

18 July 2006

The following is the text of a speech by the Secretary of State, the Rt Hon Peter Hain MP, at a Press Conference at Stormont today:

BUILDING FOUNDATIONS

When I became Secretary of State for Northern Ireland 15 months ago, the thing that struck me most was the surreal character of political debate here. The things which matter most to people everywhere – jobs, schools, health – hardly figured in political debate.

So, as you know, I took a specific decision to try and devote as much of my attention to these bread and butter issues as to what had become the understandable priority of Secretaries of State over the years – the political process and security. Working with my Ministerial team, I believe we have made significant progress towards this – for me, it is a critical part of the process of normalisation.

The challenges we faced

What I found 15 months ago was a series of major contradictions:

- A capital city on the up and a region now winning major inward investment projects, yet overall a private sector crowded out in many ways by a dominant public sector.
- More people in work, and higher living standards than ever before, but with working age economic inactivity levels significantly higher than the UK average.
- A health service which, unique in the UK, benefited from being joined with social services, yet with the worst waiting times in the United Kingdom.
- An educational system that delivered superbly for some, but appallingly for others.
- And a local structure of taxation and charges for services way behind the UK, meaning huge subsidies from across the water.

So, a great many strengths. Already, a Northern Ireland transformed from only a few years ago. But with a great many weaknesses still to overcome.

Building foundations

Over the past 15 months, I believe we have built the foundations on which we can transform Northern Ireland into the world class place it could, should, and deserves, to be and the modern world class economy that can compete on the global stage.

Our fundamental approach has been investment and reform – hand in hand. Both as crucial as each other. And none more so than in health and education.

By 2008, total government spending here will exceed a record £16 billion, a jump of more than 50% since 1997. Of this, health spending alone will top £3.8 billion by 2008 – up from around £1.7 billion in 1997 to now account for over 40 per cent of our entire Northern Ireland budget.

This is enabling us to not only treat more people than ever, but to do so faster. We no longer have patients waiting longer than 12 months for treatment and we are on track to reduce waiting times further so that by next April no-one should wait more than six months.

But this investment must go hand in hand with major reforms. And so we are implementing the route map to reform provided by the Appleby Review, which found that our health service is underperforming and inefficient compared to England.

One last comment on health. I believe that our decision, well in advance of the decision to follow suit in England and Wales, to introduce a total ban on smoking in all enclosed public places and work places from next April will make a major positive contribution towards public health, saving not only vast sums of expenditure but, most importantly, many many lives.

We have overseen a similar significant increase in spending on education. Since 1997, education funding has increased by more than 60%, at a time when pupil numbers have been falling, and will reach £1.7 billion by 2008. And I've recently announced a £380million school building programme which will see 48 new schools built.

Yet, as with health, the case for major reforms to go hand in hand with this investment is clear.

Our present education system is failing too many children and it is failing our economy. Northern Ireland urgently needs the revised schools curriculum that we have legislated for, that will allow every child to meet their full potential. And create the skills base for an economy which can compete on the world stage.

Our decision to end transfer tests at age 11, which decided a child's life chances on the basis of two one hour tests, will be equally vital to ensuring we do not waste the talent of any child.

And our drive to create world class vocationally focused Specialist Schools, as well as significant investment in Extended Schools, and – for the first time – direct payments to all School Heads, will all help raise standards for all, not just the few.

The fact remains however, that we still have too many schools, with resources spread too thinly, to the detriment of teachers and children. The Bain Review, which I announced earlier this year, will examine funding in the context of falling pupil numbers and the introduction of this revised curriculum and, I hope, bring forward radical proposals that will both raise standards and help towards our goal of a Shared Future.

Investment is growing, not just in the crucial areas of health and education, but across the public sector. I was proud to have unveiled the historic multi-billion pound Investment Strategy – the most significant investment in our infrastructure in decades, with potentially up to £16 billion worth of projects. Not just new hospitals and new schools, but major investment in our roads, water, energy and communications infrastructure.

Across the whole of the public sector, spending here is higher than the rest of the UK. But tax-payers have the right to know that their money is being well spent, and spent where it matters most - on improving front line services.

Therefore, the Comprehensive Spending Review I am implementing in NI is a genuine root and branch investigation of public spending with the aim of redirecting funds to health, education and other front-line services. Every department is being examined. There are no sacred cows. Nothing is ruled out. Unless we radically examine our use of taxpayers' money, we will lose their trust to spend it on their behalf.

As well as looking at expenditure, we are driving through an equally important radical overhaul of the structures of governance that deliver services to the public.

I see the review of public administration to be the greatest single challenge to the public sector in Northern Ireland in the last 30 years. It will shape the future of the public sector and will cut the number of public bodies in health and social services, education and local government from 67 to 20.

Northern Ireland has been both over-governed and over-administered, and the objective of the review was not to be a simple cost-cutting exercise but to remove needless bureaucracy, provide more and better services, greater accountability while using the resulting savings of up to £200m per annum for vital front line activities in Northern Ireland.

The seven new councils, with significantly wider areas of responsibility and significantly larger budgets, will – alongside the new Education and Skills Authority and the Health and Social Care Authority – help transform the delivery of public services in Northern Ireland in the coming years.

We've had to take some necessary, but unpopular decisions as well. The reality is that we raise significantly less in local taxation and charges in Northern Ireland than anywhere else in the UK.

That is why the decision to introduce water charges and the one off large increase in the rates, by 19%, this year were necessary.

Without them we simply could not have made the extra investment this year and next, over and above published spending plans, that I believed was vital to deliver in three crucial areas for the benefit of future generations.

First, to deliver the £100 million Children and Young People's Fund which will help those in the most disadvantaged areas get the start in life which other youngsters already enjoy.

Second, to deliver the £35 million Skills and Science Fund which will enhance investment in skills and training, and tackle economic inactivity.

And, third, the £59m Environment and Renewable Energy Fund which, hand in hand with the new Sustainability Strategy, will enable Northern Ireland to be a world leader in renewable energy and remain nuclear free. And, one final remark on this, I'm proud that we have been able to give the go ahead to the Marine Turbine project in Strangford Lough, which has the potential to provide a step change in our provision of renewable technology to the world.

Conclusion

So in our first eighteen months, I and my Minister team have started the process of building foundations that can be used as a basis for further reform by a democratically elected Assembly with an executive that shares power between the parties.

If we are to finally put the past behind us, secure a durable settlement and look to the future, we need to have a future which is sustainable and prosperous.

I believe we have started building the fundamental cornerstones of sustainability in Northern Ireland over the last number of months.

I believe we have turned a corner where radical reform, key targeted initiatives coupled with hard and sometimes unwelcome decisions, will help to put Northern Ireland in pole position as the most forward looking, highly skilled, prosperous and confident region in the UK.

We will continue to drive these reforms and initiatives forward. But as I said at the beginning, it must be for others to take over the reins and go beyond the foundations already laid.

The Assembly has shown already in recent weeks that it has the capacity to bring forward thinking and new ideas to the table.

What we need now is for the parties in the Assembly to go the extra mile and take responsibility for putting those concepts into public policy for the benefit of everyone in Northern Ireland.

I'm very happy to take your questions.

Ends

Rt Hon Peter Hain MP is Secretary of State for Northern Ireland