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NORTHERN IRELAND GRAND COMMITTEE (SPENDING REVIEW) EXTRACTS FROM SPEECH BY SECRETARY OF STATE OWEN PATERSON MP

TUESDAY 7 DECEMBER 2010

[Spending Review: A Fair Deal](#)

“The Spending Review builds on the measures we took in May and in the Budget in June and will ensure that this country is set firmly on the path to sustainable economic recovery and financial solvency.

“Let there be no doubt, I and my Hon Friend the Minister of State have constantly been working extremely closely with Treasury ministers and the Prime Minister to secure the best settlement we possibly could for Northern Ireland.

“I have no hesitation in stating the Coalition’s firm believe that we have secured a fair settlement for Northern Ireland.

“The resource budget cut for the Northern Ireland Executive of 6.9 per cent cut in programme budgets represents a saving of some 1.72 per cent a year over four years and compares to a UK average of 8.3 per cent.

“My own Department has to find savings of 25 per cent.

“Talking to large numbers of businesses across Northern Ireland I know that many of them are taking much more savings out of their budgets than we are asking of the Executive.

“And while it is up to the Executive to decide how it manages its budget, a CBI report in September showed how more than £1 billion could be saved by running services more efficiently and realising assets.

“In addition Deloitte’s have identified savings of around £1.5 billion by tackling the costs of division and building a truly shared future.

Per head of population Northern Ireland received more than any other part of the UK.

For 2009/10 the spending per head of population was:

England £ 8,559

Wales £ 9,597

Scotland £10,083

Northern Ireland£10,662

“This is a fair settlement for Northern Ireland, which has done proportionately better than other parts of the United Kingdom.

“I know that some will say that the reductions in capital expenditure are larger and will hurt more.

“But this Government has reduced capital spending by considerably less than the 50 per cent the previous Government was planning in its last Budget before the election.

“As Mr Neil Gibson from Oxford Economics said in giving evidence to the Assembly’s Finance and Personnel Committee:

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TUESDAY 5 APRIL 2011

[Owen Paterson - Oral Statement on the
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MONDAY 4 APRIL 2011

“The amount of money we have in Northern Ireland coming in, even by the end of this four year period should still be enough to run world class services. Most other countries and certainly regions in the UK would be delighted to have that level of revenue”.

Rebalancing the Economy and Corporation Tax:

“The Chancellor announced in the Budget that we would be issuing a paper for consultation on these matters including the question of addressing potential mechanisms for giving Northern Ireland a separate rate of corporation tax.

“Work is well advanced and we hope shortly to be able to share a draft of the paper with Executive Ministers.

“We want their ideas and input to be made before the paper is published for public consultation.

“The paper will set out both tax and non tax options for promoting growth in Northern Ireland.

“The Northern Ireland Executive is preparing its own economic strategy so our aim must be for both papers to dovetail with each other.

“And while I do not want to prejudge the outcome of the consultation paper, there is undoubtedly increasing support from the business community in Northern Ireland, and among political parties, in favour of the devolution of corporation tax.

“My own views on this issue are, I believe, well known.

“I do believe that devolving powers over corporation tax could play a major role in attracting significant new investment into Northern Ireland and, over time, reducing its dependence on the public sector.

“These are, of course, complex matters that we are approaching with determination but ultimately it would be up to the Executive to decide if it wanted to use the power if Corporation Tax was devolved”.

Setting the Budget:

“I believe in devolution and I will always scrupulously observe the devolution boundaries.

“But as Northern Ireland’s representative at the Cabinet table and somebody who passionately fights its corner I believe it is now time for the Executive to set the budget.

“That’s what the Assembly voted unanimously for; Northern Ireland has to play its part in addressing the deficit.

“I can do no better than echo the words of the Hon Member for East Antrim who as Minister for Finance and Personnel told the Assembly when it debated the Spending Review:

“We have to get on with making the wisest and best-informed decisions about distributing the money that we have and ensuring the good running of Northern Ireland.”

“Budgets have now been set across Westminster, and in Scotland and Wales, Northern Ireland remains the only part of the UK that has yet to set its budget.

“A settlement is a settlement and what Northern Ireland needs now is clarity and certainty and I trust that the Executive will move quickly to set its budget.”

Conclusion:

“We secured the best settlement deal we could in the spending review for Northern Ireland.

“Second, I pledge again my desire to work in partnership with Executive Ministers not only in helping rebalancing the economy but also in being an effective voice for Northern Ireland at the Cabinet table.

“Finally I recognise the fact that the reductions will be difficult for us all but let us be mindful of the example of Greece and the Republic of Ireland and also recognise the fact that as a result of the Spending Review, Northern Ireland will still have more spent on it per head of population than any other part of the UK.”