many years. How many RUC personnel were brought before the courts? How many were convicted? How many went to jail? Similarly, how many British Army people went before the courts, were convicted and went to jail? The small number — less than a handful — who went to jail ended up getting early releases, going back into the Army and being promoted. Balance is needed in this debate.

I am delighted that Gerry was over in Westminster, whether he was behind stairs, over them or under them. I am delighted he was there — particularly if he was causing annoyance to some Tory MPs —

Rt Hon Michael Mates MP: Take the oath. No, do not respond to that.

Mr Arthur Morgan TD: I think he should go back more often. I must say that to him a Chomh-Chathaoirligh. That will not happen, Michael.

Several people raised the issue of policing. I am surprised. It is for the British Government, or their party leaders, to communicate with their Members what is going on with policing. This is not a back deal or a side deal or whatever type of a deal; it is very straightforward. The British Government have undertaken to bring forward legislation to amend the Police (Northern Ireland) Act 2000. The Sinn Féin position is that when that is dealt with we will look favourably on that issue. That will not be easy. There will be huge debate about it, but if people are still doubtful about it at that stage, I must ask why that is.

I enjoy coming here and listening to these debates, and I look forward to the day when Northern Unionists will be here as well. In that event we can get away from some of the sideshow nonsense and Republican-bashing and get on with constructive work, such as the economic presentation this morning. Go raibh maith agat.

1.00 pm

The Co-Chairman (Rt Hon Paul Murphy MP): I agree; it has been a very enjoyable debate. There were times when I would like to have intervened, but I will not tell you where. It has been a fascinating and weighty debate. I hope that the contents of the debate, through Hansard and other channels, will be made known to both Governments.

Mr Jim O’Keeffe TD: This has been a fascinating debate.

I welcome you as Co-Chairman of the Body and, particularly from the Irish side, refer to your fine record as Secretary of State. I should not like you to think that your prior record in assisting Mo Mowlam has passed unnoticed. Moreover, while in no way interfering with the internal machinations of Government politics in the UK, I should like it put on record that we would have been very happy indeed if you had continued to hold that office.

Mr Andrew Mackinlay MP: So would he. *[Laughter.]*

Mr Jim O’Keeffe TD: Having said that, we get to the nitty-gritty of the debate. We had the economic issues this morning and we now debate the political side. Although the central issue may not have been much debated, everything that was said related to it. As I see it, that issue is the need for the early restoration of the devolved institutions. That is probably taken as read by everyone and is the reason it was not trotted out by many.

Michael Mates opened the debate and talked about on-the-runs, the reciprocal measures dealing with exiles, the punishment beatings and the problems of paramilitary feuds, and that all underlined the need to have those issues out of the way, if possible, so that the devolved institutions can be restored.

It is not surprising that the on-the-runs issue got the most attention during the debate, as it is such a hot subject in the Commons at present. As Brian Hayes said, a different approach is being adopted in Dublin, and that — mentioned subsequently by Dominic Grieve as a more honest approach, although I am not sure — is certainly one that is shrouded in confusion. The Irish Government issued a bald statement. There was no consultation of any kind with any of the parties — in particular the Opposition — and no debate of any consequence in the Oireachtas. We are therefore in completely uncharted territory.

It has been proposed to use the Presidential Pardon. However, the Presidential Pardon has been used only three times in Ireland since the Constitution was enacted in 1937, for alleged miscarriages of justice: in 1940 in relation to an armed robbery; in 1943 in relation to a firearms offence, and most recently — and perhaps most notoriously — in 1992 in relation to

Nicky Kelly. Since then, no use has been made of the Presidential Pardon system.

In dealing with that, I interject my own views and concerns about the on-the-runs, and I accept the many points that have been made today. My concern about the approach adopted in both jurisdictions is for the situation of the victim. I want to see a system whereby someone taking advantage of whatever system is put in place would have to admit the crime, show remorse for it, and apologise to the victim for his or her actions. There might even be some question of restitution. I am concerned that the approach adopted in both jurisdictions virtually ignores the victim, and I shall raise the matter in the Irish context. Obviously I am not sure what will happen in the House of Commons.

Seymour Crawford touched on policing and criminalisation, as well as on voting rights — another issue which was mentioned subsequently by Martin Mansergh.

He has, as it were, defended the approach adopted by the Taoiseach in relation to speaking rights in the Dáil. I should quote a little bit of history though, in that Martin’s defence of speaking rights in the Oireachtas related to the all-party Oireachtas Committee on the Constitution. As it happened, I was vice-chairman of that committee, and I recollect the committee examining the issue. I also recollect a most carefully drawn conclusion to that report, which, by the way, did not recommend speaking rights and voting rights in the Dáil. However, it does no harm to mention, as a matter of history, that that committee did not of its own volition look into the issue at the time. About a week after the Good Friday Agreement the committee received a letter from the Taoiseach — not demanding, merely suggesting — that it was an issue to which the committee might give immediate attention and on which the committee might produce a report. That is just a matter of history.

Robert Walter talked about the problems of grubby deals. Deals seem to have been made; whether they were grubby or otherwise I do not know. Baroness Blood, in a most telling contribution, talked about people being forced to swallow not only the pill but the whole bottle as well, which is an indication of how she feels about the present situation. Brendan Ryan, having been at least in communication with the IRA at one stage — or having been a conduit for their comments — now seems to think that we have a situation where Sinn Féin are dangerously close to a veto on any developments in Northern Ireland.

John Ellis took a positive view, with which we can all agree, as he contrasted the situation of the debate today to that pertaining when he first joined the Body — in 1991, I believe he said. The issues discussed in the debate were an indication of the progress that had been made since then. Yes, of course there were new horrors, but they were horrors on the way, as part of

that progress. It is important that in dealing with the difficulties that remain we realise and appreciate the progress that has been made.

Andrew Mackinlay raised again the question of speaking rights in the Oireachtas. I was always minded of the situation in Boston where the people did not want taxation without representation. I represent the view that when we have a situation where Unionists in Northern Ireland express any inclination to address the Dáil, there will probably be a lot of support for some provision of speaking rights in the Oireachtas.

Mark Durkan gave a powerful speech outlining the SDLP outlook. Apart from the OTRs, which he dealt with in detail, he highlighted an issue that will be of major concern to all of us, which is that, in the event of the restoration of devolution, both his party — which has done so much to progress the peace process in Northern Ireland — and the UUP could be excluded from ministerial office. That is an issue on which much more will be spoken.

Alf Dubs talked about his increasing unhappiness with the Government's position in relation to the OTRs, and I understand that. Dominic Grieve gave an interesting historical analogy to that, but I am not sure whether Michael McDowell had it in mind in his proposal for a Presidential Pardon in the Republic. As he said, perhaps the administrative solution proposed by the Irish Government was more honest. Cecilia Keaveney — I am sure she will not mind me saying — beat the Donegal drums, as well she might and always does very well. She raised an issue that should be considered. If we think of the very powerful economic presentation in relation to Northern Ireland made earlier this morning, we cannot overlook the fact that Donegal is just beside Northern Ireland, and there may be considerable overspill of weaknesses, downsides and the economic problems of Northern Ireland into Cecilia's area.

Arthur Morgan is sitting close to me in the physical sense, but Members will accept that we are not close in a political sense. He presented the case as he sees it from Sinn Féin's point of view.

One area that I must respond on is policing: to suggest that the policing problem is a communication issue for the British Government is a difficult pill to swallow, never mind the bottle.

This has been a very interesting debate. It has been helpful to share views, insights and knowledge. We leave the Chamber more aware of current issues, which we will communicate to our Governments. I am delighted to support the motion proposed by Michael Mates and I suggest that Members adopt the motion of the Steering Committee.

The Co-Chairman (Rt Hon Paul Murphy MP): I thank Mr O'Keeffe for his kind words. He summed up a fine debate very well.

Question put and agreed to.

Resolved:

That the Body, recognising that economic and political progress go hand in hand, welcomes recent developments in Northern Ireland, including the independently verified statement by the IRA that it has decommissioned all its weapons and the indications by loyalist groups that they were prepared to consider a positive response; urges all paramilitary groups to complete the process of decommissioning; notes the particular potential of deeper North/South economic co-operation to deliver real benefits for all the people of Ireland; trusts that the January report of the Independent Monitoring Commission will be favourable to the early restoration of the devolved institutions so that a renewed devolved government may play a central role in linking communities with the political and economic decision-making process; and calls on all appropriate authorities and political parties to work for the social and economic development of all communities in Northern Ireland.

1.15 pm

The Co-Chairman (Rt Hon Paul Murphy MP):

There are one or two practical matters to mention before lunch. At 2.15 pm, a photograph of Members will be taken on the steps. At 2.30 pm, we will hear an address by my old friend Prof Paul Bew, who is always well worth listening to. Mr Carey will chair that session.

The sitting was suspended at 1.16 pm.

The sitting was resumed at 2.42 pm.

**ADDRESS BY PROFESSOR
PAUL BEW**

The Co-Chairman (Mr Pat Carey TD): The next item on the agenda is an address by Prof Paul Bew. At last July's Steering Committee meeting, we decided to reposition the debate. We felt also that it was important to have input from the Unionist perspective. Prof Bew, as some of you will remember, spoke at the Ware plenary several years ago.

I was not a Member of the Body at that time, nor were several others who are present today, so we are looking forward to hearing what Prof Paul Bew has to say. He is a distinguished academic and political analyst of Irish affairs. He is a Professor of Irish Politics at Queen's University, Belfast, and he has written and spoken extensively on this and many other issues. Paul will speak for about half an hour, at the end of which he will take questions. We will close this session at 3.45 pm to allow for a short break before the Secretary of State joins us.

It is my great privilege to introduce Prof Paul Bew.

Prof Paul Bew (Queen's University Belfast): Thank you very much, Deputy Carey. I am privileged to be back here two years on. I am very grateful to the Body for the invitation to come and speak again. I do not think anybody would object if I added that it is a particular pleasure to come as Paul Murphy is a Co-Chairman today.

When I arrived last night, some Members kindly greeted me with reminders of my qualified optimism when I last spoke to the Body. I am quite pleased, first of all, to be reminded that I ever displayed any optimism about the process. During the week, I saw John Spellar at Westminster, and he looked at me very grimly and asked was I still as pessimistic as ever. So I was quite touched to be reminded that I had been optimistic on the last day of your 27th session in Ware.

That was the day of the disastrous sequence. As Michael Mates will confirm, by the time I left, I knew the precise language that the Republican movement had used that morning and by lunch time, I already felt — even before Gen de Chastelain's unsatisfactory public statement on decommissioning — that David Trimble was probably finished politically. Just before I spoke to the Body, someone close to the process had told me that the language offered by the Republican movement had changed over the weekend, which had given me some hopes. Unfortunately, it had not improved sufficiently.

2.45 pm

Nevertheless, two years ago, the principle was exactly the same as that in last summer's statement. Sinn Féin would say that it stood for peaceful and democratic methods only, and the IRA would come on board and agree that that was where it stood too. In principle, that is what happened with the statement two years ago. It was, however, guarded by so many caveats and expressed in such an oblique way that it did not have the political effect that this summer's statement should have had. In actual logic, however, this summer's statement was no different. It was the IRA joining Sinn Féin in a full-bodied commitment to fully peaceful and democratic means.

The fact that that statement has not had more effect on advancing the prospects of devolution is the paradox that we face. That the remarkable achievement of IRA decommissioning has not had more effect is the striking difficulty at present.

The IRA statements of the summer and the acts of decommissioning that have occurred do constitute the end process of an engagement between the British state and the IRA which began under Peter Brooke, was followed by Patrick Mayhew and continued under the Labour Government, and the British Government have viewed it to be successful at one level. It is worth stating that. The key moment occurred at a meeting of this Body when Peter Brooke's then parliamentary private secretary, Ken Hind MP, reported, slightly to the Body's surprise, that — amongst other things — the security aspect of the 1985 Anglo-Irish Agreement was not working as well as the British Government had hoped it would. The consequence of that was a different approach in the late 1980s and throughout the 1990s — one of inclusion of the extremes in politics and a move away from the approach that the agreement actually embodied.

It would be churlish not to acknowledge its successes. Even at the moment we acknowledge the profound remaining difficulty, because it is the settled will of the DUP not to deal with the devolution question next year at all — if possible. Even the deal makers in the DUP — and they certainly exist — are looking to the following year. That is a timetable that the two Governments declare to be intolerable, and they claim that pressures will be exerted to speed that up. However, it is not clear what those pressures might be and whether they would be effective, but I will come back to that. There is a deeper problem that goes beyond the DUP, and that is the lack of impact that the dramatic moves by the IRA have had on the Unionist community, and the question of why they have been met with such a sense of, if not disbelief, then anti-climax.

We must face up to something about the Good Friday Agreement. James Joyce famously said that he left Ireland because Ireland was the sow that ate its farrow.

The Good Friday Agreement is the sow that ate its parents: it ate the SDLP and it ate the Ulster Unionist Party. That is a brutal fact. One must remember that on the morning of Good Friday 1998 — and many of you were there and will recall this — Mr Adams was agnostic. He said that he had to make a democratic decision and that he would come back to report on Sinn Féin's decision. The decision was made quickly and with brilliant skill, and with equally brilliant skill Sinn Féin claimed ownership of the agreement — the negotiation of which was largely driven, in local party terms, by the SDLP and the Ulster Unionist Party.

The trouble with that brilliant piece of politics is that it has placed a burden on the other participants in the process. While it has worked very effectively for Sinn Féin, it has made the process difficult to implement, and there is still absolutely no inevitability about its implementation. I understand the thinking of the two Governments that the DUP's current position is bluster, and there are excellent reasons for believing that it is bluster. However, there is still no inevitability about the achievement of devolution. Even more profoundly, there is still no inevitability about the effect of devolution bringing any form of reconciliation in Northern Ireland, and that is a very, very important consideration.

It might be possible to put together a particular set of political arrangements that bear a family relationship to the Good Friday Agreement, but it will not be the agreement. There is no evidence whatsoever that the spirit that animated the agreement can be revived in the way that it existed — albeit in a fragile form — in its glory days of 1998 through to 2001 and 2003.

It is important to face up to those grim realities. A crucial decision from the point of view of the Unionist community was the decision to call the election in the absence of convincing IRA acts of completion. The polling was very clear. The Unionist community saw no need for an election in 2003. Most Unionists saw no point in elections to nothing, and it has turned out to be an election to nothing: they were entirely correct in that presumption. They saw no point in holding that election except that Sinn Féin was driving the campaign for an election.

The Prime Minister postponed the election twice, first — and rightly in my view — in the interests of David Trimble, and subsequently in the autumn for understandable reasons.

There were long-term consequences, and, to many Unionists' minds, the point of David Trimble was that he kept Tony Blair relatively honest, and once he could no longer do that, there was no point to him and that project. When he had failed to do that after the summer of 2003, he was rendered pointless. More profoundly, ever since then the Unionist community has been sending the message that a process in which Sinn Féin is clearly

the driver and the ascendent hegemonic force is one of which they do not want to be a part.

It is a very profound difficulty, more profound than is understood or grasped. It is not one that can be evaded simply by talking about the desire of some DUP Members for office et cetera, even though that desire is palpable. It is a matter of communal mood, and the DUP certainly sends out a signal that it will change only when that mood changes. The DUP will not lead that communal mood, because it has seen what happened to the person who tried to lead it.

There is a possibility that that mood will change in six or nine months from now in the way that the Governments wish. Nobody could absolutely rule that out, although it is difficult to see the events on the political diary that would improve the communal mood. The on-the-run crisis last week is only one of those events. The debates on the devolution of policing and justice and on restorative justice are likely to poison the public mood, rather than improve it, in the next year. Furthermore, the Prime Minister cannot bring to this situation the power and authority that he brought to events in 1998, when he was clearly perceived to be someone that everyone would have to deal with for eight years to come. However well or badly the Prime Minister's political fortunes go in the next year, he can never again achieve that level of leverage in a negotiation in Northern Ireland. All those things make the future uncertain.

Some of the things that are currently being said to give an electric shock to the Unionist population to incline it towards devolution simply will not work. This morning's discussion on the economy was excellent, and the political discussion that unfolded deeply impressive, but some things must be said. The truth is that the public sector in Northern Ireland is too large and is reliant on the subvention. It is more than 30 years since Harold Wilson set out to stop that in his famous "spongers" speech. Even with all the will of a Prime Minister, it ain't stopped — and it ain't stopped for very, very profound reasons indeed, including, most profoundly of all, the interest and need of the Irish Government for stability in the North of Ireland.

Everything that was said this morning about the state of the Northern Irish economy is completely accurate. Nonetheless, three decades after Harold Wilson's speech about spongers and the subvention, I think the subvention is probably about three times the size, according to calculations. There are deep forces here, which are greater at least than the force and will of Prime Ministers and which explain why the Northern Irish economy is as it is. They will not change in the next few months in order to enhance the debate about devolution and the desirability of having devolution.

I do not want to draw attention to the fact that there is no particular evidence that devolution on the basis

anticipated would create a better capitalist economy in Northern Ireland. It is not proven in any sense, and there is not much about the 19-month experience of devolution that we had to suggest that it would be any better. There is no particular evidence one way or another on that point. There is some reason to believe that it might be good, and other reasons to think that it might be less good. Certainly, some senior officials involved in pushing this process privately doubt whether a Paisley/McGuinness government is the most attractive thing that international capitalism has ever heard of, whatever they might say publicly. The situation is not the same in terms of its possible appeal as when David Trimble and Mark Durkan were in those positions. It is important to understand those questions of economic pressure.

There is a second reason why it is a mistake, at this stage, for Her Majesty's Government to go down the road of addressing those issues and talking about all-Ireland economies.

The framework document is effectively based on the concept of dynamic, harmonising activity on an all-Ireland basis. It may not be 30 years old, as Harold Wilson's speech is, but it is a full decade old. For example, Ireland does not have one of the things that we know the Irish Government were interested in at the time, which was the harmonisation of financial services on the island of Ireland. Why do we not have it? Because there are two separate currencies, and unless the Secretary of State for Northern Ireland has somehow persuaded the Chancellor of the Exchequer that we are rapidly going into the euro, it is bootless to talk rhetorically about the all-Ireland economy, as has been the case, when a major obstacle to such a thing is the understandable policy of the British Government.

In other words, there is a problem, to put it bluntly, of vapidness or meaninglessness of rhetoric and the likely ineffectiveness of that. Even more startling is the current talk about economic considerations and the need for devolution. It serves to remind the population of Northern Ireland of the deepest problem of all. That goes back to the Prime Minister's speech at the Belfast Harbour Commissioners in the autumn of 2002 when he addressed the issue of Sinn Féin being in government North or South and said that there were all manner of clever answers. The Irish State is good at giving those answers, and there is something in some of those answers as to why the conditions are different between North and South.

But that was not the Prime Minister's view on the day. His view was that you can give all those clever answers as to why Sinn Féin is salon-friendly in Belfast and should be in government, and not in Dublin, but nothing is as forceful and devastating as the question for the ordinary individual on the street. That is what he said in the Harbour Commissioners speech. The trouble is that the question now is even more harshly to be asked. It has not been answered, because the effect, for example,

of the Taoiseach saying that he cannot have Sinn Féin in government because it will turn Ireland into a state socialist slum throws an incredible black light on the Secretary of State's message that to have the same chaps in government is just the thing to turn Northern Ireland into a booming capitalist economy. It is just too blatant a contradiction to fly.

There are real difficulties about the current means of trying to encourage forward the debate on the re-establishment of the institutions. Those difficulties go beyond the general sourness of public mood and come down to one thing; Unionist common sense — and it is much simpler than people realise — reasons that the experience of having Sinn Féin in government after Colombia, Florida, Stormontgate, the bank robbery and so on is that you do not get stability. That is key, and Unionists remain unconvinced that they will get stability as long as Sinn Féin is in government. I do not defend that perception, but I have no doubt that it exists.

In part it also relates to the British Government, who believe that the consent principle guarantees the Union for some considerable time to come, and are therefore often exasperated with Unionists who do not see that they have won the principal argument and are therefore overly concerned about secondary issues. That is a genuine exasperation in Downing Street, not a false one.

Having said that, the difficulty is that there is a countervailing assumption that the Republican movement, having been drawn into this process, having fallen far short of the objectives for which the campaign was fought and having been drawn into it to some degree on the basis of demographic illusions about Northern Ireland for example, has to be fed other things to keep it happy. The real difficulty is that the sheer mundane nature of a devolved executive and its processes are ill return for the drama of the previous 30 years. There is a constant need to keep feeding, not as a means in Downing Street's view of subverting the Union, but as a means of somehow compensating for a project that was so dramatic and has culminated in such bathos.

3.00 pm

I was particularly impressed by Mr Adams's interesting latest book, which concludes that his vision of Ireland is one in which we can all be our own personal managers for change. That is exactly the sort of message I receive from my vice-chancellor every second or third day of the week. Anyone who works in any dreary company or public service executive receives the message that they are to be their own personal manager for change; and that is the vision.

The preamble in Mr Adams's case was a good deal less dramatic. It is good in a way that it is all issued in such banal bureaucratic rhetoric. That is what it has all come down to, but nonetheless the drama beforehand, and

the emotion relating back to that drama, create a problem for all sides.

These are the difficulties of where we stand with regard to the return of the agreement. Even to use that word is wrong. Too often one focuses on the tactics of “the big idea”, as it began to be known in 2002, that a Sinn Féin/DUP deal is the way forward. Too often the tactical issue is whether or not it can work. To this the answer is that maybe it can, but three years have been lost already through investment in it. Maybe it can work next year or the following year, who knows? Maybe it can work in the sense of setting these institutions up again.

The deeper question is whether we are involved in a sort of Balkanisation project. That belief will be encouraged by recent proposals for the reform of local government. What Mark Durkan has said today about the comprehensive agreement is very important. In addition, the simple fact that neither First Minister nor Deputy First Minister requires a majority of support within the other community at the moment of election removes one of the key reconciling elements of the Good Friday Agreement and is of enormous symbolic importance.

The Good Friday Agreement is a mixture of sectarian carve-up and some elements of symbolic recognition and reconciliation. Now every message from Government, and this week has been typical, is an image of it as sectarian carve-up, reducing and eliminating the previous emphasis on something else that was co-existent with it, albeit in an unstable and difficult way. This raises doubts about the way forward. In what way does it make sense for Government to support integrated education — rightly, though perhaps not enough — with one voice, but with another to support the recent proposals for local government?

I want to remind everyone in the Chamber of something many of us know only too well. We are meeting on roughly the twentieth anniversary of another agreement: the Hillsborough agreement of 1985. I find myself in the paradoxical position of looking at that agreement again. At the time I did not think it would work. There was a huge security howler in that the Libyan weaponry was unknown to those who designed that structure. That alone was a huge problem in the agreement of 1985.

The security returns in the end were not what the British Government were looking for at the price of alienating the Unionist community. Politically, the drop in the Sinn Féin vote was small: from 11.8% in the summer local government elections in 1985 to 11.4% in 1987. It was a tiny drop, in exchange for a massive initiative that caused vast problems for the Unionist community.

The move towards a different approach that began under Peter Brooke was entirely justified, because one could not continue with an approach of that sort. However, it may be that, as used to be said of Martin Peters, it was 10 or 20 years ahead of its time. It acknowledged that

at that time, in the mid-1980s, on the narrow ground of Northern Ireland, power sharing worth anything could not have been achieved. That is what drove it, and that is understandable. The narrow ground of Northern Ireland is poisoned.

By the way, after the emotional investment that many Unionists made in the Good Friday Agreement, one cannot talk as though disappointment in it is not something to worry about because some day Peter Robinson is going to come through the middle for us. One cannot talk like that. Societies do not operate like that.

That is high politics where the only thing that matters is what Pat Doherty said to Jonathan Powell last week, or what Peter Robinson whispered in a corridor to someone in the NIO. That is a narrow, high-politics way of looking at it, and we are dealing with a deeper problem.

The problem lies in relations between communities. However, some achievements of the agreement period are well worth considering. For example, the Unionist fear of the South and of co-operation with the South has vastly diminished. That is partly to do with the changes to articles 2 and 3, and partly to do with the experience thus far of North/South agencies and the way that they have worked.

The great neuralgic issue for David Trimble was “North/Southerly” and the scale of it. That is simply no longer an issue in Unionist politics in the way that it was, as can be seen from the DUP’s visits to Dublin in recent times. There is potentially available a new relationship between Unionism and the island of Ireland, which we cannot currently capitalise on because of the obsession with establishing a Sinn Féin/DUP executive. There will come a point when people will have to look at other ways of dealing with that problem, if that proves too difficult to achieve.

There is, however, a shift in the mood of mainstream Unionism and mainstream Nationalism on the island of Ireland, and a much greater closeness than there was 20 years ago. The acceptance of the principle of consent is fundamental to that, as is a popular acceptance of that within Irish Nationalism. The current impasse and the current obsession is so frustrating, partly because we are driven by “legacyitis”, indisputably on the part of the Prime Minister. That is a very understandable emotion on his part, given what he has put into the process, much of which has been enduring and extremely valuable. We are obsessed with a particular formula and a particular way forward, and we cannot look at other ways of doing things. If we were seriously to consider other ways of doing things, it might have a greater effect on achieving devolution than spurious economic threats of one sort or another.

It seems that there is at least a possibility — and I will conclude on this point — that Séamus Mallon’s dictum may have to be revised. I recognise the enormous goodwill and decency that came from Members on all

sides in favour of devolution and the great weight of decent and intelligent political emotion from all sides that supported the motion this morning. However, it may not be possible to achieve exactly that model. It will not be that model anyway because it will be a DUP/Sinn Féin carve-up of one sort or another, and will apparently include devolution of policing and justice as the only possible way of bringing it about, and that will cause huge difficulty. Is the Unionist community, with the IRA still in existence, going to agree to the devolution of policing and justice and also measures in the restorative justice field that are perceived as increasing the control of the IRA in Catholic neighbourhoods? Will it also agree to give Sinn Féin political power as well? At the moment the DUP says bluntly “No”, that it will not do anything like that.

Let us assume, however, that that huge toad is swallowed and devolution returns — and there is not the slightest evidence in public opinion that more than 2% of the Unionist community support swallowing that toad — then questions must be asked about the quality of what will be in place at that point. Séamus Mallon’s dictum will then come to mind. Famously, Séamus Mallon said that the agreement of 1998 was Sunningdale for slow learners. That remark is well known to everyone in this room. However, it is conceivable that the next agreement will not be Sunningdale for slow learners, but the Anglo-Irish Agreement of 1985 for slow learners. Thank you.

The Co-Chairman (Mr Pat Carey TD): Thank you, Prof Bew, for that hugely interesting address. We now have about half an hour for questions.

Rt Hon Andrew Mackay MP: As always, it is hugely refreshing to see the way in which Prof Bew cuts through our rather woolly thinking. There was a lot in that lecture for us, and we appreciate it. I want to go back to this morning’s discussion. We covered pretty extensively the on-the-runs (OTRs) legislation, but I would like to hear Prof Bew’s observations on that as well. Does it, as is my view, make devolution less, rather than more, likely? The Prime Minister tried to tell us at Prime Minister’s Questions last week that it made it more likely. Does it further affect morale in the Unionist community? On a more positive note, how does he read the fact that the Democratic Unionists, the Official Unionists, the SDLP and the Alliance were all, with only a few nuances of difference, speaking as one voice for the people of Northern Ireland?

Prof Paul Bew: It is extraordinarily interesting that the Government are in a position now where they have sought out the crucial principle of having a double majority in both communities for what they do. Latently, they do not have this or anything like it on this particular legislation. Mark Durkan made the point — and I think this is what Mr Mackay is hinting at — that the timing of the OTR debate, as it hits the House of Lords, will give the

DUP a further excuse to delay if it so wishes. Personally, I do not think the DUP will move early next year on these matters. It is important to understand that, although something has happened of major importance in the IRA, there is not that sense — it is like a plane that is flying; it does not stop in mid-air — that things have changed on the qualitative scale that would be required for the Unionist community to engage in the way that is expected of it. The DUP has a strong vested interest in delay anyway, but this will give it what it needs.

There are other issues as well. The devolution of policing and justice legislation has been postponed; nonetheless, it will come in a few months. The formal public position of the DUP, as stated by Sammy Wilson, is that it is just not happening; it is just not for now. That is different, because in the comprehensive agreement the issue was kicked into mid-air by way of a complicated set of formulae, and, in my opinion, Sinn Féin got the better of that negotiation. Having said that, somebody somewhere was going to be short-changed. However, the DUP’s position now is that it is just not willing to play that game at all.

The devolution of policing and justice — and I have no reason to disbelieve the accuracy of Senator Mansergh’s observations this morning — is the only context in which Sinn Féin will support policing. By the way, it is too late now to say it, but with regard to this game of supporting policing, the whole thing has been mishandled. Either we should have said in the first instance, when Séamus Mallon and David Trimble went into Government together, that Sinn Féin should not be in government if they did not support policing, or we should have stopped expending more and more chips to get it: because the price goes up every year. I remember talking to very senior American officials, who were telling the State Department that Sinn Féin was about to support policing — that was before Christmas 2001 — and that it was much closer than ever, discounting the wilder rhetoric of some of our people. Sinn Féin has been adept, entirely rightly from its point of view, at stringing this out. Either it was one way or the other. We have ended up throwing more and more chips in a desperate attempt to get this.

The other chips that are being thrown are in the area of restorative justice. The political diary of the next few months does not look good. Regarding the whole restorative justice discussion, rightly or wrongly, there is now a widespread perception that something is afoot here, and that what is afoot is simply handing over the “hood” to the hoods.

That is the difficulty. Again, the SDLP has taken the lead on the issue. None of these things will encourage people to say that we really need a Sinn Féin Minister of policing or justice.

These are obvious features of the current political landscape, and only a very brave man would think that the issues can be resolved soon. Nobody can say that

they cannot be resolved, because the DUP came close to doing so with a comprehensive agreement, so the possibility exists. However, I am opposed to the assumption that it is inevitable – the agenda for the next few months does not look good for any rapid move towards devolution and the restoration of an executive and the Assembly.

Mr Andrew Mackinlay MP: Prof Bew used the word “Balkanisation” in relation to the local government proposals. Is this a domestic matter, or what might be called a British Sovereign matter in other Parliaments? Is it something that should exercise us on a British/Irish perspective?

3.15 pm

Prof Paul Bew: That is an interesting question for several reasons. Some Members will be old enough to remember — and Irish officials will confirm it — that the Irish Government were not shown the internal arrangements proposed in the joint framework document and really only knew what the British Government were proposing at the time of publication of the document. Of course, the North/South arrangements were a matter of intense negotiations between the British and Irish Governments. I have been known to be critical of the NIO, but their proposals for the internal arrangements in the joint framework document, which were largely denounced by the Unionist parties, were better than what the Unionist parties actually negotiated. It was quite a good model and text. However, my point is that the Irish Government were kept out of the loop.

In recent years, the relationship between the two Governments has become so close that they have discussed strand one matters — those relating purely to the governance of Northern Ireland. Several matters have recently been discussed with the Irish Government, which the Government under John Major would have said were strand one — Northern Ireland only — in line with an answer he gave to Mo Mowlam in the House of Commons.

I do not know whether this matter has been discussed with the Irish Government or whether it should be, but I would be surprised if the secretariat in other places had not discussed this model with the Irish Government. I strongly suspect that the agenda is being driven by a British Government assessment that an activist Northern Ireland Office is required — one which does things; which kicks things around the place and which sends out difficult messages, the idea being that people will be encouraged to say that they do not like the way things are being done and that they must have devolution. Psychologically, it will not work. I suspect that the matter has been discussed with the Irish Government.

Mr Robert Walter MP: A few moments ago you referred to restorative justice. Would you elaborate, because the issues concern me? You described it as handing over control of the “hoods” to the hoods. Does it make sense

to jeopardise what we have tried to rebuild, which is trust and confidence in the institutions of the state, particularly in the institution of the police force?

Prof Paul Bew: That is a very profound question that goes to the heart of the matter.

For a long time I have not been able to understand the broad political strategy being pursued by the Government with respect to policing. There is no question that it imposed major political costs on David Trimble and was part of what destroyed him.

How many years has it been since the Patten report, which in my view has been fully implemented? If the objective was to have a situation where the majority political party in the Catholic community endorsed policing, this is 2006 and we do not yet have that endorsement. The Government are addicted to the approach that the crucial act of completion involves getting Republican support for policing. They have reached the point where by going beyond Patten, in several discussions inside and outside, they are putting the SDLP in an incredibly exposed position, because the SDLP settled for Patten. The party had a consistent position; it believed that that was the correct position, and the risks it took are being constantly undermined by the Government’s approach.

I do not wish to be too firm on this because there are papers floating about that people have not seen, and there may even be a retreat going on in Government on this issue, because pressure being exerted, particularly by the SDLP, has had an effect. But what is going on at the moment is entirely consistent with the Government’s general approach — that anything that you can give in this area to get that Holy Grail does not matter. For example, the attitude that we have lost David Trimble overboard but it is OK to carry on; that we are creating great problems for Mark Durkan but it is OK to carry on. Somehow the assumption is that this prize matters so much that any price will be paid.

The problem is that you are prioritising the Six Counties — you are subsidising a rhetorical fight in which it makes sense to be ethnically enraged with the other community. You subsidise this game while saying that you will accept its outcomes. The Six Counties have to be taken seriously as regards the principle of consent, but everybody in the room accepts that. Beyond that, why do you have to take the Six Counties as the sole point of reference? Why do you have to take it in this narrow sense? Why does it have to be fetishised in this way?

We have created a situation in which there is no cost to the Unionist community in destroying David Trimble and no cost to the Nationalist community in making the SDLP the second party. I have no doubt that the British state would much prefer that the Ulster Unionist Party were the largest Unionist party and the Irish state would much prefer that the SDLP were the larger Nationalist party in the North. Somehow they have contrived not only to

organise the politics but actually to pay for an arrangement that defeats their own better purposes.

The way in which the policing issue has been handled — that Sinn Féin's acceptance of policing was not essential for going into government in 1998 and 1999 but is now absolutely vital and that there is nothing that will not be paid to get that acceptance — is part of the reason why you have lost the centre ground. Possibly unfairly, the Unionist community conceives that Sinn Féin's support for policing comes at the price of Sinn Féin or Republican infiltration of policing. That may be terribly unjust but that is how they perceive it. The Republican movement's support for policing will not have the incredibly positive effects that are expected by some in politics.

Mr Seymour Crawford TD: I will be very short. I intended to major on the policing issue but you have explained your position, and it is a difficult issue.

Mark Durkan said something serious earlier on, and maybe the way he said it made some of us realise how difficult the situation is from the middle ground; that if the Assembly were re-established, neither the SDLP nor the Official Unionists would finish up with Ministers.

Could that be allowed to happen? Previously, the idea was that there could not be an Assembly without Sinn Féin, but now there could be an executive without representation from the two parties that led the way. They have been sidelined for some time for different reasons, but they have not got the votes, therefore they are not so important. Nevertheless, it is hard to believe that only the two extremes might be represented in an executive. Some people do not like us raising issues that suggest that there are only the two extremes, but that is so and that is why I ask the question. Anyone who denies that there are wrongs on either side, or says that the wrongs are all on one side, is not facing reality. I would like Prof Bew's thoughts on that.

Mr Séamus Kirk TD: I thank Prof Bew for coming to speak to us. I refer to Stephen Kingon's presentation on the economy. I detect from what Prof Bew said that he is pessimistic about the restoration of the Assembly in the short term, but that it may be possible in the medium to longer term. Stephen Kingon set out what most people would agree would be an economic strategy to lift Northern Ireland's economy out of its present morass. Could that economic strategy be implemented without devolution, or must it await the re-establishment of the Assembly?

Prof Paul Bew: I am not sure that if there was a correct economic strategy it could not be fulfilled by other means. Furthermore, Mark Durkan made the point that, although all the political parties, in their discussions with Stephen Kingon, said that it was good stuff, there is a question mark as to whether they would pay the necessary price. There is no evidence that they would.

In the 19 months of its working, the Executive gave a decent performance but did not leave the public with any great nostalgia for it. Polling in the university is of a more moderate sector; it is skewed to moderation rather than extremism. I do not want to admit it in front of my university researchers, but there is a bias towards moderation. Polls in the university suggest that two-thirds of people from a Unionist/Protestant background and 50% of Catholics do not care if the Assembly is restored. The Assembly has not left behind a legacy of incredible nostalgia, passion or desire.

Do not misunderstand me, those were decent economic ideas, but it will be difficult to move Northern Ireland away from its current dependence on the state. We have been there for a long time, and lots of bigger men than any of us have said that they were going to do it, but they have not done so. There are profound reasons why Northern Ireland is in its present state.

However, I remain to be convinced that an Assembly with the ethos of the likely executive will take those sorts of decisions. I do not regard it as proven. I regard it as an act of faith to say that tough decisions have to be made by the two main parties.

Sinn Féin has moved to the right economically, and that is predictable considering recent times, but there is a limit to what it can do. If the whole drama of armed struggle has just been abandoned, the troops have to be given something of an internal message. Sinn Féin cannot, at the same time, dump all elements of traditional socialism, or whatever you like to call it. There are limits on how fast Sinn Féin can move to the right, even though it is doing so because of the public debate in the Republic of Ireland on these matters. That is because of where it is at this moment in its history.

It is very difficult to see how a party with such an ideology could work together with a party with an ideology like that of the DUP. All of our polling shows that the Ulster Unionist Party's membership is au fait with the modern capitalist world, and with the balance between the public and private sectors and so on, which people in this room would consider normal and desirable. Ulster Unionist supporters are much more up with that; they realise this agenda and are much more au fait with it than are DUP supporters.

Again, the DUP and Sinn Féin are the two begging-bowl parties that specialise in ripping off — sorry, gaining benefits from — the state for their supporters. That is what they do, and it is an act of faith to believe that these people are going to fend off the threat of global capitalism that the Secretary of State is always going on about.

One might say it for another reason. I have always believed that the agreement was about a form of community psychotherapy and coming together. Therefore, even if the economic performance was not so great, the

agreement was there for the other reason — that was the great defence of what we did in 1998. However, nobody in the DUP is saying that they will do this as a bridge-builder. If they are to do this deal, they say that it will be to make the best of a bad job, that they are stuck with certain things that they cannot get rid of because it was all David Trimble's fault, and that they want to get their hands on a quantum of power for the Protestant people. Nobody is saying that they are doing this as bridge-builders. To this day, members of local councils do not talk to Sinn Féin. There is no pretence whatsoever. To be absolutely fair, nor has Sinn Féin ever told us that they are interested in a stable Northern Ireland.

Senator Brendan Ryan: First, Prof Bew, I am intrigued by your throwaway reference to the Anglo-Irish Agreement for slow learners. I think that I know what you are talking about, but could you elaborate?

Secondly, is Sinn Féin in danger of confusing its own strategy, which would lead them into a cul-de-sac? Arthur Morgan will hate me for being so patronising, but does the party need to become more sophisticated?

3.30 pm

Prof Paul Bew: I listen to your point with great interest. To be fair to Sinn Féin, there is some awareness of the problem to which you have alluded. The problem is; how is any credible project of Irish unity compatible with the strategy of winning ethnic victories? At the moment Sinn Féin members have created the impression that Northern Ireland is governed by them and Tony Blair. The impression is that the DUP is marginalised, that the Prime Minister had a certain sentimental attitude to David Trimble — which meant that certain things were backtracked or delayed — and that now that that has gone, deals are struck in Downing Street between Sinn Féin and the Prime Minister. That is the context for the governmental arrangements of Northern Ireland.

There are signs, in reading the speeches, that some people in the Republican movement realise that there is a difficulty. In the better part of the brain of that body there is an awareness of the fact that this strategy of ethnic victories is not leading anywhere very much, except through the next election and to victories over the SDLP. The Governments are not asking these deeper questions about the nature of the process. They have locked themselves into a process in which the balance is tipped against the forces that they wish to sustain. That is where it gets them. Therefore it is possible that there is some awareness of this difficulty.

Then there is the nature of the movement. Why do all these things happen? Why the huge stringing out of decommissioning, when, as Séamus Mallon has confirmed, the understanding of the deal that Trimble made was that if he jumped first, decommissioning and so on would follow?

Why the stringing out and betrayal of Trimble? Why Colombia? Why Florida? Why the bank robbery? Why did those things happen? They happened because the Republican movement exert a strategy of tension and control over the principle of movement. The control must reside in one place — with them.

In other words, there is a tension between what the Republican movement was until recently and what it is now. It is no longer under any illusion about being similar to Ho Chi Minh and the National Liberation Army, but it retains the capacity to drive the agenda by amazing provocation or an amazingly spectacular, headline-grabbing move. Can it switch off those tactics, which have served the movement so well in the past? I do not rule that out, but at this stage, with past actions still so recent, we have no reason to believe that it can.

Ms Julie Kirkbride MP: Can the British Government do anything to allay the fears of the Unionist community? Can the Government introduce anything to help Unionists become more interested in the process? Can Unionists do anything to stop what they rightly see as a betrayal of their original accession to the agreement? Can anything stop a process that last week in the House of Commons gave complete amnesties to people on the run? That process will, of course, be followed by a complete carve-up of local government, which ends local police control of the Police Service of Northern Ireland, and amounts to a complete betrayal of the Unionist community's aspirations. Such things seem to be the price of peace on the mainland and, for that matter, some degree of peace in Northern Ireland.

Prof Paul Bew: It is difficult. Peter Hain tried to address those issues in a recent speech in support of the agreement. It struck me that he delivered his thoughts on the importance of the principle of consent and local structures of accountability and the fact that North/Southern should be responsible for the development of the Assembly in exact terms that David Trimble would recognise and accept.

The trouble is that the Government are no longer selling these concepts to people such as David Trimble. That is the price of his defeat. Such an argument simply does not have a purchase on the new Unionist leadership, whose impulses are more sectarian, more embattled and more combative. This type of Unionist leadership is looking for, and in some ways can only be mollified by, concessions that no British Government would be willing to offer.

The British Government have a massive problem. That is why, in recent months, they have gone for sticks rather than carrots such as peerages. They no longer have carrots, and that is the difficulty. All the arguments about consent and about the relationship between the Assembly and the North/South bodies are things that Trimble accepted totally and in which he made a huge personal investment.

Downing Street's genuine view seems to be that the principle of consent has triumphed; the IRA has lost;

and everything else is small change. That is why the Government are constantly amazed by the amount of angst generated in the Unionist community by anything from the Patten Report to the OTR legislation. But if you live in Northern Ireland, those things do not appear to be small change. It is just a difference in vision dependent on people's backgrounds. That is where we are stuck, and why I was driven to suggest that perhaps we are trying to do something that no longer makes sense.

If a different model, capitalising on real achievements such as the consent principle and North/Southery, were attempted, it would no longer be necessary to pursue fraught questions such as an executive and ministries of policing and justice on a Sinn Féin/DUP basis. The process would then follow the flow of public opinion and what the public will tolerate.

The diminution in disdain for the Irish Republic and its politicians is marked. This Body could play a much greater role. Clearly, it makes sense to avoid the unnecessary alienation of Unionists, as achieved in 1985, and that can be done because they are in a different place emotionally and politically.

If the decision were made to implement a different model to that outlined in the Good Friday Agreement, the democratic structures of scrutiny, of which this Body is one, and the maximum inclusiveness achieved through elections to local bodies in Northern Ireland would become secondary. That decision will not be made. The agreement that was is dead. But regardless of that fact, the Prime Minister's investment in its implementation makes it impossible for him to make that decision. Two years from now, the Government could conveniently say that they have the agreement back on track, but it will not be as it was. I suspect that the agreement cannot be cut loose during the current premiership and, therefore, until its end, we will travel an absolutely determined road.

There are people here who could speak on behalf of the Taoiseach. I am not sure that his emotional commitment to the 1998 model is quite the same as the British Prime Minister's. However, he is bound to have at least some commitment to it.

Those closer to the process can see that there is no return to that moment in 1998. The crucial matter that people had voted for in the referendum was that the co-premiership of Northern Ireland should be elected — and for the principles which that embodied. The spirit of 1998 was lost finally and decisively when it was decided that to get a DUP/Sinn Féin deal, those sacrosanct matters could be changed without a fresh referendum.

Ms Cecilia Keaveney TD: Our motion read:

“recognising that economic and political progress go hand in hand...”

Does Prof Bew agree with the wording of the motion? Or should it read: “recognising that political and economic progress go hand in hand”?

Prof Bew said that the Executive was in place for 19 months and that no one is nostalgic about its loss. It could be argued that considering how long the British Government had administered in Northern Ireland, novices were never going to turn much around in 19 months.

With the advent of tuition fees, top-up fees, water rates and other new policies that the North has not been used to, does Prof Bew think that there is nostalgia for a time when all politics were local politics?

He said that it would probably be a year before the Assembly is restored. To echo Séamus Kirk's question, is it economically viable for Northern Ireland to trudge along as it does? Is there a mechanism to pursue the best options for Northern Ireland in the absence of an executive?

3.45 pm

Prof Paul Bew: The introduction of water charges relates to my earlier remarks. The emphasis is now on the Northern Ireland Office's actions, some of which will be unpopular, which are intended partly to intensify that nostalgia and to heighten the feeling that Northern Ireland should have its own executive. Several other economic decisions are likely also.

However, in a broader context, it should be remembered that the people of Northern Ireland have two things now: peace and prosperity. I recall the night on which the referendum was won. In a television studio, I sat beside a pollster who asked me a question that I had been answering all day: why are the majority of Unionists in favour of the agreement? My answer did not involve constitutional matters such as articles 2 and 3. Rather, I answered that the majority of Unionists had voted for the agreement believing that it would bring peace and prosperity.

Northern Ireland has never been more prosperous or more peaceful. No matter the threats that emanate from having an island economy, the day-to-day experience of Unionists in Northern Ireland, which will not change in the space of a year, is that they have peace and prosperity without having to have Sinn Féin in government. That is a brutal fact. It is why the DUP may have to wait a long time before they get a different message from their electorate. The DUP is right to express that, but it should acknowledge that the message from its electorate could change.

The IRA has made big moves. In six or nine months, after further reports from the IMC, people might begin to say that things have really changed. Even last Sunday, the Dublin press was still publishing bad stories about the IRA, stories that would send shivers down people's backs. It could happen that six months from now, we will not be reading stories like that. It may be correct that all activity will cease, and the mood might change. However, it is remarkable that there is absolutely no sign of such a mood change. Even though there has been massive IRA decomm-

issioning, the effect on the public mood has been trivial. It is really startling.

On the other side of the coin, however, in towns and cities such as Coleraine and Cork, there is much more broad agreement on the basic principles of how the island should be run: through co-operation between North and South, power sharing in the North, and east/west relations. Unfortunately, this agreement cannot be capitalised on because of the obsession with the dream of a particular structure — a dream that is becoming a nightmare.

The Co-Chairman (Mr Pat Carey TD): Thank you, Paul. Your frank, straight-talking address has stimulated the debate even further.

[Applause.]

The sitting was suspended at 3.46 pm.

The sitting was resumed at 4.06 pm.

**ADDRESS BY THE
SECRETARY OF STATE FOR
NORTHERN IRELAND AND WALES,
THE RT HON PETER HAIN MP**

The Co-Chairman (Rt Hon Paul Murphy MP): Order. We are gathered for the final session of today, and it promises to be interesting. I am delighted to welcome Peter Hain, the Secretary of State for Northern Ireland, to address the Body this afternoon. The life of a Northern Ireland Secretary is always tough, but it has been particularly tough over the last couple of weeks. Peter is doing an extremely good job at the Northern Ireland Office in, as always, difficult circumstances, and I know that he is very anxious to talk to you.

The plan is that Peter will address you from the podium, after which he will return to the table to answer the questions that have been laid down. Therefore, I am particularly delighted to welcome Peter Hain, the Secretary of State for Northern Ireland.

The Secretary of State for Northern Ireland and Wales (Rt Hon Peter Hain MP): Paul, thank you very much, and thank you all for inviting me. I am sure you will join with Paul and me in congratulating Wales on our wonderful victory against the Australians at the Millennium Stadium on Saturday.

It is a great pleasure to be here with Paul, who did a fantastic job as Secretary of State for Northern Ireland. Everywhere I go, whether in Northern Ireland, the Republic, the United States or anywhere where there is an interest in Northern Ireland, Paul's name remains very high indeed for the job that he did, the friends whom he made and the respect in which he was held.

Also, if I may pick out several others here, it is very good to see Peter Brooke, also a former Secretary of State for Northern Ireland. The three of us were photographed next to each other, spanning many years of this job. I also welcome Stewart Eldon, our excellent ambassador in Dublin, who I know is highly rated. Thanks too to Pat Carey for his work with Paul on this very important Body.

I gather there was a lively session on the Northern Ireland (Offences) Bill. I had a report saying that there was unanimous support for the Bill and that I might expect a few questions on it. *[Laughter.]*

In the past few months there have been historic moves forward in the Northern Ireland peace and political process with, for example, the IRA statement on 28 July. I will pause amid the controversy over the Northern Ireland (Offences) Bill — which I fully understand — to recall the fact that nobody in the past would have expected

the IRA to make such a statement, to give up its armed campaign and to turn its back on terror and violence.

Then on 26 September Gen de Chastelain and his independent observers announced that the entire IRA arsenal had been decommissioned. Again no one would have dreamt of that even a couple of years ago let alone five, 10, 20, 30 years ago amid all the troubles that Northern Ireland suffered from. The Independent Monitoring Commission will issue a report in January following last month's report. That report will make a judgement on whether the IRA has delivered and kept the promises it made to end not only the terror, bullets and bombing but the punishment beatings, the targeting, the intelligence gathering and the rest of it that has accompanied its activity for too long.

So far, the reports that I have received from the intelligence world, among others, suggest that the IRA has in fact kept its promise and that the commitments that it made on 28 July are being implemented. I met Dermot Ahern a few days ago, and he confirmed that that is also the view of the Irish Government, but we will have to see what the Independent Monitoring Commission reports in January. It will be a very important report because it will have had a chance to assess about six months of the situation following 28 July rather than just an assessment of a few weeks, which was the case with last month's report.

The situation on the security front continues to improve. Paramilitary attacks are down compared to even a year ago, and there have also been some encouraging words from Loyalist groups. There is some sense that they too are moving towards decommissioning and towards a process that will lead them to renounce their past of paramilitary activity and violence.

In spite of all the problems that I am grappling with as Secretary of State, and also the problems that you are all aware of or are involved in tackling, it is worth reminding ourselves how far we have come. Since 1972, for example, the difference is really stark. There were five deaths in Northern Ireland last year compared to 470 in 1972. There were 86 bombings last year, many of which were blast bombs that did not result in any deaths, compared to 1,853 bombings in 1972. There were 144 shooting incidents last year compared to 10,631 in 1972. So we are talking about a situation that has been transformed. Last year casualties were down by almost one third compared to 2001, and this year that trend is continuing.

Following the statement on 28 July and in keeping with the trend of reducing violence so that the vast majority of society in Northern Ireland is a normal place in which to live in security terms, we are on schedule to meet the normalisation programme which we published on 1 August and which was first set out by the Governments in the Joint Declaration of 2003.

The IMC report will indicate progress against our published plans. None of the normalisation measures,

from taking down the watchtowers to reductions in the Home Battalions of the Royal Irish Regiment, will be carried out without the recommendation — and except on the recommendation — of the General Officer Commanding and the Chief Constable. Nothing has been done or will be done that will take any risk with security. On the contrary, they have been anxious to move forward because the Royal Irish Regiment Home Battalions and indeed the entire RIR presence in Northern Ireland have been operating at about 10% of capacity.

Now anyone, particularly someone like Michael Mates who has been a senior Minister, will know that that is not a situation that the armed forces can be in forever, and that is why it is sensible, in strategic UK terms, to reduce those numbers as it is in Northern Ireland terms as well.

4.15 pm

There are some big challenges coming up, policing being the first one. It is absolutely essential that Sinn Féin should start to co-operate properly with policing and join the Policing Board as soon as possible. We must also address the tremendous hostility being shown in Loyalist areas in particular towards the Police Service of Northern Ireland (PSNI), and that extends across other sections of the Unionist community, including the Orange Order. We need to get into a much better partnership position on policing with the Orange Order, Loyalist communities and the police. There is a kind of historic inversion of reality here with the problems of policing invariably being most sharply felt now in Loyalist areas rather than in Republican areas.

We are going to take forward the devolution of policing and criminal justice in a Bill that will probably be introduced in February. That should receive Royal Assent by the summer but will not be implemented until there are devolved bodies and institutions to devolve it to: that is to say, until the political process has produced the shared government that we all need.

In respect of other policing matters, I am a strong supporter of community support police officers. However, that is a matter for the Policing Board, and in any case, they will not be introduced unless they have met the same recruitment criteria as apply to normal, conventional police officers. There will be no difference. All I would say is that — and Paul Murphy will share this with me — in Wales, and right across England as well, the experience of community support officers has been a very positive one. Mainstream police officers to whom I have spoken in England and Wales say that they regard their initial suspicion and hostility as having passed, and now think that they offer a valuable addition to professional policing. I think that that could well apply in Northern Ireland too.

We want to regulate restorative justice arrangements. There is a great deal of mischief being spread about

community restorative justice. It is completely unregulated at the moment. My deputy, David Hanson, will publish guidelines to the Policing Board and the public on 5 December. However, I want to make clear that under those regulations and under our policies, community restorative justice will not be an alternative to policing; nor will it be a kind of militia-run alternative to the normal criminal justice system. On the contrary: to be recognised, acknowledged and receive official support, those community restorative justice schemes will have to co-operate with the police, the criminal justice system and the law.

Another big challenge for us is parades. We saw what happened at the Whiterock parade in the middle of September and the terrible riots that followed, which saw really venomous fire on police officers, and members of the Orange Order picking up every brick and rock available to hurl with absolute ferocity at police officers on the front line. We need to get into a different place on parades. We are talking, perhaps, about half a dozen contentious parades compared with the 3,000 that go off perfectly normally and with community agreement.

The Derry model, which arose when the people of Londonderry themselves produced a basis for consensus, with the Chamber of Commerce intervening to help, leads via dialogue and mediation to a situation in which a determination becomes superfluous. That is the direction in which the question of parades ought to go. We are now in the process of completing the appointments to the new Parades Commission and will shortly be making an announcement on its members, who will take forward a fresh start on parades.

Then there is the wider problem of bringing Loyalist communities and Unionists in general into a much more co-operative and supportive stance for the whole process of devolving power and shared government again. There is tremendous anger, frustration and fear in many of these communities, as I know for myself, having visited many of them in recent weeks. Their view of the way Northern Ireland is going is of a series of victories for Nationalists and Republicans, whereas in fact it is about getting a peace process and stability locked in, and the Union not being threatened by bombs and bullets but subject to a vote of the people if a change in the constitutional status of Northern Ireland were ever to be faced.

Those are all big challenges. There is also a tremendously important focus on the economic and social agenda. In the six months that I have been there, it has become clear to me that Northern Ireland has to look forward. We are not hermetically sealed, with our own ancient problems and conflicts locking us into the past. Northern Ireland must look forward.

It is not only eastern Europe that is posing huge competitive challenges to the Northern Ireland economy. In Ballymena recently I met the workforce of a chicken packaging factory. It consisted entirely of migrant labour.

Nobody was working there except foreign recruits, from as far afield as Asia, Morocco and eastern Europe, because the wages being paid were just above the basic minimum and did not attract local labour as the local employment sector has been buoyant. It is important that we have a Northern Ireland economy able to face that situation and provide full employment and prosperity, as has been the case for the past eight years under the Labour Government.

Northern Ireland now has more prosperity, a higher level of employment and a lower level of unemployment than ever in its history. That is a strong base from which to move forward. However, one must look at wages in China and India. China has engineering wages at 60p an hour — about one euro an hour. The Northern Ireland economy is nowhere near where it needs to be to meet that competitive challenge.

I talk about the Northern Ireland economy being world-class, and this is not empty rhetoric — it is where we need to be. We will only be there if the private sector grows significantly, entrepreneurialism is boosted and enterprise is strengthened. It is not sustainable for an economy to have 60% of employment dependent on the public sector, which is Northern Ireland's position at present. We must rapidly expand the private sector and support it in making the Northern Ireland economy genuinely world-class.

We are in a good position to do so. We have got the strength of prosperity and growth, and stability and full employment — or near full employment — except for some isolated areas. The situation in those isolated Loyalist, Republican and Nationalist areas is very important, and it especially needs to be tackled.

Despite that strong base we need to move forward, and we are in a good position to do so. We could have the best of all worlds — to have the benefits of the United Kingdom's macroeconomic success while taking advantage of increasing interest from businesses in the Republic of Ireland who want to invest and expand in Northern Ireland. With an overheated economy in the South in terms of skills and in other respects, there is increasing synergy for southern-based businesses to increase their activity across the border where they can take advantage of extra skills and opportunities. Northern Ireland can develop that synergy to its benefit — benefiting as it does from the success of the UK economy.

That North/South co-operation is producing a great deal of success. For instance, the Irish Government have invested around £12 million in the expansion of the City of Derry Airport. That will not only benefit the surrounding area of Derry city and the north-west of Northern Ireland, which has bad transport links, but also Donegal, which has been isolated from the great success and prosperity of the Republic of Ireland's economy over the last 10 years or so.

This is a win-win situation for Northern Ireland, and we are deepening North/South co-operation in order to take that agenda forward, with proposals for a single electricity market and universal mobile phone tariffs. There is a ridiculous situation — particularly in the border areas — where one can suddenly move into an area with a roaming charge and then receive a phenomenal mobile phone bill.

Dermot Ahern told me that he can get about four different providers, North and South, within his home, and that from time to time his phone bill goes absolutely bananas if he happens to be in the wrong room. That is a ridiculous situation — I am not talking about the conversations, I am talking about the size of the bill. We are in a single European market. Ireland is an island geographically; we should get mobile phone operators to co-operate as, for example, British Telecom wants to do. Our Ministers are working with the Irish Government to establish a universal phone tariff at local rates right across the island.

We are taking forward a major and radical programme of public administration reform, because Northern Ireland is over-administered and over-governed. There is no question about that. As a result of the announcement and the decisions that we have taken — based on independent advice and expert assessment — about local government, health and education, we have reduced the number of bodies from 67 to 20 and the number of local authorities from 26 to seven. This will place Northern Ireland in the uniquely advantageous position of having coterminous areas for local government, health and policing, which is a very strong public service delivery base from which to move forward.

All in all, there is the prospect of great change in Northern Ireland — I believe for the better — and the prospect of locking in the peace and hard-won stability that my predecessors, particularly Paul Murphy, have taken forward these last few years. I am genuinely optimistic that we can achieve the endgame of the political peace process in due course, and that we can put Northern Ireland on the road, not just to the peace and stability to which its people are entitled, but to the world-class status to which we aspire.

The Co-Chairman (Rt Hon Paul Murphy MP):

Peter, thank you for that interesting and far-reaching analysis of the situation in Northern Ireland at the moment. We wish you well in the months ahead in the negotiations that you will inevitably have to take part in. That was the easy bit; now we come to the questions.

ORAL ANSWERS TO QUESTIONS

Pardons for Irish Soldiers in the First World War

The Co-Chairman (Rt Hon Paul Murphy MP): I plan to group questions 1 and 4 together since they are identical.

1. **Senator Brian Hayes** asked the Secretary of State for Northern Ireland and Wales what plans he has for the granting of pardons to the 306 Irish soldiers who were executed during the First World War; and whether he will make a statement.

4. **Senator Paschal Mooney** asked the Secretary of State for Northern Ireland and Wales whether he will make it his policy that a full pardon should be granted to those Irish soldiers who served during the First World War who were shot at dawn; and whether he will make a statement on the matter.

The Secretary of State for Northern Ireland and Wales (Rt Hon Peter Hain MP): With the permission of the Plenary, I would like to answer questions 1 and 4 together. I shall begin by clarifying a point on the numbers of Irish soldiers who were executed. I understand that 26 of the soldiers who were executed during the First World War were Irish: the figure 306 relates to the total number of soldiers who were executed for the offences for which pardons are sought, the great majority of whom were not Irish.

As both Senators will know, the British Government are in regular contact with the Irish Government about this tricky question. We offered Irish officials the opportunity to review all of the relevant case files we hold to help them with the compilation of a detailed report, which they have now presented to us. We are keeping in touch with them about the progress we have made with our response. We will obviously want to discuss the contents of any formal response with them before we issue it. In the circumstances, therefore, I do not think it is appropriate for me to comment further on this matter today, although I am happy to deal with any supplementary questions.

Senator Brian Hayes: Does the Secretary of State recognise the apparent contradiction in the fact that his Government now want to offer an effective pardon to a group of people who have destabilised both Britain and Ireland over the past 40 years, while not yet having come to a definitive view on a pardon for a group of people whose only crime was to volunteer to fight for their country in the first world war?

Does he agree that he and the British Government have a responsibility to resolve this issue to the satisfaction of the families concerned, and to restore the memory of these men, who, in appalling circumstances, had their lives taken away from them on spurious grounds and for spurious military offences?

Will he further elaborate on a dossier, sent from the Irish Government to the British Government in October 2004, which cast very serious doubt on the safety of the convictions of the 26 Irish soldiers by military tribunals in the First World War, and which showed a clear disparity in the treatment of Irish soldiers and the lower ranks of the army?

Does he also agree that that is one of the few issues that unite Catholic, Protestant, Unionist and Nationalist people North and South?

Shame has been attached to the names of individuals who, under any set of circumstances today or in the 1920s, would not have been convicted for those crimes. His Government should now grant them a retrospective pardon.

The Secretary of State for Northern Ireland and Wales: I understand and sympathise with those sentiments, but may I correct the Member on one thing from the outset? If he was referring to the on-the-run situation, we are not introducing pardons for anybody in Northern Ireland. This is a judicial process from which, if the evidence stacks up, people will emerge with a conviction and a sentence; but we can revisit that issue. A pardon would mean that there would be no redress if the terms of the subsequently issued licence were broken.

I agree that those soldiers executed in the First World War are recognised by our Government as victims of a terrible war, and that the stigma of executions needs to be lifted. As public recognition of that increases, it is important that those responsible have been asked to add the men's names to the war memorials and books of remembrance throughout the country. Fittingly, those men are also commemorated in the National Memorial Arboretum. They are remembered alongside their fallen comrades, and the sacrifice of all those lives is honoured and acknowledged by all of us. I accept that we must still move forward to address the issues that Brian raised, but there is a common purpose on this.

4.30 pm

Senator Paschal Mooney: I thank the Secretary of State for his reply. I appreciate the constraints under which he operates on this sensitive matter, but I am grateful to him for taking the question. What is striking about the question and the circumstances surrounding this short discussion is that there was a time when we would not have been able to discuss it. It is positive that both Governments are at one in attempting to resolve what is an extremely sensitive matter, even though it is over 90 years old.

Interestingly, the report to which the Secretary of State refers — and perhaps he might comment on this — indicates that there was no religious bias behind the disparity in Irish condemnations. It happened across the board, but it was much higher in Irish regiments than, for example, in the New Zealand regiments. Will the

Secretary of State also reflect on the fact that the New Zealand Government have granted pardons to their soldiers, which is their right as a dominion-status country? At least they have moved to resolve the issue.

With your indulgence, Co-Chairman, and I am sure that the Secretary of State will join me, I want to compliment the Shot at Dawn (Ireland) Campaign co-ordinated by Mr Peter Mulvany, who has been lobbying both Governments for some years on this issue. I hope that it has reached a point at which, as the Secretary of State indicated, it is coming close to closure.

If I may, for the benefit of those who are not familiar with the background to those cases, I have picked one at random: Private George Hanna from Belfast of 1 Battalion Royal Irish Fusiliers, who was executed in November 1917. Private Hanna had been charged with desertion and convicted on two previous occasions. After a third desertion his court martial was told he had not been home on leave for three years. That was three years in the trenches. In that time three of his brothers had died in the war. He had absented himself because he learned his sister was not well and he was upset because he was not able to see "his people".

The report that the Secretary of State has referred to, compiled by the Irish Department of Foreign Affairs, said that his failure to get home in three years undoubtedly influenced his decision to try to get back to Belfast, and that there was no evidence the military hierarchy had thought twice about taking a fourth son from the family by executing Private Hanna.

That is just one of many tragic stories surrounding the entire episode. I hope that after this length of time, and considering the general acknowledgment now in the Republic of Ireland of the sacrifices of Irish soldiers who contributed to the Allied campaign, there will be closure, finally, to a tragic episode, and dignity for those men and especially their families after 90 years.

The Secretary of State for Northern Ireland and Wales: The Member has put that very eloquently. I was in New Zealand on a ministerial visit on Remembrance Day last year. That issue was very live at the time, and I am aware of what was decided. I am very conscious, Co-Chairman, of the fact that these were teenagers, in many cases, in a terrible war. We are now looking back at it from nearly 100 years on, and we are, I think, all of the same mind that their treatment and the summary executions at that time just cannot be justified in modern, civilised, military terms as well as any other terms. So it is a question of moving forward when we are in a position to do so.

Mr Paul Flynn MP: I welcome those remarks. That was the warmest expression of sympathy for the campaign that I have heard from a Secretary of State. Andrew Mackinlay raised the matter in his first week as a Member of Parliament, and he has pursued it with consistency and dedication

since then. Unfortunately the matter was rejected by a British Minister at the time, in circumstances that did not convince many other Members of Parliament. I believe that consensus is emerging that we must do something to remove the stain of dishonour on those soldiers, and on the Welsh, Scottish and English soldiers as well. Many of them had records of gallantry before those events occurred and were shot at dawn for behaving in a way that would now be regarded as rational and reasonable rather than shameful.

The Secretary of State for Northern Ireland and Wales: I am grateful to Paul for those remarks. I am aware of Andrew Mackinlay's long campaign on this matter, which I respect. I cannot say any more about it at this stage, but I do think that there is an understanding on behalf of our Government of the situation and a lot of sympathy for the sentiments that have been expressed.

Proposed Introduction of Identity Cards in the United Kingdom

2. **The Lord Dubs** asked the Secretary of State for Northern Ireland and Wales what discussions he has had with the Irish Government about the proposed introduction of identity cards in the United Kingdom.

The Secretary of State for Northern Ireland and Wales: There has been regular contact between the British and Irish Governments at both ministerial and official level since the Government first consulted on the introduction of national identity cards in 2002.

The Lord Dubs: I am grateful to the Secretary of State. Does he agree that there is concern among the Irish community in Britain, among Nationalists in Northern Ireland and among people who travel frequently from the Republic to all parts of the United Kingdom about the effect that the introduction of identity cards will have on them? Can the Secretary of State give any indication today as to the progress that is being made in these discussions to deal with these aspects of the problem?

The Secretary of State for Northern Ireland and Wales: The Government are in touch with the Irish Government on the matter. Only recently I discussed the issue myself. We are moving forward in a way that will satisfy and overcome some of the concerns that the Member has expressed. Many Irish people living in the United Kingdom hold or are eligible for a UK passport, and they would be eligible for a UK identity card like any British citizen and would apply in the same way. All British citizens may apply for a card showing nationality that would be valid for travel within the European economic area, or for one which does not show nationality if they do not wish to travel. Irish citizens who are not eligible for a British passport and who do not wish to obtain one will be eligible for an identity card that does not show nationality. So all those concerns can be addressed.

Mr Jim O'Keeffe TD: There may be an Irish interest in this issue. Ireland may have to follow suit, although we are not yet sure what to do. Can the Secretary of State tell us what sort of timetable he has in mind for the issue of these cards? More importantly, can he tell us what the cost will be?

Rt Hon Michael Mates MP: That is not the Secretary of State's part of the ship. *[Laughter.]*

The Secretary of State for Northern Ireland and Wales: I will refer the question to the Home Secretary.

There are two issues. The first is about taking forward the preparations. That will take many years, and the law regarding identity cards will not be fully enforced this decade under current plans, but it is anticipated that it will be fully enforced early in the new decade.

It also involves taking forward preparations for biometric-based identity cards, passports and driving licences. We are proceeding along the biometric route because biometric data will be needed on passports to gain entry to the United States of America. Indeed, people travelling to some European countries from outside the European Union will, in the future, also require biometric data on their passports. The world is moving in that direction.

As to whether identity cards should be compulsory, that will be the subject of a separate decision and a vote in Parliament. We will make that decision when we approach that point in several years' time.

Transport Links

3. **Mr Murray Tosh MSP** asked the Secretary of State for Northern Ireland and Wales what work the Government have carried out to assess the importance to the Northern Ireland economy of transport links from Northern Ireland to, and through, Scotland.

The Secretary of State for Northern Ireland and Wales: I am fully aware of the importance of strong transport links to the economies of both Northern Ireland and Scotland, and I recognise the value of co-operation between the regions in relation to economic development, trade, tourism and energy links.

I particularly welcome the continued commitment of port authorities and ferry companies to invest in Irish Sea routes between Northern Ireland and Scotland.

Mr Murray Tosh MSP: I thank the Secretary of State for his answer. I was interested in his earlier comments about the joint work around the City of Derry airport that involved the Republic. Does he agree that there is a similar requirement for co-operative work across the three jurisdictions in the Northern Ireland Office, the Department for Transport and the Scottish Executive in relation to trunk-road routes from Stranraer through southern Scotland and into northern England and to

various ports on the east coast? Is he aware that there is a somewhat leisurely programme of trunk road improvement in the Scottish jurisdiction and continuing discussions — allegedly — between the Scottish Executive and the Department for Transport about similarly leisurely improvements to the trunk-road network in the north of England? Given that the costs will fall predominately on the Department for Transport and the Scottish Executive, but the benefits might be greatest of all in Northern Ireland, does the Secretary of State feel that he might have a particularly important role in energising those responsible in the other jurisdictions to mount an effective collaborative programme of investment in trunk roads?

The Secretary of State for Northern Ireland and Wales: If I may say so, I do not recognise the description “leisurely” of my Scottish Labour Ministers at least. They are a pretty energetic group under Jack McConnell. However, I recognise the point he makes, and that is why the regional development strategy and the regional transportation strategy focused on those strategic links.

There has been major development in ferry traffic with Stena Line’s recent announcement of its intention to relocate to Cairnryan in 2007, combined with the Belfast Harbour Commissioners’ plans for a new state-of-the-art terminal for Stena Line’s operations at Belfast port. That considerable investment will benefit precisely what Mr Tosh has referred to, and we want to see that applied to roads as well. I will be making announcements on that in due course.

Ms Cecilia Keaveney TD: Does the Secretary of State agree that in the past there has been a poor uptake of the transnational aspect of the INTERREG funding? Given that there is a narrow window of opportunity between now and the start of the new programme does he agree that everything that can be done should be done to help Ireland, Northern Ireland, Scotland and Wales avail of the maximum funding under the transnational new INTERREG IIIA and IIIB programmes?

The Secretary of State for Northern Ireland and Wales: Yes. Those transport links are strategically very important, not just to Scotland but to Wales as well. It is increasingly the case that to remain competitive it is in the interests of all our economies in this part of the world to co-operate together, and I made that point in my speech. Scotland/Northern Ireland links, Wales/Northern Ireland links, Wales/Republic of Ireland links and Scotland/Republic of Ireland links are all critically important, as are the North/South links, in building a better infrastructure and therefore creating a much more competitive economy for all of us.

Mr Seymour Crawford TD: I thank the Secretary of State for his answer. That question has energised the Body for some time. Indeed, we carried out a study into links with Scotland a few years ago. I want to emphasise — and it cannot be overemphasised — the importance of the

road from Stranraer to Ayr and what a difficult road it is, and also the road across to Carlisle. Those are extremely important links, not only for tourism, but for industry in the border counties. As trans-European links, we would like to see major improvement in them. We appreciate, however, the news of investment in the ferries.

4.45 pm

The Secretary of State for Northern Ireland and Wales: I am grateful that the Member mentioned tourism. It is worth noting that last year two million tourists visited Northern Ireland — that is more than the population of Northern Ireland, and it is an indication of the great opportunities there — including Scottish visitors, of whom 392,000 stayed overnight in 2004, representing 28% of all Great Britain visitors. They inject great spending power into Northern Ireland as well. The cross-sea fertilisation in tourism is extremely positive, and we ought to do everything that we can — as we are doing — to increase it.

Environmental Protection Agency

5. **Mr Andrew Mackinlay MP** asked the Secretary of State for Northern Ireland and Wales whether he will set up an independent environment protection agency for Northern Ireland; and if he will make a statement.

The Secretary of State for Northern Ireland and Wales: In July 2005, Lord Rooker announced an independent review of environmental governance in Northern Ireland. The review will consider, amongst other things, the arrangements for the organisation and supervision of the environmental governance system. We hope to be in a position to launch the review soon.

Mr Andrew Mackinlay MP: I welcome that, but I remind the Secretary of State that it is a hallmark of a civilised society that it has in place organisations that can police government. In Western Europe and the rest of these islands, Northern Ireland is unique in not having an environmental protection agency (EPA) that is independent from the Government. Although we are well aware of the history of the past 25 years and the almost complete absence of normal government, nevertheless the Northern Ireland Office and its agencies are the worst perpetrators of — or acquiesce in, to the greatest extent — environmental pollution, particularly in relation to the water and sewerage system, which is not only bad for Northern Ireland but affects our common seas. Also, one cannot help but feel that the absence of an EPA in Northern Ireland is partly due to the fact that it would be another increment to the embarrassment of Her Majesty’s Government in relation to Sellafield. I hope that whatever else happens during his period in office, the Secretary of State will press this issue with Lord Rooker and bring forward either an Order in Council or primary legislation. This is one quango that is necessary, rather than one of those he wishes to shed.

The Secretary of State for Northern Ireland and Wales: First, we have launched a review. That review will publish an interim report of its findings by the summer of 2006 and address some of the issues Mr Mackinlay has described. This is a matter that goes back to 1996, when the Environment and Heritage Service, which is the nearest equivalent to an environment agency in Northern Ireland, was established as one of four executive agencies in the Northern Ireland Department of the Environment. Arrangements for the protection and conservation of the environment in Northern Ireland have been reviewed on several occasions in the last 20 years. However, we will be publishing at least the interim report next year, and we must take account of the outcome of the Review of Public Administration (RPA), which I announced last week, of previous inquiries into environmental governance arrangements and of the existing European Union environmental regulatory framework.

Smoking Ban

6. **Dr Dai Lloyd AM** asked the Secretary of State for Northern Ireland and Wales what plans he has to ban smoking in public places in Northern Ireland.

The Secretary of State for Northern Ireland and Wales: On 17 October, the Health Minister, Shaun Woodward, announced that comprehensive controls on smoking in enclosed public places and workplaces would be introduced in Northern Ireland by April 2007. Draft legislation will be issued for consultation early in the new year.

Dr Dai Lloyd AM: I thank the Secretary of State for that. We need to reiterate the scientific evidence of passive smoking as a killer. There has been a full ban on smoking in enclosed public buildings in the Republic of Ireland since March 2004, and Scotland will follow next year. As the Secretary of State for Northern Ireland is also the Secretary of State for Wales, he will be aware that the National Assembly for Wales has voted twice in favour of a full ban on smoking in enclosed public buildings, although, regrettably, it does not have the powers to impose that ban at the moment. We await the enactment of the Health Improvement Bill, which has recently gone through the Westminster Parliament.

What is the Secretary of State doing to move that agenda forward for Wales, given the settled will of the National Assembly for Wales? As an aside, what is his view of the proposed unscientific and partial ban on smoking in England?

The Secretary of State for Northern Ireland and Wales: I am helping to negotiate legislation going through Parliament that will give the National Assembly for Wales the powers to determine how it will implement a ban in enclosed public spaces. The Health Minister, Shaun Woodward, and I decided to opt for a full ban in Northern Ireland, following the ruling across the border

in the Republic of Ireland. Whether Wales wants to adopt a different course is a matter for the National Assembly, of which Dr Dai Lloyd is a Member. It is not really a matter for me now that I have provided it with the powers to do what it wishes.

It is interesting that Shaun Woodward visited Dublin and New York to examine the situation there. He found that comprehensive controls on where people smoked had led to significant improvements in the protection of public health for the general public and employees. The proposals for a full ban in enclosed public places in Northern Ireland have the support of a wide variety of bodies such as trade unions, local councils, voluntary sector agencies, the BMA, health and social services boards, and in a survey, an overwhelming 91% of Northern Ireland people supported comprehensive controls similar to those already implemented in the Republic of Ireland.

Mr Jim Dobbin MP: I encourage the Secretary of State to have some influence on the Westminster Parliament following the decisions in Scotland, Wales and now Northern Ireland. English people do not have immunity to the effects of smoking. Will he do his utmost to encourage the Government to make this a free vote?

The Secretary of State for Northern Ireland and Wales: It is as a result of that legislation that the Government is introducing measures for the first time so that Wales will be able to do what it wishes, that Northern Ireland is doing what it wishes, and that England, in future, will —

Mr Andrew Mackinlay MP: Do what we are told — not if I have anything to do with it. *[Laughter.]*

The Secretary of State for Northern Ireland and Wales: No, not at all. I always find Andrew's interventions extremely helpful on these occasions, and he is a great parliamentarian. I respect him enormously, not least when he heckles Secretaries of State, which he is very good at.

We are introducing the scope for taking forward a full ban in England in due course, if that is what is wanted. We are starting on a more limited basis, and things can move forward and evolve.

5.00 pm

Dr Jimmy Devins TD: I would also like to support Dr Lloyd. The Westminster health committee recently visited Dublin to ascertain how the smoking ban was working and was very impressed. It is grossly unfair that workers in the hospitality industry should be exposed to the effects of passive smoking. I have no problem with people smoking, but it is wrong that they should impinge on the health of an innocent bystander. I urge the Secretary of State to implement the legislation as quickly as possible.

The Secretary of State for Northern Ireland and Wales: We will be doing precisely that. It is for those very reasons that we are taking the position forward in Northern Ireland.

One of the benefits of devolution within the United Kingdom is that there is a learning experience for everybody. There is a kind of policy laboratory across the UK where England, Scotland and Wales, and in Northern Ireland when we get devolution, can learn from best practices. For example, Wales has changed its policy on hospital waiting lists. The Welsh Assembly is much more in line with England on this, and performance is rapidly improving as a result. On the other hand, a Children's Commissioner was first introduced in Wales and is now being followed in England.

One reason why I am so committed to devolution in Northern Ireland is that it will enable power to be exercised by locally elected representatives and that everybody in the UK will benefit from best practice.

Peace II Funding

7. **Mr Séamus Kirk TD** asked the Secretary of State for Northern Ireland and Wales what plans he has to extend PEACE II funding to groups with a strong reconciliation criteria in view of the need to build bridges between North and South; and whether he will make a statement.

The Secretary of State for Northern Ireland and Wales: PEACE II has been extended for a further two years to 2006. Sixty-five million euros a year are available for projects that meet the programme's peace building objectives. Promoting reconciliation has been given increased priority and all new projects will face an increased requirement to demonstrate how they will promote reconciliation.

Mr Séamus Kirk TD: Having regard to sentiments expressed at the plenary today, it would appear that the process of reconciliation will be an ongoing need. Could the two Governments consider the possibility of a further extension? Many projects contemplated by bodies in the voluntary and other sectors have a clear tangible benefit to the process of reconciliation. I exhort the Secretary of State to consider the feasibility of extending it.

The Secretary of State for Northern Ireland and Wales: We are doing that. In June this year, as the Member knows, the Luxembourg presidency of the EU proposed an allocation of 200 million euros for a third peace programme to run from 2007 to 2013. Both the Irish and British Governments supported that. It is likely to be proposed again during the current UK presidency. It has been caught up in the budget negotiations, but we certainly want to see it carried forward as you do. We are in the same position on that, and it has made a big contribution to reconciliation through funding projects in a variety of communities.

The Baroness Blood: I would like to push the Secretary of State on this matter. Given that the administration in Northern Ireland is now committed to a shared future, and given that the Good Friday Agreement promised to

promote and facilitate integrated education, how will he work that into the shared future document? Ninety-five percent of children in Northern Ireland are segregated.

The Secretary of States for Northern Ireland and Wales: We want to take the whole agenda forward in a common sense and practical fashion, and Baroness May Blood has made a tremendous contribution to that. I was privileged to visit Edenbrook primary school in the Shankill area with Baroness Blood and meet local head teachers and parents. It is one example of the work that needs to be done.

It is interesting that the debate is slowly beginning to shift from traditional segregated education to looking at — for instance — the fact that there are 50,000 spare school places in Northern Ireland schools, and that within a decade that number will rise to 80,000 due to the falling rolls and declining birth rate. There are proportionately many more small schools in Northern Ireland on the edge of viability than in the rest of the UK, and that makes it more difficult to deliver high standards, especially in primary schools.

We must look at the reasons for these small schools. Very often they are concerned with segregation rather than with opportunities for children to attain a higher standard of education. Given the sensitivities in Northern Ireland, we are moving forward carefully on this. However, the failure to take advantage of Northern Ireland's educational resources to provide the best opportunities for its children is due to the historical concentration on segregation. It is that which has led to the vast quantity of empty places in schools and schools on the edge of viability. The more we can address high school standards for everybody regardless of religion, and rationalise the school provision and its establishment, the better it will be.

Rt Hon Michael Mates MP: I do not want to introduce an unnecessary note of controversy, but the Northern Ireland Select Committee in the House of Commons — which I chaired until May — looked into this and interviewed Northern Ireland church leaders. The permanent stumbling block is the Roman Catholic church's determination that its schools will not be integrated. Mr Hain says that there are sensitive issues, but this is not a sensitive issue. It is a black and white issue as far as the leadership of the Roman Catholic church is concerned, and it is a permanent stumbling block. How does the Secretary of State propose to address that?

The Secretary of State for Northern Ireland and Wales: Michael Mates will know from his distinguished service as a Northern Ireland Minister and as chairman of the Select Committee that this is a sensitive issue, and Baroness Blood also knows that. However, the issue is increasingly presenting itself to the churches, parents and politicians as one concerning education. In the longer term, there cannot be an education system that does not

maximise its resources and put them where they should be — on children's desks and in the classroom — rather than maintaining a divided system with a lot of schools that are not viable and not producing the required standards.

Peace Process

8. **Rt Hon Michael Mates MP** asked the Secretary of State for Northern Ireland and Wales to make a statement on the peace process.

The Secretary of State for Northern Ireland and Wales: We have seen major and encouraging moves over the summer and autumn months. The IRA's 28 July statement and full decommissioning of its weapons were truly historic events. The IMC's October report stated that the IRA's 28 July statement was "very significant" and that early signs since that statement were "encouraging". We await the IMC's January report to further assess progress on the ground.

We have also heard encouraging words from the Loyalist groups. I want to see those words translated into action and for all the groups to make the transition to exclusively peaceful and democratic means.

Rt Hon Michael Mates MP: I note all that, and I agree entirely with what the Secretary of State has said; nevertheless, there is a growing crisis of confidence in the Unionist community in Northern Ireland. That was illustrated all too clearly in the House last week in the on-the-runs debate with the Secretary of State. I am not referring simply to that issue; an accumulation of events has caused moderate Unionists to become ever more despairing over the very little that is in this process for them. Has the Secretary of State any plans to try to redress this imbalance?

The Secretary of State for Northern Ireland and Wales: The picture is as you describe it, and that is why we have been making every effort to address these issues. In particular, my deputy, David Hanson, is leading a taskforce to discover exactly what ought to be done better with Loyalist communities, which are receiving tremendous resources. It is not always a question of the absence of resourcing and funding, but of how those are channelled — for example, whether they should be channelled to the community representatives, who often double up in a more shadowy paramilitary role in some of those Loyalist communities. There is a lot of work to be done, and we are doing it, but the leaders of those communities have a responsibility to produce a forward agenda. There is a stack of understandable grievances, which we are engaged in addressing.

Last month, I appointed a victims' commissioner, Mrs Bertha McDougall, an RUC widow and victim herself, who has a very impressive record of work for victims. When we do such things, that is just not accepted as a

major policy initiative from the Government; rather, people then go on to another series of grievances. Yes, we need to resolve these grievances as best we can, but, in the end, Northern Ireland is now in a position where there is more prosperity, stability and peace than ever before. Furthermore, in those terms, the Union is safer than ever before, because it is dependent on a vote of the people of Northern Ireland, and all the parties concerned, including Republicans, have accepted that. We need to move forward together with Unionist leaders, and that is something that we are engaged in doing.

5.15 pm

Ms Julie Kirkbride MP: Would the Secretary of State reflect on what he said in his opening remarks? I was somewhat surprised to hear him say that IRA/Sinn Féin's decommissioning of its weapons earlier this year was an action and a process that he and others had never thought was possible. I found that particularly surprising because my recollection was that decommissioning was in fact a condition of the Good Friday Agreement, and that it was meant to take place within two years of that process commencing.

I also remember that during the referendum the Prime Minister campaigned on the basis that if the people of Northern Ireland voted for the Good Friday Agreement to be implemented, it would mean an end to IRA violence and the decommissioning of those weapons.

In the light of that, would he like to reflect on his remarks that this was a surprising and unlikely or unexpected act? Does he understand that such remarks serve only to reinforce the Unionist community's belief that Her Majesty's Government is not even-handed?

The Secretary of State for Northern Ireland and Wales: I do not accept that at all. I am sure that Ms Kirkbride will reflect on this point as well; for everybody connected with Northern Ireland it was genuinely significant and historic to hear on 28 July the IRA say, in its own language, that its armed struggle was over and that it was going to commit itself to exclusively democratic and peaceful means — words that had never been uttered before. That was my point. Yes, as regards decommissioning there was a whole series of false starts and promises unkept following the Good Friday Agreement. I fully agree, and I do not think that there is a need to reflect on what I said — that is simply a fact. Nevertheless, Unionist leaders have been clear in acknowledging that the entire arsenal being decommissioned was something substantial, major and unprecedented and therefore welcome in those terms.

Rt Hon Andrew Mackay MP: How concerned is the Secretary of State that, despite welcome developments in regard to the paramilitary activity of both Republican and Loyalist groups, some of that activity appears to have been transferred to criminality, such as extortion, drug dealing, and smuggling? Is that directly relevant to

the peace process? Were he and his security advisers to see paramilitary organisations with political links involved in those activities, would that be a breach almost as serious as the continuation of terrorist activities?

The Secretary of State for Northern Ireland and Wales: I agree with Andrew that for many years there has been a serious problem of criminality having infected all paramilitary activity. In some respects that is even harder to root out than terrorism, which, at least in respect of the IRA, we have managed to end. That is not true of the dissident Continuity IRA and Real IRA, but those are small groups. We continue to tackle criminality. The Organised Crime Task Force and the Assets Recovery Agency have pursued Loyalist paramilitary criminality, have made seizures, have tracked down a lot of money and made arrests. The same is happening to Republicans, as we saw only a few weeks ago when the Assets Recovery Agency raided several places in Manchester, tracking back to links rooted in Northern Ireland.

Senator Paschal Mooney: Will the Secretary of State elaborate on his earlier comments on leadership in the Unionist community? Looking at it from the South, Nationalists have seen that as a reason that the confidence-building measures have now taken centre stage. Every statement made by the Secretary of State, Prime Minister Blair and Taoiseach Ahern has been about restoring confidence; a code for measures primarily directed at the Unionist community. Does the Secretary of State agree that the lack of leadership, particularly in severely economically disadvantaged Loyalist areas, is not mirrored in the nationalist areas, where the SDLP and Sinn Féin have been effective representatives of their people?

Perhaps the Secretary of State may see that he has a role in trying to ensure that Unionist politicians move away from sterile arguments over the constitutional status of Northern Ireland. That has been constantly reiterated, and in a recent speech to the Institute of Directors (IoD) in Belfast the Taoiseach himself stated that the constitutional issue had been settled until the people of Northern Ireland should decide otherwise.

One cannot underestimate the low-level, but continuing, random, sectarian violence directed mainly at the Catholic communities, much of which is now under-reported. In light of that and the constitutional framework, there is a strong role for the Secretary of State to play in encouraging Unionist politicians to become more effective in representing their people, to bring them out of the cul-de-sac that they are in and to indulge in confidence-building measures.

Finally, will the Secretary of State comment on the criticisms that have been levelled at him about his proposals on the reform of local government in Northern Ireland? Criticism has come from many respected commentators, both South and North, who believe that that is an anti-democratic move that will embed sectarianism

in Northern Ireland for many decades to come. Coming from local government I agree that there is a need for consolidation rather than reduction; but the wholesale decision-making process that now seems to be under threat in Northern Ireland is not in the best interests of democracy as practised in Northern Ireland — as distinct from how it is practised in other parts of these islands.

The Secretary of State for Northern Ireland and Wales: I do not presume to lecture Unionist leaders on what they should do. There are many strong and able leaders of Unionism in the DUP and the UUP.

I receive many complaints; however, I do not often receive a clear, strategic forward agenda.

That agenda is there; it is for the regeneration of those areas, and for the future economic and social development of Northern Ireland to become genuinely world-class. It is to get political institutions into a position in which they are capable of taking that forward. That was my point.

I have often found that a clear agenda has been forthcoming from Republican leaders that has moved the situation forward in Northern Ireland. An equivalent agenda from Loyalist leaders is needed. I do not criticise Unionist leaders. There are many able leaders in both Unionist parties, particularly in the DUP, the majority party.

Regarding the Review of Public Administration, I do not accept the anti-democratic label that has been attached to it. A structure of local government for Northern Ireland is proposed that will deliver decent, high-quality public services to the people and will see powers devolved to local authorities — powers that they have not had since centralisation at the height of the Troubles, following the Macrory Report of the Review Body on Local Government in Northern Ireland in 1970.

Planning for local roads will go to local authorities, and elected councillors will have substantial powers. That is good for democracy, and therefore is the reverse of anti-democratic. If the Member refers to the east-west configuration of councils, on the map it looks as if there are three predominantly Unionist councils and three predominantly Nationalist ones, with Belfast being a swing council.

Structures of governance can be agreed in consultation with parties in the coming months; those will ensure that local council arrangements are more inclusive than they have been in the existing 26 councils and that problems concerning the representation of minorities and their stake in the process of local government can be overcome. We can move forward on that agenda.

The figure seven was not picked to satisfy any party. That is just as well, because it has not, although Sinn Féin obviously supported it. I did not choose it for party reasons; I chose it because objective evidence from independent assessors, the business community that has overwhelmingly welcomed it, the voluntary sector and

others, was that this is the best structure to deliver high-quality public services. In the end, that is what local government is for. One should not be reckless with it. I have not been reckless; I have been careful. An entirely different agenda is needed in Northern Ireland to avoid being locked in a sectarian past. Politicians must be told that, whatever their differences or backgrounds, it is time they looked to a world-class future for Northern Ireland, and to settle for nothing less in public service delivery and in the competitiveness of the economy.

Timetable for Lifting Suspension of Devolved Institutions in Northern Ireland

9. **Mr Iain Smith MSP** asked the Secretary of State for Northern Ireland and Wales what timetable there was for lifting the suspension of devolved institutions in Northern Ireland.

The Secretary of State for Northern Ireland and Wales: Both Governments remain committed to restoring fully inclusive power-sharing government in Northern Ireland. The January report of the Independent Monitoring Commission will enable us to assess what further progress has been made. If that report confirms that the IRA's commitments are being translated into action on the ground, it is hoped that progress will be possible.

Mr Iain Smith MSP: I thank the Secretary of State for that answer. Does he agree that suspension of the devolved institutions in Northern Ireland has caused a democratic deficit in the Province? It is in everyone's interest to see suspension lifted to allow elected representatives of the people to work together to reach democratic decisions in the interests of those they represent. Moreover, I seek assurance from him that the SDLP and the UUP will not be excluded from any future Northern Ireland executive.

The Secretary of State for Northern Ireland and Wales: I can give the Member that absolute assurance. If the report of the Independent Monitoring Commission next year is positive, and if it reflects the reports that I have received so far, I hope that there will be no reason for any party not to take part in the subsequent political negotiations.

5.30 pm

The UUP and the SDLP have both played very courageous roles. The SDLP's courage goes way back, while, in recent years, the UUP, initially under David Trimble and now under Reg Empey, has shown a lot of courage. Those parties will be crucial to the future of devolved government in Northern Ireland, as they will be involved in the political negotiations that precede the goal.

I agree that there is a democratic deficit. Therefore, I am taking the decisions that are needed in the interests of Northern Ireland at the moment. However, my message to the political parties is that if they are concerned

about my decisions on issues such as local government structure, the configuration of the budget and future education policy, the answers to those concerns are in their hands. The answer to the democratic deficit is for the political parties to get together and to resume power sharing in a re-established Assembly on a permanent, stable basis. I am very keen to do my ministerial team and myself out of a job. It is our ambition to restore devolved government and to establish a strong Assembly in Northern Ireland.

The Lord Brooke: Has the Secretary of State, in taking actions or announcing decisions, been surprised by the reaction from any part of the community in Northern Ireland?

The Secretary of State for Northern Ireland and Wales: No, I have not. A lot of consultation was carried out prior to announcing my decisions. I can defend all my decisions on the economy, public administration, security measures and the process of peace and democracy; they are in the interests of the whole of Northern Ireland, not any particular section.

As Peter knows, and Paul certainly knows, it is the lot of every Secretary of State to become unpopular. That has been the case for all my predecessors. We must do what we think is right in the interests of the people of Northern Ireland, which is exactly what I am doing, despite the criticism that I routinely attract from a variety of groups. For example, we have faced almost universal criticism on the Northern Ireland (Offences) Bill, including from Sinn Féin, the party that asked for it. Sinn Féin is unhappy about the inclusion of a provision that would apply, perhaps in a handful of cases, to members of the security forces who have been charged with past misdemeanours. Nevertheless, we will proceed with the Bill because we agreed to do so.

Mr Seymour Crawford TD: The Secretary of State has answered the first part of my question regarding the involvement of the SDLP and the Ulster Unionist Party, and I am happy that he has made that clear because it is vital that those parties be involved.

Does the Secretary of State think that an Assembly will be up and running before this time next year? We have heard a lot of pessimism today, and there are many problems, but is there a way around them?

The Secretary of State for Northern Ireland and Wales: As my predecessors would warn me, it is unwise to guesstimate an exact time frame. I am not sure when the British-Irish Inter-Parliamentary Body will meet next year — if it is less than a year from now, I could get out of answering the question. Oh, I have been told that it will meet in April.

Mr Andrew Mackinlay MP: When and where?
[Laughter.]

The Secretary of State for Northern Ireland and Wales: I very much doubt that an Assembly will be up and running by April — I would be thrilled if I were wrong. On the other hand, we cannot wait years for an Assembly and devolved government. Devolution might not be restored in a matter of weeks or months, but it cannot wait years. Northern Ireland cannot remain politically stagnant for years. It is not a healthy position.

The Assembly Members — in a sense, a whole political class — are being paid not to do their jobs properly and fully. They may be active constituency members but they are not fulfilling their legislative and scrutinising responsibilities. They are paid regardless, and that cannot go on for ever.

Mr Mark Durkan MP: I concur with the Secretary of State's point that politicians in the North need to be working in the institutions, addressing the underlying structural problems to ensure that we have a competitive region with social inclusion and political stability.

In many ways, when the institutions were in place, we were trying to do that. Indeed, when suspension hit in 2002, we were moving to introduce measures such as the Reinvestment and Reform Initiative and the Strategic Investment Board. For the first time, the focus was on introducing some long-term thinking to the operation of the institutions. The problem with such a long period of suspension is that it seems as though we have been through a process of unlearning in the past three years. The sooner the institutions can be restored, the better.

The cause and justification for suspension was the IRA's failure to deliver decommissioning and to cease their various activities. In effect, that refusal to decommission gave the Unionists a veto over the institutions. However, even now that decommissioning has been delivered, it is as though the main Unionist party has retained that veto. Under the agreement, the Unionists have only certain vetoes in the institutions. It seems that the two Governments, in their comments on this summer's IRA developments, have not communicated to the main Unionist party that the veto given by the IRA's refusal to decommission no longer stands.

In his answer to a previous question, the Secretary of State guaranteed that the SDLP and the UUP would not be excluded. Does that mean that the Government are no longer insisting on the comprehensive agreement that they published with the Irish Government on 8 December 2004? I refer in particular to paragraph 9 of the strand one provisions in annex B, which provided for new legislation that would exclude any party that did not vote for DUP and Sinn Féin candidates for the positions of First Minister and Deputy First Minister. As recently as several weeks ago, the Irish Government were still prepared to justify that position on the basis that a party should not be in an administration if it did not vote for the head of it. The effect of that is to argue for a voluntary coalition. If a party can take part in govern-

ment only if its members are prepared to vote for the head of it, a more honest approach would be to move to a voluntary coalition.

Does this mean that at the negotiations the Secretary of State hopes to have in January, we will be seeking to remove the comprehensive agreement? Is he telling us that that offensive provision has now, to all intents and purposes, been removed?

The Secretary of State for Northern Ireland and Wales: First, I applaud the role that Mark Durkan played in the power-sharing Government, and before and since suspension in taking forward a principled view of Northern Ireland's future. I agree very much with him that there is a need for long-term thinking, which has often not been the case in Northern Ireland politics.

Some of the issues provoking controversy, such as economic policy, are normal, and if I can put it this way, I really welcome controversy around normal measures that matter to people's daily lives and which go beyond the security, peace and political agendas.

I want to reassure Mark Durkan that nobody has a veto on the political process. No single party can have a veto on that process. As for the comprehensive agreement proposals, paragraph 9 aside, we must get the discussions going and see where we are without ruling anything in or out. We need to make progress and discuss all the issues in detail. As we do so, we will find a way forward.

Ms Cecilia Keaveney TD: Does the Secretary of State have a plan B in case the institutions are not up and running? My constituency is north of the North and its prosperity hinges on the rest of Ulster. We are extremely anxious for the process to move on as well.

The Secretary of State for Northern Ireland and Wales: There are only two plans. One is the continuance of direct rule, which is in place now, but must end as soon as possible. The second plan is the resumption of a power-sharing executive, with a restored, stable Assembly.

That is the only alternative to direct rule, but I emphasise — and this is not said in any threatening way; it is simply said as a statement of fact — Northern Ireland cannot stand still. Decisions need to be made, to improve our public services; to reduce hospital waiting lists; to improve school standards not just for those at the top who are doing pretty well by UK standards, but for those at the bottom who are not; and a whole series of other things. We cannot wait for the politicians finally to decide whether they are going to work alongside each other. Those decisions have to be made to put Northern Ireland in a more positive position given the global situation and the imbalance in the economy between the public and private sectors. That is why we are moving forward quite radically with these decisions now, but it is an incentive for those who disagree with individual

decisions to get into power sooner rather than later, and I urge them to do so.

The Role of the BIIPB

10. **Mr John Griffiths AM** asked the Secretary of State for Northern Ireland and Wales whether he will make a statement on the role of the Body in furthering progress in normalising politics in Northern Ireland.

The Secretary of State for Northern Ireland and Wales: The British-Irish Inter-Parliamentary Body plays a valuable role in furthering progress towards normalising politics in Northern Ireland by providing a forum within which parliamentarians from all the legislatures on these islands can come together to discuss issues of mutual interest and concern.

Mr John Griffiths AM: Thanks for that. I am sure that the Secretary of State will understand that the Body has been hugely frustrated by the reluctance of Northern Ireland Unionist politicians to become involved with its activities and to attend its meetings. What role can the Secretary of State play in encouraging that vital attendance? Very strong feeling was expressed this morning that this meeting should have taken place in Northern Ireland. There is an equally strong feeling that the next UK meeting should be in Northern Ireland. However, there was a perceived reluctance on the part of the Northern Ireland Office to allow that to take place. Will the Secretary of State address those issues and tell us whether he would have any difficulty with the next UK meeting of the Body taking place in Northern Ireland?

The Secretary of State for Northern Ireland and Wales: The Co-Chairman Paul Murphy and I stand indicted on this matter from the Northern Ireland Office. I understand the British-Irish Inter-Parliamentary Body's concern. There is equivalent pressure from, principally, Unionists to have the Northern Ireland Select Committee meeting in Belfast, as there is pressure from this Body to meet in Belfast. The interesting thing is that the pressure to have one meeting is coming from one political direction, and the pressure to have the other meeting is coming from the other political direction: perhaps there ought to be a reconciliation between the two.

Mr Robert Walter MP: I want to pursue this point because at the last meeting members understood that the next meeting would be in Belfast, and it was the Secretary of State's decision to advise the Steering Committee that the Body should not meet there. Why did he give that advice, and, linked to that, why does he continue to prevent the Northern Ireland Grand Committee from meeting in Northern Ireland as well? The Unionists are not putting a block on it, so who is?

The Secretary of State for Northern Ireland and Wales: Sorry, I apologise. It is the Grand Committee to which I was referring rather than the Select Committee, which, of course, does visit Northern Ireland and takes

evidence, and Mr Walter has usefully provided me with an opportunity to correct that.

I do not want to go into blocks on things, but I am simply observing that there is pressure for the Grand Committee to meet in Belfast and there is pressure for this Body to meet in Belfast, but those opposing such moves are from different groups in both cases. Perhaps those issues could be resolved.

Several Members: Who are they?

The Secretary of State for Northern Ireland and Wales: I think everyone knows the political configuration.

Rt Hon Andrew Mackay MP: The Secretary of State will be aware that feelings in the Body are running high on this issue.

It is the almost unanimous view of members of all parties and from both countries that our Steering Committee ensure that we meet in the Province in a year's time. I hope that you will reflect on that. We did not get a satisfactory answer from the Steering Committee, and we have not had a satisfactory answer from you as to why not. We cannot believe that there is a more propitious time, because, as you have rightly pointed out, things are going pretty well in the Province at the moment. Surely this is the time for us to be there.

I put it to you that we are an inter-parliamentary body, and no link should or could be made between the Northern Ireland Grand Committee of the British Parliament and this Body. It is an entirely different issue, and therefore I do hope that you will attend when we come next year, because come we will. *[Laughter.]* Nothing would give us greater pleasure than for you to host us in Hillsborough and in Stormont. I am giving you ample time for preparation so that you can lay on the party now.

The Secretary of State for Northern Ireland and Wales: That sounds like an ultimatum to me, which I will have to pay close attention to. I am aware of the feelings amongst you all, which Andrew has expressed with his customary force of eloquence, and I will obviously have to reflect on that.

North/South Bodies

11. **Mr John Ellis TD** asked the Secretary of State for Northern Ireland and Wales if he will make a statement on progress by the North/South Bodies over the past year and the progress he envisages for the next year.

The Secretary of State for Northern Ireland and Wales: The North/South Bodies have worked efficiently during the past year, carrying out their important public functions. They have produced good results for all of the people, North and South, as envisaged in the Belfast/Good Friday Agreement. Both parts of the island have benefited from this. Building on these achievements, I am satisfied that the Bodies will continue to be successful in the year ahead.

Mr John Ellis TD: Could the Secretary of State give us details of what is proposed for the coming year with regard to the North/South Bodies? That part of the question has not been answered.

The Secretary of State for Northern Ireland and Wales: It is known that we intend to roll over the current membership of the Bodies for a further year, if that is the point you were making. Meanwhile, of course, North/South co-operation is proceeding apace, and at an accelerated rate. For example, Dermot Ahern and I have agreed in principle on the development, as soon as possible, of an all-Ireland concessionary travel scheme for pensioners and others able to take advantage of it. We are pressing ahead with an all-Ireland energy market. We have had an exchange of police officers between the PSNI and the Gardaí. I have been working hard to get world championship status for the Ireland rally, which is an important North/South rally in view of its global interest both in sport and motor engineering.

I mentioned the City of Derry airport co-operation. My Colleague Shaun Woodward recently agreed in principle with Mary Harney that we should use the spare capacity at our new Belfast cancer centre, which is a world-class facility, to treat patients from Donegal. Practical, common-sense North/South co-operation is proceeding apace.

Mr Seymour Crawford TD: Other issues may be going on apace, Co-Chairman. However, the Ulster Canal and matters to do with Waterways Ireland are certainly not. Is there any way we can get round the block on that so as to get movement while INTERREG funds and others are still available?

The Secretary of State for Northern Ireland and Wales: We have recently agreed that Waterways Ireland, the North/South implementation body, should fund a study into restoring sections at each end of the canal. There is a resource issue here.

It is a costly exercise, but it is something to which we are committed. I welcome what Mr Crawford said, and we agree on the principle, but there are practical issues to sort out.

Ms Cecilia Keaveney TD: I am sorry to come in on this again, but the progress of the Foyle, Carlingford and Irish Lights Commission legislation is started and stopped depending on whether the Executive are sitting or standing. The legislation is an update of the Foyle Fisheries Act (NI) 1952. May I ask that there be genuine public consultation in relation to bringing this legislation along, because I am not sure that there has been as much consultation as there should have been.

The Secretary of State for Northern Ireland and Wales: One thing that we do extensively in Northern Ireland is to consult on everything — sometimes to the point where decisions are never made. We will certainly look at that matter.

Mr Joe Sherlock TD: Will Mr Hain give me a written reply to question 17? I was unable to ask it due to all the supplementary questions that were asked.

The Co-Chairman (Rt Hon Paul Murphy MP): That will apply to all the questions that we did not get to.

I thank the Secretary of State for a far-reaching question and answer session. Mr Crawford, you asked the same question last year and the Secretary of State gave exactly the same answer, so we must be doing something right. Mr Hain, we wish you well in the months ahead, and hopefully next time we meet we will be even more advanced in the process.

The sitting was suspended at 5.38 pm.

Tuesday 29 November 2005

The sitting was resumed at 10.03 am.

PLENARY BUSINESS

The Co-Chairman (Mr Pat Carey TD): Good morning. I hope that everyone had a pleasant evening. I wish to mention a couple of housekeeping items before we move on to the agenda. There is an additional issue on your agenda under item 4. Jim O’Keeffe, Chairman of Committee A, will move an emergency motion on the mutual recognition of penalty points.

The other item, which has been on the agenda for as long as I have been on this Body, is coasters. The coasters have arrived, and they are now on sale from the secretariat.

The Lord Dubs: They are in two sizes.

The Co-Chairman (Mr Pat Carey TD): Yes, I am told that there is a large one also.

BUSINESS REPORTS FROM CHAIRMEN OF COMMITTEES: REPORT FROM COMMITTEE A (SOVEREIGN MATTERS)

The Chairman of Committee A (Mr Jim O’Keeffe TD): I will report on the main issues since our last plenary. The Committee had a full day’s session in Belfast, during which we were updated on political developments and on various aspects of community relations in Northern Ireland. We met the Equality Commission for Northern Ireland; the Chief Constable, Hugh Orde; the Police Ombudsman, Nuala O’Loan; the chief executive of the Community Relations Council, Duncan Morrow; the Northern Ireland Policing Board; and the Secretary of State for Northern Ireland.

We are currently involved in an inquiry on ID cards. I mentioned this at the last plenary, but, because of the British general election and the delay in appointing new Members, we have not made a great deal of progress on that issue as yet. We are particularly interested in how Irish nationals visiting the UK would be expected to prove their identity and how the proposals would affect Irish nationals residing in the UK. There are obviously a host of other issues now arising because of the progress of the legislation through the House of Commons and the House of Lords. We hope to make progress on that in the coming six months and to bring either an interim or final report to the next session in Killarney.

We were particularly cognisant of the Steering Committee’s request that all Committees consider areas of eco-

conomic deprivation in Northern Ireland, and we wondered how we might do that without crossing lines with Committee C. I have had some discussions with Séamus Kirk, the Chairman of that Committee, with a view to isolating an issue, possibly in relation to cross-border barriers to trade or economic activity. We want to ensure that we observe the sensitivities of the delineations between the respective Committees.

We produced a report on the mutual recognition of penalty points. Concern was expressed at the Committee that no action appeared to have been taken by the two Governments as a result of the report. We received a response from both Governments, but nothing further seems to have been done. With the approval of the Plenary and the Steering Committee, we would like to table an emergency motion today. Perhaps I could move it at this stage so that we could reopen the issue, and I could report back to Killarney on our further efforts.

EMERGENCY MOTION ON PENALTY POINTS

The Co-Chairman (Mr Pat Carey TD): I will be guided by the Body, but the motion is listed as item 4 on the agenda. If the Body agrees to take it now without debate and follow the procedure that you recommend –

Mr Jim O’Keeffe TD: Perhaps I can amend my proposal slightly and have it taken without debate except for an explanatory word from Lord Dubs, the other rapporteur. If the motion could be taken after that, I will bring a report the Killarney plenary.

The Co-Chairman (Mr Pat Carey TD): We have no problem with that.

Mr Jim O’Keeffe TD: I beg to move

That the Body notes that it is two years since the submission by Committee A of the report of mutual recognition of penalty points and expresses its concern that no action appears to have been taken by the two Governments.

I leave it to Lord Dubs to explain that briefly.

The Lord Dubs: Senator Brian Hayes and I were the rapporteurs for the Committee. We produced a report that went to the two Governments, and nothing much has happened since. In the interest of road safety, we put forward a proposal that the Governments could accept quickly and that would save lives. We would like briefly to follow that up with the two Governments to nudge them into a more positive response than we have had up to now.

Question put and agreed to.

Resolved:

That the Body notes that it is two years since the submission by Committee A of the report of mutual recognition of penalty points and expresses its concern that no action appears to have been taken by the two Governments

BUSINESS REPORTS FROM CHAIRMEN OF COMMITTEES: REPORT FROM COMMITTEE B (EUROPEAN AFFAIRS)

The Chairman of Committee B (Rt Hon Andrew Mackay MP): First, Committee B carried out an inquiry into the co-operation programme. Owing to elections in the United Kingdom, that was done principally by a sub-committee, and I pay tribute to Mike German and Paschal Mooney. Mr Mooney will introduce the report later this morning.

Secondly, we have followed the instructions of the Steering Committee enthusiastically and want to play our part in the combined inquiry into deprivation in Northern Ireland. As the European Committee, Committee B needs to look at European funding, particularly as much of that funding, as Members will be aware, comes to a conclusion next year. We have set out a programme for taking evidence in Belfast and Brussels and hope to bring a comprehensive report to the Killarney plenary in April.

Colleagues may remember that the Committee undertook, and I reported this at the last plenary, an inquiry into European defence and a combined European defence force. We have taken some evidence, but the work has been delayed due to the general election and will be slightly further delayed because we are giving priority to the matter of Northern Ireland economic deprivation. We hope, however, that when we are in Brussels taking evidence from the Commission on European funding that we will also travel down to Supreme Headquarters Allied Powers Europe (SHAPE) and take evidence from NATO officials on the European army and on defence co-operation. I hope, Co-Chairman, you will agree that that is a good use of money, as the Committee will not require funding for two trips to Brussels.

REPORT FROM COMMITTEE C (ECONOMIC)

The Chairman of Committee C (Mr Séamus Kirk TD): The activities of the Committee have been somewhat restricted owing to the general election.

The Committee considered the future of small farms both in Ireland and in the UK. We met this morning and decided to broaden the subject to take account of significant change in agriculture and food production generally. It is hoped to examine the present position, the World Trade Organisation (WTO) talks, globalisation, and the harmonisation of the veterinary regimes, North and South.

Several visits have been pencilled in between now and the next plenary session. The objective is to complete this programme and to table a report at the Killarney

plenary. The topic of small farms is actually a broad subject. It could be perceived as a narrow subject, but it has to be set in the right context, which the Committee hopes to do. It looks forward to an accelerated programme of activity between now and the Killarney meeting.

REPORT FROM COMMITTEE D (ENVIRONMENTAL AND SOCIAL)

The Chairman of Committee D (The Lord Dubs): I first pay tribute to Kevin McNamara, who has ceased to be Chairperson of Committee D, as he did not stand in the last British general election. He is well known to all of us and has played a leading role in this Body and in matters to do with Ireland. He will be much missed in the British Parliament and by Members of this Body.

The Committee has had a slightly quiet time since the election. Its main activity has been as a result of the report on special needs educational provision. Publication was delayed until June because of the general election. The British press picked it up and it was reported in both the 'Times Educational Supplement' and the 'Daily Telegraph'. There has also been interest from parliamentary Select Committees. The House of Commons Education and Skills Select Committee has begun an inquiry into the subject, thanks to the encouragement of a Committee D member, Mr Jeff Ennis. The Committee was also invited earlier this month to speak on the report to the Joint Oireachtas Committee on Education and Science. Mary O'Rourke, Jeff Ennis and Jim Glennon appeared before it, for which we thank them. It is not often that Members of this Body appear before Select Committees of either Parliament, so that was quite an achievement.

The Committee plans an inquiry into life chances for young people in economically deprived areas of Belfast. That is an important issue. Members will be familiar with the difficulties that exist in deprived areas, such as paramilitary activity. The Committee felt it was right to examine that subject, and it starts its work in January. I thank Baroness Blood for her help and advice. After all, she lives in one of those areas and knows from personal experience what life is like there. She has helped point the Committee in the right direction.

10.15am

The Co-Chairman (Mr Pat Carey TD): I thank Chairpersons and Committees for their reports. There will be an accelerated pace of inquiry and discussion over the next few months. We look forward to further reports at our plenary session in Killarney.

THE WORK OF THE FEDERATION OF IRISH SOCIETIES

The Chairman of Committee D (The Lord Dubs):
I beg to move

That the Body notes the useful work done by the Federation of Irish Societies among expatriate Irish people.

The Committee met the Federation of Irish Societies yesterday morning. It had prepared a useful report for the Committee, which was discussed in detail. I thank Dr Mary Tilki, the chair, and Eithne Rynne, the director, for their help both in producing the report and in coming to the Committee and discussing it yesterday morning. The Irish community in Britain is well served by the federation.

I will give a brief summary of the federation's work and then mention some of the issues that emerged from our discussion.

The federation has 150 member organisations and is therefore the largest and most representative umbrella body for the Irish community. It is concerned to raise the profile of the Irish community, to develop the capacity of its member organisations, to represent and to train them in governance and in other areas.

The federation is funded mainly by the Department of Foreign Affairs in Dublin. There is some money — I am told by the federation far too little — coming from the British Government, particularly the Department of Health and the Home Office.

I move on to matters of substance. According to the last British census the Irish community in Britain is made up of about 700,000 people, but that is a significant under-representation and an important political factor to which I shall return in a minute. For example, the Greater London Authority did a survey and discovered that one in four of the population in London is of Irish descent — maybe one or two generations back in some instances. The under-representation is damaging to the perception of the Irish community and is having a negative effect on the resources made available and the way service providers react. I will also come back to that shortly.

In Britain there is a perception that the Irish community is very successful, partly because we see very successful members of the Irish community in our day-to-day lives and partly because of the economic and social success of the Republic of Ireland over many years. However, it is misleading to say that success typifies the Irish community in Britain. There are still some very disadvantaged people among the Irish community in Britain. It is disproportionately represented among the poor and among those in low-skilled, low-paid jobs; it has a poorer health record than the population as a whole and a lower life expectancy resulting from high incidence of health issues

such as heart disease, cancer, long-term illnesses, mental illness and suicide.

There is also the question of social exclusion — particularly for the elderly, but also for other minorities within the Irish community, such as travellers. A particular issue affecting a small number of the elderly Irish is their wish to return to Ireland and the difficulties they face regarding housing and social security benefits.

The problem for the Irish community is that their disadvantage is largely invisible. The Irish are almost certainly the largest minority in Britain, yet other smaller minorities have a high visibility and attract more political support and more resources because of that. Therefore, we are certainly persuaded that the census of 2011 will be important. However, some work must be done to ensure that the right question is asked in the British population census, otherwise the current under-enumeration of the Irish community will continue. One or two of us from the Committee will take that further immediately: the whole Committee will not be required to meet. Some pressure should be put on the British Government and the census authorities in Britain to ensure that the question gets the answer that reflects the reality of the Irish community.

In addition to the census, there is a need for more specific monitoring, as we have with other minorities in Britain. We have much better information about the Asian community or the Afro-Caribbean community in Britain on, for example, the uptake of healthcare, than for the Irish in Britain. We believe that there should be similar specific monitoring, and we should try and encourage that among providers of services.

Although Committee D wants to look at deprivation in parts of Belfast, Members would also — after that study — like to look at some of the issues stemming from the report by the federation, because they too are important. I have mentioned a range of issues, and we intend to focus on at least one to start with so as to highlight the issues and seek the necessary responses from Governments, local government and other service providers in Britain.

I finish by thanking the federation for its very useful co-operation, and for its willingness to help the Committee further when we get to stage two of our project.

Mr Johnny Brady TD: I thank the Federation of Irish Societies for its presentation yesterday morning, which was extremely interesting. I compliment the Committee Chairman on his work, and as a former Member, I would like to pay tribute to Kevin McNamara, who was Chairman of Committee D for a long time.

Housing is an issue dear to my heart, as it is to anyone who served on county councils. It is a particular issue for the elderly. People return to Ireland from

abroad, particularly from Britain, and it is difficult, as the Co-Chairman will know, to re-house them immediately. We know that these people left Ireland during difficult times to work abroad and some of them would like to return to their roots. Unfortunately, under the points system they must live, in some cases, in deplorable conditions to get almost 100 points to qualify for a house. It is extremely difficult to be re-housed on 50, 60 or 70 points; they must have closer to 100 points. A system should be put in place to allow a percentage of the houses allocated by local authorities to be made available to people who want to return to Ireland for the remainder of their lives.

To follow on from yesterday's discussion, the group — particularly the Irish Members of the Committee, yourself, Co-Chairman, and other Members who want to be involved — should meet urgently with the Minister responsible for housing and discuss this issue with him. It is also time to call in the County and City Managers' Association, which represents the different local authorities, to discuss the issue as well. We should explore whether it is possible for a housing officer to go and assess people in the different parts of Great Britain, rather than to expect them to come to Ireland and live in deplorable conditions for several years before they should qualify for re-housing.

Mr Joe Sherlock TD: I thank Lord Dubs and the Committee, because they presented a very good report yesterday, which is something for us to go on. I also thank the previous Chairman, Mr McNamara.

Two points arise from this report and each of them confronts the Irish community. As evidence of their significantly poorer health status, Irish people in the UK have the highest rate of cancer in the population, and levels of heart disease are broadly similar. Secondly, the federation has done good work on focusing on the strength of relationships with our statutory partners and has made great strides in developing inter-agency links. It now requires strength, as Deputy Brady said, or the Government behind it, so as not to let the work that has been done go for naught, but be put into action. There is a need, and we must satisfy that need.

Mr John Austin MP: I congratulate the federation on an excellent report highlighting the needs of, and the issues faced by, Britain's largest invisible minority. I am aware of the important work done by the federation in supporting individual societies. In my constituency, the Irish in Greenwich Project provides some of the support services necessary to the Irish community.

Johnny Brady and Alf Dubs referred to the needs of the elderly who may feel isolated and in need of support. Irish societies do a great deal of work in supporting those communities.

The issue of the census is very important. The number of Irish people living in the UK has been greatly underestimated, leading to a danger that the category for those of Irish origin would be dropped from the 2011 census. That needs to be refined. If you are African or Caribbean and you are British, you can opt in the census to describe yourself as Asian-British or Black-British. There is no possibility if you are British and Irish to put down that you are Irish-British or British-Irish, so those of Irish origin have been greatly under-reported.

As Alf Dubs pointed out, the report clearly sets out the needs of the Irish community in the UK, and their over-representation in groups that suffer various forms of ill health, poor outcomes and poor access to health services.

It is difficult to identify the extent of those needs unless we have accurate information. That is why the next census is important. It is also important that not only do we collect the data but we do something with it. For example, data is collected in the NHS at a primary care level, but the fact that somebody is recorded as being Irish in the primary care records does not necessarily mean that the outcomes are monitored. They may well be just lumped in with "Other European" or the "White" category, and there is no follow-up information to consider whether the morbidity is different, whether health needs are different, and whether those needs are being met.

10.30 am

It is also important to highlight the fact that the Federation of Irish Societies plays a vital role in supporting Irish societies. Many other societies may derive funding and support from UK taxpayers through local authorities or elsewhere, but perhaps one should ask whether the Irish Government ought to provide the majority of funding for the Federation of Irish Societies to carry out a service in the UK, or whether the British Government should provide more resources for the vital work that the societies carry out for the community in the United Kingdom.

We should also encourage local authorities to play a much greater role. I am a London Member of Parliament. London has perhaps the largest Irish community in Britain, and has a network of Irish councillors who serve on local authorities, just as there is a black and Asian minority ethnic network. Those networks need to be encouraged because they play a vital role in identifying the needs of the community.

I should like to add to Johnny Brady's last point about people who may wish to return to Ireland. For some, the wish to return may be realistic, but for others it may not necessarily be the right course of action. For many people, the Ireland that they yearn for, and which they left, may not be the Ireland to which they return,

and one has to think carefully about the support services that are needed both before someone returns and when they return. However, for those who wish to return, the issues of housing and access to benefits need to be addressed. I hope that the Committee can take forward the work of the federation and conduct a more in-depth investigation into the needs of the Irish community in Britain.

Mr Seymour Crawford TD: I pay tribute to Kevin McNamara for all the great work that he did for Ireland in general, and not just for this Committee. Kevin was a great Chairman and Member of this Body. I also pay tribute to Lord Dubs for a very fine report.

The Federation of Irish Societies is of vital importance.

I return to the point that Mr Austin made at the end — that is, whether it is the right course of action for some of these people to come back home. The numbers that have been recorded are nowhere near correct. Seven hundred thousand is a very small number when you think of all the Irish people that left in the 1940s, 1950s and 1960s.

From time to time I meet people in my clinics who have returned. First, they encounter the great difficulty that Deputy Brady talked about in finding a house, and secondly, they find that the country has changed enormously. It does not have the great ideals that they thought they were coming back to. The peaceful pubs, and all the things that they thought they would enjoy are no longer available. Not only is there an issue regarding the housing officer; we also need staff to help people become aware of their rights, what they are entitled to bring with them and what they are entitled to get when they arrive in Ireland.

I commend the Committee's work in this area, which has been highlighted on television programmes. People left both parts of our island home because they had to get work somewhere. They were given work in the UK; they often sent a lot of money home to provide for their own families, and now in their latter days they find themselves in a difficult situation. It is very important in this age of the "Celtic tiger" and more general affluence that those people are not forgotten. I encourage the Committee to work with the federation to ensure that the Irish and British Governments provide the maximum support so that these people can end their days in dignity, whether in their adopted home or in their native Ireland.

Senator Paul Coghlan: I wish to be associated with the warm and deserved words of tribute of Lord Dubs to the federation. Their work is hugely important and we all appreciate it very much. I thank him also for his words of tribute to Kevin McNamara, who has been so important to the Committee and this Body for so many years.

I second Johnny Brady's proposal. Perhaps as Deputy Brady has proposed, the Irish Members should have an early meeting back in Dublin with the Minister and the County and City Managers' Association. We know all about the difficulties associated with the points system. As a Committee of this Body, we will get nowhere with regard to these deserving repatriation cases if we cannot do something in advance, through the Minister, with the county managers. I simply want to second that, Co-Chairman, and look forward to movement on it under your direction.

Senator Terry Leyden: Lord Dubs serves Committee D very well as its Chairman. He is doing a wonderful job. I feel confident in the interest that he has shown in his work on behalf of the Irish communities. The Federation of Irish Societies is doing excellent work, with great co-ordination, and some support from the Chancellor of the Exchequer would be appreciated in addition to the support received from the Department of Foreign Affairs. Those concerned are citizens of the UK and they are Irish, and they continue to hold affinity for both countries.

I support the views expressed by other Members, particularly in relation to repatriation. Deputy Brady made that point, and I think it is worthwhile having a co-ordinated approach in our jurisdiction. As a member of a local authority, I found myself asking for individual cases to be investigated, and we had to go the UK to meet them. However, it is better to have a co-ordinated approach and have the brief.

I advise people who are coming back from the UK not to give up their flat or house. I suggest that they come to Ireland for a few months initially and see what it is like now compared to when they left. I see families who come back to Ireland and then go back to Britain because the situation has changed, and many of them have families in the UK. In fact, three members of my family — two sisters and a brother — live in the United Kingdom. A lot of Irish people have a close affinity with Britain: they served the UK very well, and the UK has been very good to them. It has been a good relationship.

I advocate free travel for people returning to Ireland from Britain. If they return for two or three months, they will not get the free travel service. Therefore, Co-Chairman, I suggest that the Act be amended to allow those people free travel when they come back to Ireland for whatever length of time they stay there. It is a small concession, but it is recognition for their commitment. The pre-53 pension that was granted by the Irish Government was a great boost to people in the UK. It was a major contribution, and it in turn recognised the contributions that were sent back to Ireland in the very difficult times of the 1940s and 1950s. It was very much appreciated.

This is the first time that I have attended the BIIPB conference, and I think that it is a wonderful organisation that brings people together. It is working extremely well in bringing people and politicians together to discuss ideas and thoughts. Paul Murphy and Pat Carey, I compliment you on your work. I wish you well and continued success.

Mr Jim Glennon TD: I will be brief. I thank Alf Dubs for his comprehensive report and for his interest in this topic, and I also pay tribute to the former Chairman, Kevin McNamara. As a new Member of this Body — having been elected for the first time in 2002 — it was an honour to serve with Kevin McNamara, particularly in the sub-committee. His work for Ireland and Irish issues over many years will go down in the annals, and he will always be well recognised in Ireland particularly.

I would also like to compliment the Federation of Irish Societies on its impressive presentation yesterday. It is reassuring to know that the Irish in Britain are being so well represented and so well served as was made evident.

I agree fully with Johnny Brady and others who have commented about the housing issue, but it is important that we do not let it sidetrack us. The number of people involved in the housing issue is proportionately small. It would be appropriate for an informal group of Irish Members to deal with the issue at home by accessing the different authorities, and it would be good for the Body if groups acted on such issues privately at home between meetings and sub-committee meetings. This would give more impetus to the subjects and mean that they were being dealt with as far as possible within our own structures. It is important that we do not get sidetracked.

The bottom line is that there is a major distortion of the statistics in relation to the Irish in Britain. However it has arisen — and the reasons appear to be entirely bona fide — the figure is understated to the tune of about 300%.

The figure was 700,000 at the last census, representing approximately 1.5% of the population. The reality, we are told, is some three or four times that size. That is a major proportion of the population of Great Britain. For every Terry Wogan, Bob Geldof, Roy Keane, Tony McCoy or whoever else, there are hundreds of thousands of people living ordinary lives, including, as in any community, a significant proportion at the bottom who suffer from all the usual ills of society. Unfortunately, they are not being identified. It is not possible to identify them because of commonality of language and of colour, but we should not lose sight of the issues for those reasons. There is a major distortion of the figures. The Irish community shares all the social ills that are experienced by other communities, and the statistics

show that, if anything, they are more prevalent within the Irish community in Britain. It is an extremely worthwhile project for the Body to take on, and I look forward to making progress on it at home and in sub-committee meetings and plenary meetings to come. Go raibh maith agat.

Senator Brendan Ryan: I will be brief. It is an extraordinary fact that it has taken us in Ireland the best part of 80 years of sovereign Government to begin to address the problems of our emigrants. I do not mean that as a criticism; it is simply a statement of just how painful it has been for Irish society. The belief that permanent emigration is the fate of the Irish is one that we have lost only in the last five, possibly 10, years.

It is extremely welcome that our colleagues in Britain are about to become involved as our realisation dawns that we have an obligation to those who were forced to leave. This may sound flippant when it should not be, but there was a famous encounter between Eamon de Valera and a famous left-wing agitator during which the left-wing agitator accused Mr de Valera of having presided over the departure of half a million. Dev retorted that if the agitator were in charge there would still be half a million going, whereupon the agitator boasted that in that case, it would have been a different half a million.

10.45 am

Only in the last couple of years has the Irish Oireachtas begun to debate the fate of our emigrants. Like many other issues, it was just too painful for so long. Therefore, we would really appreciate the assistance of our British colleagues as Ireland starts the important business of coming to terms with its past. I am not sure that cash is even the most important thing, although it is always welcome — the people from the Federation of Irish Societies may not thank me for saying that. In particular, we must recognise that those who were lost and invisible for 50 years fed the illusion at home that they were all living in prosperity. I did not know anybody from Ireland who was an unsuccessful emigrant. For the fortnight that they were home at least they were flashing the cash and acting as if they were rich, whatever the conditions they lived in. It is extremely important that we address this issue now.

Senator Paschal Mooney: I join in the well-deserved tributes to the Chairperson of Committee D, Lord Dubs. Members also expressed their appreciation — and I would like to echo that — to his predecessor, a former distinguished Member of this Body, Kevin McNamara. The memory of his work is revered by all of us; and not only his contribution to this Body, but his contribution to the wider Irish issues throughout a long and distinguished career in the House of Commons.

The contributions have included the returning Irish and the Federation of Irish Societies, housing issues,

health issues in the UK, the forthcoming census and better interaction with Government agencies.

Unsurprisingly, there was also a somewhat different perspective from the British and Irish Members in their contributions. British Members obviously look at the legislative issues surrounding the census, better interaction with Government agencies and the question of statistics that both sides raised.

Lord Dubs set the tone when talking about the changes in Ireland and the current state of the Irish community in Britain. He referred to the problems facing the elderly Irish, minority rights, and difficulties with relocating back to Ireland: a theme throughout the contributions.

I will not necessarily acknowledge all those of you who paid tributes on a case-by-case basis. However, Deputy Johnny Brady in dealing with the housing issue introduced probably the most important proposal to come out of this debate. Those of us on the Irish side are aware of the current points system in Ireland, and I am sure that British colleagues face similar problems of access to housing, particularly for the disadvantaged, in the UK. Currently there is no uniform or co-ordinated approach by local authorities or indeed by the ministry with responsibility for housing in Ireland to allow elderly Irish, or indeed returning emigrants, particularly the elderly, to gain access to housing. We heard several Members refer to problems that they faced at clinics/surgeries.

Several Members supported Deputy Brady's suggestion of a separate local government allocation for emigrants and a meeting with county managers and the Irish Minister for housing. I am sure Deputy Brady will follow up that significant proposal on his return.

Joe Sherlock talked about the health of the Irish in Britain, which was another common theme, and about better dialogue among the federation of Government agencies, which should be giving more support. That was a theme of the presentation given by Dr Tilki and Eithne Rynne to the Committee yesterday. It is as much about capacity as finance. In last week's allocation under the 2006 Estimates for the Department of Foreign Affairs, which funds the federation and some 101 agencies across the United Kingdom, the figure for emigrant services has gone up by 47% from a current year figure of £7.7 million to almost £12 million in 2006. Some 85% of that figure will be allocated to the UK, meaning that 10 million euros of Irish taxpayers' money will go to support the Irish in the UK next year.

John Austin MP talked about the numbers of elderly in the census and about the danger of under-recording the Irish population, which is something that emerged at the meeting yesterday. He spoke of the need to redefine the 2011 census, not only because the numbers of Irish living in the UK are under-recorded, but also because the problems facing the Irish seem to be endemic.

He revealed that the National Health Service has a primary care database and might know the true figure for the Irish in the UK. However, they do not seem to use that information. It does not seem to be co-ordinated; there is no follow-up. Our UK colleagues might usefully investigate that. The information they received from UK government agencies could be fed in as the Committee goes forward on this issue.

He also referred to the federation's vital role in supporting local groups. The federation has over 100 affiliated groups across the UK. It currently has between six and ten staff members, which will increase to approximately 20, under the executive director. The capacity-building priorities of the federation are moving apace and will bear fruit as it employs more staff.

The London Irish Councillors' Network — with which some of us may not be familiar — could be a vital tool for the federation in its discussions with intergovernmental agencies. The federation has increasingly found that, because of the decline in emigration, there is no Irish representation, which had been traditional on many local authorities in the UK. As a result funding is not as readily accessible as it used to be.

Returning emigrants require support services. The Committee should be encouraged to inquire further into the needs of the Irish emigrant community. Lord Dubs has outlined that the Committee will take that role. Seymour Crawford TD spoke on the number of returning emigrants and their great difficulties in adjusting to the new Ireland. That is a common theme. Ireland is changing, and seems especially different for those used to coming back for short holidays and who have now come back to live. They may find that their families are gone or have been scattered. They now lack identification with the place from which they came. Lord Dubs talked about more support services at local and national level for returning Irish.

The Government have recently issued a guide for emigrants, but it is intended for emigrants from new member states of the enlarged European Union. Deputy Crawford's suggestion should be acted on. There should be more information for returning Irish. He rightly acknowledged the importance of emigrant remittances. At one time in the '50s, they formed part of the national budget and were included in the Gross Domestic Product. I am unsure as to what the percentage was, but it was significant. That gives an idea of how important emigrant remittances were to the Irish economy at a time when it was on its back. I repeat what he says: these people and their contribution to those back home should not be forgotten.

Senator Paul Coghlan also paid tribute to the federation and supported Deputy Brady's proposal on housing. Senator Terry Leyden referred again to housing issues and gave advice to those who owned property in the

UK not to sell up until they had tried out the new Ireland. That is a worthy proposal, and one that we on the Irish side should try to encourage through contacts at local and national level and also through the Department of Foreign Affairs.

It is not intended to discourage returning emigrants, but to point out to them that Ireland is changing and that they should try it out before they decide to sell up. All of us have anecdotal evidence of returning Irish who stayed only for a short while and who went back. Senator Leyden rightly referred to the good relationship between the UK and the Irish emigrant communities, which continues to this day. That too should be acknowledged. We are now finding, as a country that takes in immigrants, that we have had to adjust our attitudes. It was easy for us to point the finger at other countries, particularly the UK and America, when Irish people had difficulties in adjusting to British and American society.

We are now the Britain and America of the twenty-first century, and we are finding it a painful adjustment in many ways. That has heightened our awareness of the importance of acknowledging how the Irish were welcomed into the UK as our nearest neighbour.

Senator Leyden also referred to the pre-1953 pension provisions, which proved to be an extraordinarily successful initiative and went far beyond the original estimates. In the region of £87 million has now been paid out to Irish nationals living in the UK who had some contributory pension rights prior to 1953.

Deputy Jim Glennon complimented the federation on its presentation yesterday and said that the Irish were well served by the federation's activities, and we would all subscribe to that. However, he raised an important note about the returning Irish. He is right to say that it is not a major issue: but it is an issue nevertheless, as several Members pointed out. The figures are relatively small but, despite that, Members should be more proactive between the plenary meetings, and Deputy Brady's proposals will address that.

Deputy Glennon referred to the major distortion of the figures. That is an important issue for both British and Irish Members of the Body, and it must be addressed because it is tied in with funding and with the attitudes of Government agencies, particularly in the UK, to the Irish community with regard to funding and support services.

The official census figures outlined by Deputy Glennon show that 700,000 Irish people live in the UK, which constitutes about 1.5% of the population. The federation pointed out in its presentation yesterday, and in subsequent discussion, that it believed that in reality that figure is between 5% and 6% of the total population of the UK. Stripping away Scotland and Wales and narrowing it down to England, where the vast majority of the Irish community live and work and

have traditionally gone to the largest cities, that percentage would, presumably, be even higher. The theme coming across from Members' contributions is that those figures are under-recorded, and that must be addressed as a matter of urgency.

Members will all agree with Deputy Glennon that as a consequence of that under-recording, many elderly Irish suffer from health problems and are at the bottom of the social and economic league but are not identified because of similarity of language and colour. That all tied in with his own worthy contribution. He said that Irish needs are similar to those of the other ethnic minorities in the UK — and we would all agree with that — but in many instances they are much greater because of the unique elements that have informed the Irish experience in the UK especially in the area of health, as Dr Tilki pointed out.

In a somewhat reflective piece which we could all subscribe to, Senator Brendan Ryan talked about the "guilty conscience" — although he did not use that term — of the Irish who literally abandon their own once they leave. The Irish exported their problems for decades, and it is only in the last 10 years that there is a belated, but very welcome, acknowledgement at all levels of Irish society — especially within the body politic of Ireland — that we must do something about our emigrants. We are attempting, belatedly, to redress that balance and to come to terms with our past. Senator Ryan is right: as a former emigrant I did not quite play that card. However, I do remember that when I went back home on holidays I always made sure that I had my best suit on and I always made sure that I looked well and that I gave the impression I was doing well when in fact I did not have two halfpennies to rub together.

Senator Brian Hayes: Some things have not changed. *[Laughter.]*

Senator Paschal Mooney: Some things have not changed. I thank the Member very much for that Dublin 24 contribution. He would know all about disadvantage in that area. *[Laughter.]*

There is an anecdotal story told, an Irish riposte: the emigrant who came back home from holiday in the same suit that he went away with was the guy who was doing well. Just think about it. *[Laughter.]*

I hope that has given some flavour of the contributions. As I said, there were common themes, such as the returning Irish in relation to housing, health issues, the census and better interaction with Government agencies. It is an indication of the strength of feeling on both sides of the Irish Sea about this issue. I pay tribute to Lord Dubs, to the Committee and to the Co-Chairmen, who initiated this process to ensure that the Body heard the federation. Let us hope that this is the beginning of something new and exciting, which will bear fruit in the end.

11.00 am

The Co-Chairman (Mr Pat Carey TD): Thank you, Senator Mooney. That was an extremely good debate. Before I put the question, I want to join others in paying tribute to Kevin McNamara. Everyone will be pleased to hear that he is in right good health. I met him when he visited the Dáil a few weeks ago. I pay tribute also to Alf Dubs and to Paschal Mooney for their work with the Federation of Irish Societies in progressing this issue, and to Alf, in particular, for hosting a reception at Westminster several weeks ago, at which, among others, Deputy Prime Minister John Prescott was present. That helped highlight the federation's campaign. Eithne Rynne and Dr Mary Tilki from the federation are here today, and I want to pay tribute to them as well. At the end of this debate they will head off to another conference in Dublin on emigrant issues, so I thank them for being here and for their contributions.

Question put and agreed to.

Resolved:

That the Body notes the useful work done by the Federation of Irish Societies among expatriate Irish people.

Mr Joe Sherlock TD: Now that the motion is agreed, can you tell us whether there will be a report on progress made on this matter, and when we can hope to see it?

The Co-Chairman (Mr Pat Carey TD): I, with Co-Chairman Murphy, will try to ensure that the Steering Committee addresses it at its next meeting, which will take place before the next plenary in Killarney. It will be up to the Committee to decide then how to progress. We will keep watch on what is happening.

THE CO-OPERATION PROGRAMME

The Co-Chairman (Rt Hon Paul Murphy MP):

We come now to item 3 on this morning's agenda, which concerns the implications of the CO-OPERATION programme. Committee B's report on this issue has been circulated. I call on Senator Mooney to move the motion formally and to open the debate.

Senator Paschal Mooney: I beg to move

That the Body takes note of the 'CO-OPERATION' programme, the successor to INTERREG 111A, which will encourage co-operation between the North of Ireland and South-West Scotland.

The background to this CO-OPERATION programme is as follows. Yesterday, members of Committee B met Andrew Ward from Inishowen Rural Development Limited (IRDL) and Kate Burns, Chief Executive of the Irish Central Border Area Network (ICBAN). The two organizations submitted a presentation on the challenges and opportunities they face in relation to CO-OPERATION, the successor programme to INTERREG. The Special EU Programmes Board (SEUPB) had also been invited to attend the meeting, but was unable to accept the invitation.

IRDL are the LEADER company in Inishowen, Donegal and represent the County Donegal Rural Development Board. ICBAN is a cross-border network of 40 councillors formed in 1995 — and I have the great honour of being on the inaugural body — for the purposes of co-operation at local government level in relation to the strategic needs of the central border region.

It represents some 6 counties, North and South. The ICBAN partnership, formed in 2002, oversees the delivery of the INTERREG 111A programme in this geographical area. One of the main developments outlined was that border areas separated by less than 150km by sea can apply for co-operation funding, a new initiative from Europe. This means that Ireland's North coast and the south-west of Scotland have a new opportunity to access European funding and develop links. The Scottish Parliament's European and External Relations Committee are in the early stages of an inquiry 'The Possibility of a programme of co-operation between Scotland and Ireland' on the question of links. Dennis Canavan MSP, Rapporteur for the Committee, briefed the meeting on the Committee's planned activities.

I, too, wish to pay a warm tribute to Dennis, who is a former Member of this Body, not only for his initiative in this regard but for his great assistance to the Committee in its presentations and in dealing with the wider issue. I wish him and his Committee well in furthering this important initiative.

Yesterday's presentations outlined the breadth of existing links and future potential to develop further activities within the scope of the territorial co-operation elements in CO-OPERATION, INTERREG'S post-2006

successor. The key point made was that time to prepare for CO-OPERATION was limited. Uncertainty surrounding the 2007-13 budget for the CO-OPERATION programme has presented challenges to the planning process. A draft structure including thematic links needs to be prepared within six months. The presentation identified several needs: to secure development (Technical Assistance) finance from the SEUPB and Governments to undertake vital early preparatory work; to select themes appropriate to the programme and fitting local need; organise thematic workshops; to engage people and organisations well placed to prepare and implement projects; to research and prepare model options for management of a future programme to include Scotland and Wales; and to include the possibility to work outside and in addition to any European inter-regional funding programmes.

The conclusions and recommendations made were as follows:

“The Committee notes the short timescale available for working up a detailed programme and securing appropriate cross-border commitments, and believes that political and financial support is needed from Governments to ensure that the benefits of the new programme are maximised.

The Committee recommends that the Body communicates this issue to the Government of Ireland, the UK Government, the Welsh Assembly Government and the Scottish Executive, and requests that their responses be submitted to the Body for its next plenary session.”

Ms Cecilia Keaveney TD: I wish to declare an interest. IRDL is based largely in my constituency, and at one stage I would have steered it towards Dennis Canavan to find out if we could develop links. I had great respect for Dennis when he was a Member of the Body, and I knew that IRDL would be in good hands if he were to take an interest in the issue.

The opportunities that have been missed in previous programmes cannot be missed in the future. As I outlined yesterday, I have grave concerns about the fact that an executive is not up and running in the North. That is preventing development not only in the Six Counties but in all Ulster. These are given opportunities to develop links not only in Ireland but to link up with Scotland; Wales, which was already in the programme last time round; the south of England; and then the rest of mainland Europe.

The group involved in developing links is dynamic, hardworking and innovative, and it will do its best. It is incumbent on us to ensure that European funding opportunities are maximised and given full support to overcome any difficulties. There are practical difficulties, particularly without an executive in the North.

I fully endorse the report and support the recommendations. We have a vested interest in this, given that Islay is 33 miles from Inishowen. Go raibh maith agat.

The Lord Brooke: I have no interest to declare, but I do have an interest borne of curiosity, in that my wife

and I had an extremely good holiday in Galloway in September and, thus, made considerable use of the roadwork system of Dumfries and Galloway.

This document has been put in front of us while we have been in the plenary session. Therefore, I have had no opportunity to consult an atlas. I would be interested if there is anyone associated with this project who can tell us exactly which bits of Ireland's north coast and of south-west Scotland will be embraced by this, and, therefore, what kind of inter-regional co-operation can be envisaged in terms of the geography involved.

Mr Murray Tosh MSP: I was not on the sub-committee that drew up the report, and cannot deal with the issues raised in it in any great detail, but I did attend yesterday morning's presentations. In response to the specific question, the successor programmes appear to include parts of south-west Scotland that were not eligible in the previous programme. Those appear to be the local authority areas of Dumfries and Galloway and South Ayrshire, which means that all of the road networks that Peter Brooke inspected in the autumn would be in the qualifying area.

Having raised this with the Secretary of State yesterday, I am bound to say that I have changed my view of the road networks in the area. I understand that they are excellent, and there is now a very rapid programme of upgrading under way. I am not quite sure what the Secretary of State is going to announce shortly — perhaps the completion of all the programmes.

I am being slightly flippant, Chairman, because the extension of the programme to south-west Scotland is important. Most people who use land and sea routes between Scotland and Ireland will go through Stranraer, Troon or Cairnryan, which are all in south-west Scotland and are in the area identified for inclusion.

What came out of yesterday's presentation for me was that opportunities had been lost, or perhaps there had been inadequate scope in the defined areas for the benefits to be expanded. There is scope for money to be funnelled into the areas in question, but also to build up co-operation between the communities in these regions. That will produce all sorts of non-financial and non-quantifiable benefits, which are nonetheless important in the development of good relations between our communities.

We have had a good run of years in Scottish tourism since the foot-and-mouth epidemic did so much damage to the industry, but the benefits are principally felt in the urban areas, particularly in Edinburgh and Glasgow. Many of the more rural areas, such as the Highlands and the south-west of Scotland, have found that recovery has not come as swiftly and as effectively as we would have wished.

We share some issues with Northern Ireland and the northern parts of the Republic as regards remoteness and our lack of profile. There is scope in these programmes to develop joint projects and joint marketing, to attract various forms of niche tourism and to co-ordinate the programmes that might be developed with campaigning for better transport links. That would improve movement for tourists, but also the transport of goods, which would stimulate rural businesses, whether the manufacturers in Northern Ireland that we heard about yesterday — doing well but under pressure — or agricultural produce, transport awareness, the ability to move goods and people: all of those are important.

A lot of money has been made available through these projects and, while the funding regimes will change, there is still an opportunity to channel money into some of our more vulnerable and fragile communities. I therefore welcome the Committee's report and the scope that it gives us to work more closely together. Of course, Dennis Canavan is here, and he will ensure that the work that his committee in the Scottish Parliament is doing will be reported to the Body for our information.

At yesterday's presentation, Dennis also undertook to ensure that local authorities in Scotland, which are now included in the project, will be made aware of their inclusion and will be encouraged to develop the sort of links that already exist between local authorities in Northern Ireland and the border areas of the Republic. There is an opportunity to make progress in some very important areas, and I welcome today's report.

11.15am

Senator Martin Mansergh: I welcome the report. I travel regularly between Ireland and Scotland, and I have relations living in the Highlands. There is unexploited tourism potential from both Irish and Scottish points of view in that the main links — Belfast to Stranraer — are on the east side, but there was a question mark over the service to Troon. However, there are many islands, and places such as Oban, which despite the fact that Campbeltown and the Kintyre Peninsula are geographically very close, are actually almost inaccessible because you have to drive there. For a short time, there was a ferry, but it took so long that it was not particularly viable.

I have taken a good few Caledonian MacBrayne ferry journeys — some quite substantial trips to the Isle of Lewis and places like that — and it has always struck me as a pity that they do not link into the Inishowen Peninsula at least once or twice a week. The north-west of Ireland and the west of Scotland form a geographical continuum. Lots of sailors like sailing between Ireland and Scotland, up to Skye and the Sound of Arisaig. There is the potential and a community of interest to encourage more people to travel from Ireland to Scotland and vice versa, but that

is not being properly exploited. The two countries have a very similar landscape.

Senator Paschal Mooney: May I make an intervention, Co-Chairman. I want to place on record my thanks to my colleague Dr Keaveney for her outstanding work in this area. Here is a perfect example of the effectiveness and usefulness of the Body as mentioned by Senator Mansergh. I hope that something positive comes out of this to help two communities that seem to have been neglected because of their geographical location.

Rt Hon Andrew Mackay MP: I thank the Members on the sub-committee who did an excellent job at a time when those of us on the other side of the water were engaged in a parliamentary election and its immediate aftermath and therefore unable to take part in the work. I particularly want to acknowledge Mike German's work as Chairman of the Committee. He is taking part in important budget negotiations in Cardiff as we speak, so he was legitimately, but sadly, unable to introduce the report. However, our friend Paschal Mooney, who clearly set out the sub-committee's concerns, ably introduced the report.

I was pleased with each contribution and the support for the report, but I was also grateful for Members' understanding of the timescale and urgency of what needs to be done. To that end I am particularly pleased with an old colleague and friend of mine, Dennis Canavan, who has been with us throughout the plenary session. Cecilia mentioned that Dennis is no stranger to the British-Irish Inter-Parliamentary Body, but it is very good to see him back. We have high hopes that he will kick a few backsides in Scotland. He was always able to do that, and I am sure that he will not disappoint on this occasion.

There was an excellent contribution from Cecilia. As I jokingly tell her, she never misses an opportunity to plug Donegal, and rightly so. If we get this right, Donegal will be a major beneficiary. I was pleased that Cecilia found the time to be an observer at some of the meetings of the sub-committee. Her support is vital because her experience in representing Donegal is very significant. Cecilia, thank you for supporting our report.

I was delighted to learn about people's holidays. Peter and Lindsay Brooke clearly had a very good time in Dumfries and Galloway. Martin continues to have a good time wandering across the water. Their observations were also pertinent. In particular, Martin was absolutely right to mention the under-exploited tourism opportunities throughout Ireland and Scotland. Anything that can link them together will be more than the sum of the parts.

As tourists — or, in my case, as a very poor golfer — we have experienced the, at times, off-putting logistical difficulties of travelling to different parts of Ireland and Scotland. We can multiply those difficulties to get an idea of the experience of overseas visitors,

and so I thought those contributions were important, as was the contribution from Murray Tosh. Murray, we are grateful that we have the full support of our Scottish colleagues. Without being overtly party political, you were right to point out, as Peter and Lindsay will have found, that the road network in south-west Scotland is perhaps not quite as good as the Secretary of State for Northern Ireland and Wales said it was yesterday. To excuse Peter Hain, when one is running two Provinces of the United Kingdom, it is quite understandable not to be entirely aware of all roads systems, but it is important that that was put right.

I am very anxious that this report from Committee B be passed unanimously, and I am sure that it will be. I am also anxious that we rigorously pursue this with both Governments, the Scottish Parliament, the Welsh Assembly, the Northern Ireland Office and various local authorities, because time is not on our side. I hope that we hear a report of positive progress when we meet again in Killarney. I second the motion ably proposed by Paschal Mooney.

Question put and agreed to.

Resolved:

That the Body takes note of the 'CO-OPERATION' programme, the successor to INTERREG 111A, which will encourage co-operation between the North of Ireland and South-West Scotland.

The Co-Chairman (Rt Hon Paul Murphy MP):

Item 4 has been dealt with, so we will move to the Adjournment debate.

Motion made:

That the Body do now adjourn. — [*Rt Hon Michael Mates MP.*]

ADJOURNMENT DEBATE

Rt Hon Michael Mates MP: We have had a very successful couple of days, particularly yesterday. The economic briefing and debate and Paul Bew's excellent presentation, followed by a good, robust Question Time with the Secretary of State, have shown that this Body, which a year ago we thought was moving into the doldrums slightly because there was not too much to talk about, has certainly come full circle. There is plenty to talk about, and there will be plenty to talk about in Killarney. I am looking forward to that very much.

I thank the staff, the Clerks, Amanda Healy and all her team, and Sir Michael Davies, who once again coped with the administration. Murray Tosh, special thanks for taking us on to Scotland at very short notice, and thank you for a lovely evening last night in your rather expensive grand Parliament — for which I paid. [*Laughter.*] That does not mean that our thanks is any the less warm. No, you may not speak, Mr Tosh.

Mr Murray Tosh MSP: A shrewd investment.

Rt Hon Michael Mates MP: Some would say that.

It has been a thoroughly successful get-together. Congratulations to both Co-Chairs for their tactful and gentle handling of us. I look forward to seeing everyone again in six months' time. I move that this Body do now adjourn.

Rt Hon Andrew Mackay MP: As someone who has taken the opportunity in the past to gently chide the Steering Committee and as Michael said, to suggest that this Body is perhaps running out of steam, on this occasion I commend the Steering Committee. I thought yesterday was outstanding. I was a founder Member of this Body, was no longer part of it when a Minister and later Shadow Secretary of State, and resumed membership some four or five years ago. In my time as a Member, I cannot remember such a stimulating, successful and seriously grown-up day.

The Body has moved from skating on thin ice to proper debate, proper discussion, a certain amount of disagreement, and much unity. I commend the contributions, not only from colleagues but from the invited guests. I thank both guests for their special contributions yesterday. As I said to the Member of Parliament for Bromsgrove, who as most of you know happens to be my wife, and whose first time it is at one of these plenary sessions, "This is laid on for you. It ain't normally as good as this." Thank you very much.

Senator Paschal Mooney: I endorse everything that my two distinguished colleagues have said. It is always a great pleasure to engage with them on matters of mutual interest and to forge friendships that develop over the years. Long may that continue.

I commend the Steering Committee and the Co-Chairs for their initiative in stimulating the agenda after a period when we were a little concerned about whether the Body would become somewhat sterile. Without sounding too partisan, I also compliment the newly appointed Irish Co-Chair, Pat Carey TD, for his summer initiative whereby he invited all the Irish Members of the Body to a brainstorming session in Leinster House. That was an important development. For the first time it allowed Members and alternates to meet collectively. It stimulated an important debate out of which Co-Chair Carey fed in our views, and Members have seen the result of that. The activities of the Body are a combined effort, and I do not wish to single that out, but I wanted to put on record that it was an important development.

My final point is an old chestnut at this stage. Despite the fact that I and others have been shot down in flames on the issue, I still believe that it is important to pursue the concept of this Body being attached to the British-Irish Council, in the same way as the Nordic Council operates. As some of you know, Committee B has been engaged in discussions with the Nordic Council and other like-minded bodies in Europe.

There is a gap there. The two Governments have resisted this, and continue to resist, but that does not mean to say that it is not right. We should continue to at least keep the issue on the agenda. It is vital that there be a parliamentary assembly tier attached to the British-Irish Council. Time and again, as we all know, there is an overlap of issues that are debated and discussed and reports that are prepared. That is a waste of resources, and it would be in the interest of mutual understanding and friendship between the two nations — and I mean “nations” in the widest sense, acknowledging Scotland, Wales, the Channel Islands and the Isle of Man — for there to be a parliamentary tier attached to the British-Irish Council. I hope that the issue will not go off the agenda.

In all, I endorse all that has been said about this wonderful plenary and hope that this is a benchmark for Killarney and the future.

The Lord Brooke: My contribution, Co-Chair, falls into the doctrine of unintended consequences and goes back to the fact that we are meeting in Scotland rather than in Northern Ireland. It is often said that this Body has prospered, particularly over the last 15 years, at the margins, in regard to social contact between all of us.

One event worth recounting occurred on Sunday, before we gathered in the evening. My wife Lindsay and I did not take the trouble to find out the hours of worship in this vicinity, as we could have done through

the briefing provided by the hotel. We set off to get the bus into Edinburgh on Sunday morning, observing as we reached the bus stop that what was presumably the estate church was just adjacent to the gates. We went to investigate it.

Unfortunately the timing of the services, combined with uncertainty about the timing of buses, meant that we decided that we would go on to worship in Edinburgh rather than there. Seymour Crawford TD was more diligent and discovered what time the services were, and he persuaded Senator Paul Coghlan to come with him, on the grounds that the Episcopalian church — which is what the church was — was probably sufficiently charismatic for a Catholic. Their combined judgement, having attended the service — and this is relevant to the role that religion plays in Northern Ireland affairs — was that the Episcopalian service in Scotland was closer to an Irish Roman Catholic one than to an Irish Presbyterian service. I pass that on as an unintended consequence of the switch of locations.

The Co-Chairman (Rt Hon Paul Murphy MP):

Thank you, Peter. Very ecumenical.

11.30am

Mr Séamus Kirk TD: I join with other speakers in complimenting those involved in the organisation of this, the thirty-first plenary of the Body. It is a time for reflection, and to consider the Body’s significant role and the input which the deliberations of the Body have made to progress in Northern Ireland. Its contribution has been underestimated. It has brought a new maturity to political debate on the whole island and a new perspective from both Irish and UK Members. There is a momentum there. On the basis of the papers read and presentations from the invited guests, there is some distance to go yet on the road to prosperity and total peace on the whole island, but great progress has been made.

This is an opportunity for us as a Body to congratulate and thank our Co-Chairman Paul Murphy MP for his input during his period as Secretary of State. He brought a maturity, knowledge and balance to the deliberations. He has succeeded in establishing his niche in the progressive history of the North. We thank him for it.

The format and the layout for the plenary were important in stimulating debate.

The Steering Committee may need to ensure that a fresh approach is taken in the preparation of plenary sessions. It is very easy to fall into the trough of sterile debate, and that would be very unfortunate. No matter how difficult the problems are at any given time, it is important to look at them positively rather than negatively. That is the thrust of what has happened here today.

The Clerk, John Hamilton, leaves before the next meeting, and this is an opportunity for the Body to thank him sincerely for his input and his contribution.

Mr Eoin Faherty, who is very experienced in and around Leinster House, will take his place and do an excellent job as well. I thank John for the work he has done, and I also thank Alda Barry and the other officials involved in the arrangements. It is easy to underestimate the amount of time involved and the difficulties of arranging venues for meetings and the timings of them, but invariably they are successful, and we hope that they will continue for many years.

The Co-Chairman (Rt Hon Paul Murphy MP):

Thank you, Séamus, for that, and thank you for your words about me.

I echo the thanks that Members expressed to those who have made this conference so successful. I thank the British-Irish Secretariat, of course, and I thank the reporting staff, who have done a remarkable job over the last couple of days, for their help. I also thank John Hamilton and Alda Barry for their wisdom, advice and hard work, particularly John, as this is his final formal session, although he will be coming to Killarney to see that we get off to a good start.

I also thank Murray Tosh and his colleagues in the Scottish Parliament who did us proud last night. It was a great occasion, a great family occasion in some ways. The music was good, the building was very good, the food was excellent and the wine was superb. It really was a very good evening, and we are grateful, not just for last night, but for the welcome we have been given over the last two days.

I thank Pat Carey for his comradeship and friendship and for the very gentle way that he has kept us together when he has chaired the proceedings, and also for the initiatives he has taken in Dublin to ensure that the Body continues with a fresher approach in the years to come. Thank you, Pat, for all your help.

I first came to the Body as a Minister in 1997 when it met in Dublin. I have come on and off most years as a visitor, but this is the first time that I have come as a full Member of the Body. I am deeply impressed by the commitment and dedication of everybody to the purpose of the Body, which is not only about Northern Ireland but about bringing us all together from the different parts of these islands, whether that is from Jersey, the Isle of Man, Guernsey, Wales, Scotland, England, Northern Ireland or Ireland. Irrespective of background, party politics, religion or whatever, every Member is committed to the cause of peace, prosperity and stability in Northern Ireland, and also to the business of working together from our own different backgrounds and experiences.

I mentioned yesterday that Liz O'Donnell and I chaired the strand three talks that led to the creation of the British-Irish Council (BIC). It was the easiest of all the strands to deal with because no one really disagreed with it. However, in some ways it was the most difficult. We were not quite sure what the role of a body would

be that brought together people from the different parts of these islands, yet it has proved to be very successful. I agree entirely that the Body should be regarded in the future as the parliamentary wing of strand three because it brings together parliamentarians from the different Parliaments and Assemblies of these islands in a very special way to compare notes, to look at best practice and to find out how each works in their own jurisdiction.

That is enormously valuable. As a member of the BIC, I have also found it to be valuable. In the same way I have found the informal and social parts of the last two days as valuable as the formal sessions. I entirely concur that the meetings, yesterday morning's in particular but also the later sessions, were outstandingly helpful to all of us in understanding the issues. There were stimulating and fine debates, both on the economy and on politics, with 18 Members speaking in the first and 16 in the second and, quite rightly, giving Peter Hain a rough time in the afternoon. It was an excellent couple of days.

There are a couple of matters outstanding, which the Steering Committee and Pat Carey will look at. One is the relationship between this Body and the BIC; we must discuss that with Peter Hain. The second is the continuing need for a Unionist presence on the Body, which we will continue to pursue. The third, which has certainly not been forgotten, is that the next time we meet in the British context it will be in Belfast. Those items are before us. In the meantime, I thank you all for the co-operation, the friendship and the goodwill that has emerged over the last two days. Thank you very much indeed.

Senator Martin Mansergh: On a point of order, Mr Co-Chairman. Normally when there is a motion to adjourn it says until when and where. We know the next meeting will be in Killarney, but where in Killarney, and do we have exact dates? That would be very helpful.

The Co-Chairman (Rt Hon Paul Murphy MP): I was finally coming to that. I did flout tradition slightly, but Murray Tosh tried to catch my eye earlier.

Mr Murray Tosh MSP: I want to put it on the record, Co-Chairman, that, although you thanked me for the arrangements last night, I am only the front man. A lot of our staff were involved, particularly Alison Dickie, who acts as our secretary in relation to this Body. Since everybody else is being thanked for their work, it is appropriate to put her name on the record as well. She worked tremendously hard to set everything up and to make the arrangements for the dinner yesterday evening.

The Co-Chairman (Rt Hon Paul Murphy MP): Thank you, Mr Tosh.

I now declare closed the thirty-first plenary conference of the British-Irish Inter-Parliamentary Body. It will meet next in Killarney on the last weekend in April 2006.

Adjourned at 11.40 am.

Written Answers To Questions

The following questions were not answered during Oral Answers to Questions on Monday 28 November 2005 and accordingly received a written answer. The answers have not been subject to the normal Official Report process and are published as issued by the Minister.

North/South Bodies

11. **Mr John Ellis TD** asked the Secretary of State for Northern Ireland and Wales whether he will make a statement on progress by the North/South Bodies over the past year and the progress he envisages for the next year.

The Secretary of State for Northern Ireland and Wales (Rt Hon Peter Hain MP): The North/South Bodies have worked efficiently during the past year carrying out their important public functions. They have produced good results for all of the people, North and South, as envisaged in the Belfast/Good Friday Agreement. Both parts of the island have benefited from this. Building on these achievements, I am satisfied that the Bodies will continue to be successful in the year ahead.

Organised Crime

12. **Mr Robert Walter MP** asked the Secretary of State for Northern Ireland and Wales what assessment he has made of the current extent of cross border money laundering and what discussions he has had with the Irish Government with regard to the implementation of the Third European Union Money Laundering Directive in respect to the proceeds of crime.

The Secretary of State for Northern Ireland and Wales: The Cross Border Organised Crime Assessment, updated in October 2005, has indicated that a wide variety of sophisticated methods are used in cross border money laundering.

Representatives of both Governments have been engaged in negotiations to agree the Third European Union Money Laundering Directive. Discussions on implementation measures are ongoing. The Directive will be implemented by the end of 2007.

Cross-Border Paramilitary Crime

13. **Mr Jim O’Keefe TD** asked the Secretary of State for Northern Ireland and Wales what estimate he has made of the current extent of criminal activities by Para-Militaries and former Para-Militaries in Northern Ireland and of their cross-border implications; and if he will make a statement on measures to combat them.

The Secretary of State for Northern Ireland and Wales: The IMC report published on 19th October provided a clear assessment of the current activities of paramilitary groups, up to the end of August.

This report recognises the PIRA statement as “very significant” and that “initial signs are encouraging”.

Under the umbrella of the Task Force the Police, Customs and Assets Recovery Agency are working together to combat organised criminality from whatever source.

Sale Of Machetes

14. **Senator Francis O’Brien** asked the Secretary of State for Northern Ireland and Wales what is his policy in respect of the sale of machetes in Northern Ireland; and if he will make a statement.

The Secretary of State for Northern Ireland and Wales: At present it is against the law in Northern Ireland, to sell any knife, bladed or pointed implement to anyone under 16 years of age. This includes machetes.

It is against the law for anyone to have a knife or sharp implement in a public place without a legitimate reason. It is also an offence to market knives for combat or violent purposes.

I am currently in the process of amending the law in relation to knives and bladed implements. The Violent Crime Reduction Bill - now before Parliament - includes a provision to raise the age at which a person may lawfully be sold a knife, pointed or bladed implement from 16 to 18 years of age.

The Bill will allow the sale of machetes to be banned for anything other than legitimate – in all likelihood agricultural – purposes.

North-West Issues

15. **Ms Cecilia Keaveney** asked the Secretary of State for Northern Ireland and Wales what plans he has, pending the appointment of a Northern Ireland Executive and North-South Ministerial Council meetings and in the context of ten year national plans being developed in the Republic, to ensure that physical infrastructural projects such as gas, train, plane, roads or projects of concern to the North West in the Health Sector are progressed.

The Secretary of State for Northern Ireland and Wales: At the June meeting of the British Irish Inter-governmental Conference, both Governments agreed that the modalities of taking forward further North South co-operation and infrastructure and spatial planning would be explored further with a report being made to the Conference at its next meeting.

This considerative process is underway at official level and takes account of future physical infrastructure needs in the North West comprising the Derry, Strabane and Limavady Council areas in Northern

Ireland and Donegal in Ireland. By co-ordinating our efforts in this way we can deliver practical and mutual benefit to both jurisdictions.

North/South Veterinary Harmonisation

16. **Mr Johnny Brady TD** asked the Secretary of State for Northern Ireland and Wales whether he will make a statement on progress on harmonising Veterinary Regime North & South.

The Secretary of State for Northern Ireland and Wales: Work towards the convergence of animal health and welfare policies across the island of Ireland, and the development of joint disease control strategies, continues through the nine Cross-Border Animal Health and Welfare Working Groups which were established under the auspices of the North South Ministerial Council. Significant progress has been made on the alignment of policies for dealing with bovine tuberculosis and brucellosis, on the systems for identification of sheep to facilitate trade and on contingency planning for outbreaks of exotic disease. I fully support the continuation of this work as a means of achieving a high animal health status for the island of Ireland.

Exiles And OTRs

17. **Mr Joe Sherlock TD** asked the Secretary of State for Northern Ireland and Wales whether he will make a statement on recent efforts to insist that paramilitary organisations allow those people they have exiled from Northern Ireland to return, and on the reasons why this demand was not made before the publication of legislation relating to the 'on the runs'

The Secretary of State for Northern Ireland and Wales: The Government has always utterly condemned the practice of exiling. It has no place in a normal society, which is what we are endeavouring to attain in Northern Ireland through all our efforts in the political process.

The Government believes that the IRA statement of 28 July is wholly incompatible with the practice of exiling. And it is in this context that the Northern Ireland (Offences) Bill has been published.

Tax Harmonisation

18. **Mr Arthur Morgan TD** asked the Secretary of State for Northern Ireland and Wales what steps are being taken to integrate the economies North and South, with particular reference to tax harmonisation.

The Secretary of State for Northern Ireland and Wales: There is currently quite extensive economic co-operation in areas such as tourism, trade, energy and infrastructure to maximise mutual benefits, North and South.

In establishing any form of tax harmonisation with the Republic of Ireland we would want to avoid creating tax disharmony within the UK, and the regional economic distortions that this could bring with it.

North-South Bodies

19. **Mr Damien English TD** asked the Secretary of State for Northern Ireland and Wales whether he will establish an auditing commission to evaluate the achievements of the North-South Bodies in relation to their targets; and what future goals he has identified for those bodies.

The Secretary of State for Northern Ireland and Wales: I am satisfied that adequate corporate governance arrangements and procedures are in place to monitor, evaluate and audit the work of the North-South Implementation Bodies. The Bodies' Corporate and Annual Business Plans, clearly outline future targets and the measure to which these have been achieved are recorded in Annual Reports and Accounts, the latter of which is audited by the Comptroller and Auditor General in each jurisdiction.

