

# CCBS – LEGISLATIVE AFFAIRS

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15/05/2015 - 21/05/2015



Northern Ireland  
Assembly

Monday 18 May 2015

## Private Members' Business: Psychoactive Substances

**Summary:** Here a private Member's motion called on the Assembly to express its concern at the impact of legal highs and called on the Health Minister to continue working with the Home Office to ensure the introduction of legislation across the UK to ban new psychoactive substances. In responding to the motion, Minister Hamilton noted that UK legislative proposals were similar those brought forward in the Republic of Ireland and reaffirmed his willingness to continue working with colleagues across the border and learn from their experience, particularly in outlawing psychoactive substances.

**Mr Hamilton (The Minister of Health, Social Services and Public Safety):** *Following that lobbying, the Home Office established an expert panel to look at the UK's legislation. The panel reported in late 2014. Its main recommendation was that the UK Government bring forward legislation to undertake a general ban on the sale of psychoactive substances, while providing exemptions for existing products, such as alcohol and prescription medicines. I understand that this proposal is similar to legislation already brought forward in Ireland.*

*To refer to the amendment, I am content to continue to work with colleagues across the border and learn from their experience, particularly in outlawing psychoactive substances.*

**Link:** <http://data.niassembly.gov.uk/HansardXml/plenary-18-05-2015.pdf>

## Oral Answers to Questions Health, Social Services and Public Safety

### Ambulance Service: Personnel

**Summary:** When responding to a question regarding the adequacy of air ambulance provision, Minister Hamilton advised that he is awaiting the report of the emergency aeromedical support services group, which was established by the Republic of Ireland's Department of Health to consider the provision of a dedicated service. Minister Hamilton noted the potential recommendation for the expansion of the geographical reach of that service to include the whole of the island. The Minister informed the house that he will consider those recommendations before making a final decision on the matter.

**Mr Allister:** *In terms of the adequacy of ambulance provision, would the Minister undertake to look again at the provision of air ambulance services in light of the events on Saturday at the North West 200, where a spectator had to be airlifted to hospital? Can he comment on the fact that, although the severe trauma unit is at the Royal Victoria Hospital, there is no facility to land a helicopter at that hospital, adding to the delay in transporting severely injured personnel?*

**Mr Hamilton:** *The Member is right to raise the incident at the weekend. It again highlights the issue of air ambulance provision in Northern Ireland. We were all shocked by the severity of the incident at the North West 200. Pictures in the press today showed how serious it was. We pay tribute to the staff who responded, and obviously our thoughts are with those still in hospital who are being cared for. We wish them a speedy recovery.*

*The Health and Social Care Board submitted a report to my Department on the feasibility and appropriateness of establishing a dedicated helicopter emergency medical service in Northern Ireland. I am awaiting the report of the emergency aeromedical support services group that was established by the Republic of Ireland's Department of Health to consider the provision of a dedicated service in that jurisdiction. I imagine that will include recommendations in relation to the potential for the expansion of the geographical reach of that service to include the whole of the island. When the report is received, I will consider those recommendations in conjunction with the Health and Social Care Board study before making a final decision on the matter*

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**Tuesday 19 May 2015**

**Private Members' Business: Tourism VAT**

**Summary:** Here a private member's motion called on the Assembly to note the Irish Government's decision to retain a reduced rate of VAT on tourism and hospitality and called on the Minister of Enterprise, Trade and Investment and the Minister of Finance and Personnel to present a report to the UK Treasury into the potential this measure has to significantly boost the Northern Ireland tourism industry. Mr McGlone stated that: *"Thirteen EU member states, including the Republic, have reduced their VAT rate in a bid to boost their tourism sector and create jobs. Northern Ireland is at a worse disadvantage because it shares a land border with the rest of the island, where the rate is 9%."* Moreover, Mr McGlone highlighted that *"a reduced rate in the Republic has helped to create, depending on which figures you look at, up to 30,000 jobs since the reduction in the VAT rate in July 2011."* Equally, according to Mr McGlone *"A reduction of the rate to 5% in the North would create 3,300 jobs and contribute to achieving the target for tourism set out in the Programme for Government and the economic strategy."*

**Mr McGlone:** *I beg to move*

*"That this Assembly notes the decision by the Government of Ireland to retain a reduced rate of VAT on tourism and hospitality; further notes that this is a practice in many EU countries; recognises the potential of this measure to significantly boost the Northern Ireland tourism industry; and calls on the Minister of Enterprise Trade and Investment and the Minister of Finance and Personnel to undertake a report into those benefits for presentation to the UK Treasury."*

*Go raibh maith agat, a LeasCheann Comhairle. Mo bhuíochas chomh maith as ucht an seans a thabhairt domh an rún seo a chur os comhair an Tionóil. I welcome the opportunity to introduce to the House a motion that calls upon the Minister of Enterprise, Trade and Investment and the Minister of Finance and Personnel to conduct a report on the potential benefits of reducing tourism and hospitality VAT. The SDLP has called for this reduction in the Assembly and at Westminster on numerous occasions, voicing its support for the campaign that has been led by Pubs of Ulster since 2012. It is time for the tourism sector to be allowed to unleash its full potential.*

*I would like to put on record a number of factual issues that have been drawn to my attention. For several years, Pubs of Ulster has spearheaded the campaign calling for a reduction in the VAT rate for businesses in the tourism sector. Tourism in Northern Ireland is worth over £720 million to the local economy and is responsible for 43,000 jobs. Thirteen EU member states, including the Republic, have reduced their VAT rate in a bid to boost their tourism sector and create jobs. Northern Ireland is at a worse disadvantage because it shares a land border with the rest of the island, where the rate is 9%. A reduced rate in the Republic has helped to create, depending on which figures you look at, up to 30,000 jobs since the reduction in the VAT rate in July 2011.*

*A reduction of the rate to 5% in the North would create 3,300 jobs and contribute to achieving the target for tourism set out in the Programme for Government and the economic strategy. Using HM Treasury's economic model, a VAT cut would have massive benefits, driving the economy by bringing £4 billion in new revenue into the UK. Northern Ireland loses many tourists to more competitive rates south of the border. We must do something to encourage more people to cross the border. That does not apply just to tourism; it applies to social occasions and weddings. When young people, and, indeed, not so young people, are thinking about their big day, they look at the competitive rates just a few miles down the road. Add to that the current currency fluctuations, and that can mean quite a bit in savings for many.*

*Having hosted events such as the Irish Open, the British Open, the Giro d'Italia and the World Police and Fire Games, our tourism and hospitality industries have shown that they can compete extremely well on the global stage with the best of them. They add to Northern Ireland's vibrancy by attracting visitors and creating employment in local communities. One in 10 of the workforce in Northern Ireland works in the tourism and hospitality sector. The industries manage that despite there being a highly competitive VAT rate south of the border and a rate of 20% here, which is the third highest in Europe. The challenge for the sector here is even greater than for the sectors across the water because of the stiff competition that it faces.*

*The South's Finance Minister, Michael Noonan, announced that he has no plans to end what was originally to have been a temporary reduction in the VAT rate. The Republic recognised the importance of tourism to its economy, and it has experienced a very significant rise in visitors, who are coming there to spend time and money following a reduction in tourism VAT .*

*A report on the impact of VAT rate reductions for the tourism sector in the Republic indicated that the aims of stimulating and driving employment have been achieved whilst avoiding a burden on the Irish Exchequer. The rate disparity gives businesses in the South a major competitive advantage over local tourist enterprises and means that we are always struggling to compete on a level footing. It impacts visitors from the UK, Europe and the Republic, and tourism figures for 2014 show that 64,000*

*fewer overnight trips were taken by Northern Ireland residents, with fewer people enjoying staycations, as they are referred to.*

*Our tourism and hospitality industries play a massive role in our local economy, but they are being threatened by the failure to support them with a reduction in the VAT rate. The lesson from the South is that visitors respond to reduced rates of VAT, which increases demand and stimulates the industry. In turn, the industry can expand and grow and create further employment opportunities. Such employment involves various skills and ranges from entry-level, part-time work to highly skilled and well-paid roles that require greater levels of experience, be they in marketing, management or other aspects that are required by the tourism industry.*

*The nature of tourism across the North also means that the border and rural areas could benefit massively where other forms of employment are not always readily available as a result of the recession or other factors. Tourism is one of the bedrocks of our local economy, and more needs to be done to stimulate growth in the sector. The lower VAT rate in the Republic must be replicated here if we are to give our tourism industry and hospitality sectors a fighting chance.*

*It is not a case of simply standing still and failing to reap the benefits. The Northern Ireland Hotels Federation estimates that a failure to lower the rate of VAT could cost our economy nearly £130 million over the next few years. Before the election, the Prime Minister pledged that his Government would not increase VAT rates. On the contrary, it is time for him to lower the VAT on tourism and hospitality to give a much-needed boost to tourism and hospitality in the North. Whilst a reduced level of corporation tax is aimed at attracting FDI, we already have an excellent tourism and hospitality base here that could grow and develop.*

*At this time, it is over to the Minister of Enterprise, Trade and Investment and the Minister of Finance and Personnel to come together and undertake a report into the benefits that such a reduction in VAT could reap for the North and to bring that to the Treasury's attention. They must lobby the Treasury on that as a matter of urgency if we are to grow our economy and move beyond austerity and into the prosperity that many of us seek to achieve. On that point, I will conclude.*

**Link:** <http://data.niassembly.gov.uk/HansardXml/plenary-19-05-2015.pdf>

**Summary:** In response to the motion, Minister Foster acknowledged the consensus within the Executive relating to the case for a reduction in VAT at a UK level. However, she noted her concern regarding the devolution of further fiscal powers to Northern Ireland. When speaking about welfare powers, she argued *“we are not using them either responsibly or with logic.”* Minister Foster did however recognise that *“our local businesses in particular have pointed to the lower VAT in the Republic of Ireland presenting a significant challenge for our restaurants, pubs, hotels and visitor attractions that are dotted along the border.”* Nevertheless the Minister noted she did not see the value in producing further research in this area, as *“[t]here is no indication that the new Conservative Government will change their position on the matter.”*

**Mrs Foster (The Minister of Finance and Personnel):** *First, I thank Members for bringing the motion to the Floor of the House. I certainly do not think that there is much disagreement about making the argument for a reduction in VAT at a UK level. Here are words that I never thought I would say: I entirely agree with what Basil McCrea had to say today. It is not often that I take lectures from you,*

*Basil, but I hope that the whole House was listening to you today and that the Members who are not here were listening and will read it in Hansard. There is an air of unreality about today's debate; it is rather surreal. It would be wrong if I did not say that. We in Northern Ireland have been granted more powers in some areas than either Scotland or Wales; however, we are not using them either responsibly or with logic. I am, of course, speaking about welfare powers. Yet, we are talking today about going to the Treasury and asking for more fiscal powers. There is a real issue of credibility with that. I ask Members on the opposite side of the House to reflect on that because, when you complain about the lack of economic levers in Northern Ireland, we have to make the strongest possible case to Treasury to get more powers devolved to Northern Ireland. We have to answer very difficult questions: how will we pay for a lower rate of VAT? How will we pay for a lower rate of air passenger duty?*

*We cannot go to the money tree at the back of Stormont for the money because, let me tell you, I have been looking for that money tree over this past week, and it is not there. If it were, I would not be in the difficult position in which I find myself in relation to the budgetary process. Members need to reflect on that. I do not criticise Members for tabling the motion; it is absolutely right to debate it. However, we must reflect on what is actually happening in Northern Ireland in relation to the Assembly.*

*As you would expect me to, I want to put on record that tourism makes a hugely important contribution to the economy. It is worth almost three quarters of a billion pounds per annum, and, as we have heard from many Members, it provides a vital source of employment. As we have heard, about 43,000 jobs have been created directly in that sector, with many, many more created indirectly. That represents over 5% of the total workforce, or one in every 18 jobs. Those jobs are spread right across Northern Ireland, and the tourism and hospitality industry is an easily accessible market that generates jobs in every constituency and, importantly, at every skill level.*

*As it is one of Northern Ireland's key service sectors, I recognise that developing the tourism and hospitality industry offers a great opportunity for us to strengthen our economy, and that has been recognised in the Programme for Government and in the economic strategy. We must recognise that the industry is, for very obvious reasons that the House is well aware of, at an earlier stage of development compared with our nearest neighbours. I have believed for a long time that it is an industry with huge growth potential, and I hope that I have advocated for the tourism industry over this past seven years. I believe that very sincerely, and, therefore, it is vital that we take every possible step to ensure that its potential is fully exploited.*

*That brings me to the substance of today's motion. We have heard about the Irish experience and how Members believe that that has made a great difference to the industry down there. Tourism is one of a limited number of areas in which the EU permits member states to apply a reduced rate of VAT, and we have heard that 13 member states across Europe have taken advantage of that, including Germany, France and Italy.*

*There is the rub. Member states have taken that decision, and, therefore, we need to continue to push our member state, the United Kingdom, to see the benefit of that.*

*Many Members made the point that our local businesses in particular have pointed to the lower VAT in the Republic of Ireland presenting a significant challenge for our restaurants, pubs, hotels and*

visitor attractions that are dotted along the border. I very much recognise that it is negatively impacting on our tourism offer's economic competitiveness. For that reason, I support the local industry in its calls, whether it is Pubs of Ulster or other tourism organisations, like the Northern Ireland Hotels Federation.

I do not believe that there is merit in having further research on this area. I think that the case has been made, and we have all the evidence that we need on the issue not only at a national level but here in Northern Ireland at a regional level. That does not mean to say that we do not continue to press Her Majesty's Treasury. Indeed, as a result of this debate, I will be writing to David Gauke about the matter again or, if he is not still in post, to his successor.

In closing, I assure Members that the Executive and I, as Finance Minister, are committed to working with the tourism sector and, indeed, others to invest in and develop our potential. My predecessors raised the case for a reduced rate of VAT on tourism-related services with the previous United Kingdom Government, who made it very clear that this was a step they were not prepared to take. There is no indication that the new Conservative Government will change their position on the matter, certainly not as they seek to deal with the deficit that they have to deal with. Whilst that is disappointing, we will continue to push ahead with our tourism policy in the context of the economic strategy. We will continue to ask the question, but I do not believe that there is merit in taking forward a fresh report.

Link: <http://data.niassembly.gov.uk/HansardXml/plenary-19-05-2015.pdf>



Tuesday 19 May 2015

Ceisteanna – Questions: EU Membership

Summary: Here Mr Smith asked the Minister for Foreign Affairs and Trade to outline the proposals he has to discuss Britain's continued membership of the EU with the British Foreign Secretary and Secretary of State for Northern Ireland. Minister Flanagan informed the Member that he, along with his Government colleagues, have been clear in "voicing the view that joint British-Irish membership has been very beneficial to our country and our relationship with the UK"

**Brendan Smith:** To ask the Tánaiste and Minister for Foreign Affairs and Trade the proposals he has to discuss Britain's continued membership of the European Union with the British Foreign Secretary and with the British Secretary of State for Northern Ireland, in view of the British Government's proposal to hold a referendum on this issue; and if he will make a statement on the matter.

**Charles Flanagan (Minister, Department of Foreign Affairs and Trade; Laois-Offaly, Fine Gael):** *The debate in the United Kingdom regarding its relationship with the European Union followed extremely closely by the Government. That focus will now only intensify following the recent general election in Britain and Prime Minister Cameron's commitment to holding a referendum on the country's EU membership by 2017. My Government colleagues and I have been clear in voicing our view that joint British-Irish membership has been very beneficial to our country and our relationship with the UK. The important role the EU has played in the context of Northern Ireland should also not be forgotten, as the Taoiseach emphasised recently in a speech in Belfast. The Taoiseach also restated our view when he spoke to Prime Minister Cameron by phone following the re-election of the Conservative Government in recent weeks.*

*Our unique relationship with the UK, in economic, social, cultural and historical terms, means we have a deep interest in the outcome of this debate about that country's future in Europe. We also value the contribution the UK has made to the EU during the four decades we have been members together. We share a similar approach in many key policy areas. Given the importance we attach to their ongoing membership, a key priority will be ensuring that our UK partners remain fully aware of the potential consequences for Ireland of any fundamental change in the nature of their membership of the EU.*

*I have addressed many of these points directly with the Foreign Secretary, Mr. Philip Hammond, including yesterday, Monday, when we spoke at the Foreign Affairs Council meeting in Brussels. I also wrote to him following his recent re-appointment and will remain in close contact with him in the time ahead. I will also maintain close contact with the Secretary of State, Ms Theresa Villiers, with whom I will be meeting this evening in Dublin, on a range of issues pertaining to Northern Ireland and our shared interests.*

*A debate in the UK on this important issue may be seen as an opportunity to highlight the many benefits of EU membership. We will work closely in the coming period with both our British and EU partners with the objective of ensuring continued UK membership of the EU.*

**Link:** <https://www.kildarestreet.com/debates/?id=2015-05-19a.28&s=border#g32>

#### **Ceisteanna – Questions: Good Friday Agreement**

**Summary:** Mr Smith highlighted to the Minister for Foreign Affairs and Trade the significance of the Good Friday Agreement as an international treaty, which commits to the guaranteeing of minorities rights. According to Mr Smith, if the British Government presses ahead with its plan to abolish its Human Rights Act, it will be in breach of the terms of the Good Friday Agreement. Minister Flanagan advised that *“the views of the Government are clear and unchanged. The protection of human rights in Northern Ireland law, predicated on the European Convention on Human Rights, is one of the key principles underpinning the Good Friday Agreement. As a guarantor of the Good Friday Agreement, the Government takes very seriously its responsibility to safeguard its principles and institutions.”* Accordingly Minister Flanagan advised that he *“will follow developments closely”* and plans to raise this matter with Secretary of State, Theresa Villiers.

**Brendan Smith:** *The Good Friday Agreement was overwhelmingly endorsed on this island in referendums, North and South, and through parliamentary ratification in Britain. It is an international treaty which has been lodged with the United Nations. The British Government, in the Agreement, committed to guaranteeing the rights of minorities, and the Irish and British Governments are its co-guarantors. If the British Government presses ahead with its plan to abolish its Human Rights Act, it will breach the terms of the Good Friday Agreement, with highly negative consequences. The Government, on behalf of Irish people, must send a clear message that we will not tolerate any diminution in the provisions of the Good Friday Agreement. The full implementation of the Agreement and subsequent agreements is necessary.*

**Charles Flanagan:** *The commitment of Ireland to the promotion and protection of human rights is an underlying principle of Ireland's foreign policy and is a priority for the Government. Ireland is currently a member of the United Nations Human Rights Council and we pursue our human rights priorities in many international fora. Ireland is a firm supporter of the European Court of Human Rights and the European Convention on Human Rights system and will liaise regularly with the UK in relation to the Council of Europe Committee of Ministers' supervision of states' implementation of court judgments. Early in my Ministry, I had the opportunity to meet the Council of Europe Secretary General, Mr. Jagland, and I reaffirmed Ireland's strong commitment in support of the European Convention on Human Rights.*

*I should note clearly at the outset there is not at this time any legislation before the British Parliament at Westminster to repeal the 1998 UK Human Rights Act. Indeed, the new British Government has not yet published its programme for government for this parliamentary term, although it is expected to do so later this month. In the absence of any detailed proposal, it is difficult to speculate on potential consequences. Obviously, were any proposal to be made it would have to be carefully analysed.*

*On the broad question of human rights and the Good Friday Agreement, the views of the Government are clear and unchanged. The protection of human rights in Northern Ireland law, predicated on the European Convention on Human Rights, is one of the key principles underpinning the Good Friday Agreement. As a guarantor of the Good Friday Agreement, the Government takes very seriously its responsibility to safeguard its principles and institutions. The fundamental role of human rights in guaranteeing peace and stability in Northern Ireland cannot be taken for granted and must at all times be fully respected. The Agreement is clear that there is an obligation to incorporate the European Convention on Human Rights into Northern Ireland law and this is an ongoing obligation.*

*We will follow developments closely. I plan to raise this matter this evening when I meet the Secretary of State, Theresa Villiers.*

Link: <https://www.kildarestreet.com/debates/?id=2015-05-19a.7&s=island#g9.r>