

Legislation Committee

Date: 4 April 2006
Time: 9.30am
Venue: National Assembly for Wales, Cardiff Bay
Title: Scrutiny of Legislation in the Assembly



Cynulliad Cenedlaethol Cymru
Y Pwyllgor Datblygu Economaidd a Thrafnidiaeth

The National Assembly for Wales
The Economic Development and Transport Committee

Dydd Iau, 16 Mawrth 2006
Thursday, 16 March 2006

Cynnwys
Contents

- 3 Cyflwyniad, Ymddiheuriadau a Datgan Buddiannau
Introduction, Apologies and Declarations of Interest
- 4 Adroddiad y Gweinidog
The Minister's Report
- 16 Uno Cyrff Cyhoeddus a Noddir gan y Cynulliad
Assembly Sponsored Public Body Merger
- 23 Y Mesur Diwygio Deddfwriaethol a Rheoleiddiol
The Legislative and Regulatory Reform Bill
- 35 Y Strategaeth Trafnidiaeth
The Transport Strategy
- 41 Gorchymyn Cychwyn Deddf Trafnidiaeth (Cymru) 2006
The Transport (Wales) Act Commencement Order 2006
- 42 Cofnodion y Cyfarfodydd Blaenorol
Minutes of the Previous Meetings

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg. Mae hon yn fersiwn ddrafft o'r cofnod. Cyhoeddir fersiwn derfynol ymhen pum diwrnod gwaith.

These proceedings are reported in the language in which they were spoken in the committee. In addition, an English translation of Welsh speeches is included. This is a draft version of the record. The final version will be published within five working days.

Aelodau o'r Cynulliad yn bresennol: Christine Gwyther (Cadeirydd), Leighton Andrews, Mick Bates, Alun Cairns, Andrew Davies (y Gweinidog dros Ddatblygu Economaidd a Thrafnidiaeth), Janet Davies, Alun Ffred Jones, Carl Sargeant.

Swyddogion yn bresennol: O. Gwyn Griffiths, Cynghorydd Cyfreithiol i'r Pwyllgor; Cath Mullin, Trafnidiaeth Cymru; David Pritchard, Trafnidiaeth Cymru, Robin Shaw, Prif Weithredwr, Trafnidiaeth Cymru; Simon Shouler, Trafnidiaeth Cymru.

Eraill yn bresennol: David Childs, Cyfarwyddwr Cyllid Grŵp, Awdurdod Datblygu Cymru; Gareth Hall, Prif Weithredwr, Awdurdod Datblygu Cymru; Rosie Milner, Swyddfa'r Cabinet; David Rosser, Cyfarwyddwr, CBI Cymru; Adrian Treharne, Swyddfa'r Cabinet.

Gwasanaeth Pwyllgor: Claire Morris, Clerc; Sarah Bartlett, Dirprwy Glerc.

Assembly Members in attendance: Christine Gwyther (Chair), Leighton Andrews, Mick Bates, Alun Cairns, Andrew Davies (the Minister for Economic Development and Transport), Janet Davies, Alun Ffred Jones, Carl Sargeant.

Officials in attendance: O. Gwyn Griffiths, Legal Adviser to the Committee; Cath Mullin, Transport Wales; David Pritchard, Transport Wales, Robin Shaw, Chief Executive, Transport Wales; Simon Shouler, Transport Wales.

Others in attendance: David Childs, Group Finance Director, Welsh Development Agency; Gareth Hall, Chief Executive, Welsh Development Agency; Rosie Milner, Cabinet Office; David Rosser, Director, CBI Wales; Adrian Treharne, Cabinet Office.

Committee Service: Claire Morris, Clerk; Sarah Bartlett, Deputy Clerk.

*Dechreuodd y cyfarfod am 9.17 a.m.
The meeting began at 9.17 a.m.*

Cyflwyniad, Ymddiheuriadau a Datgan Buddiannau Introduction, Apologies and Declarations of Interest

[1] **Christine Gwyther:** Good morning. Welcome to our first committee meeting in the new building. I am sorry about the delay to the start of the meeting; that was due to technical reasons. I welcome the public and remind everyone of the availability of headsets that can be used for translation, amplification or both. Please ensure that you have turned off your mobile phones and BlackBerrys completely, because they interfere with the transmission. I advise Members that if it is necessary to evacuate the building, the ushers will direct us to the nearest exit.

[2] We have received an apology from Kirsty Williams for whom Mick Bates is substituting; welcome, Mick. I remind Members not to touch the buttons on their microphones when they want to speak. If you indicate that you want to speak, your microphone will be live when the red light comes on.

[3] The issue of the appointment of a National Assembly for Wales Member to the Rail Passengers Council was raised in Plenary on Tuesday, and the appointment procedure was delegated to this committee. Are Members content for the usual nominees, namely Janet and myself, to be appointed to the selection committee? I see that you are.

9.19 a.m.

Adroddiad y Gweinidog The Minister's Report

[4] **Christine Gwyther:** The first item is your report, Minister.

[5] **The Minister for Economic Development and Transport (Andrew Davies):** Before I raise any substantive issues, I would like to say that this will be the last meeting attended by David Pritchard, senior official of the Economic Development and Transport Department. I know that everyone knows David well, but I put on record my sincere thanks for the tremendous contribution that David has made as my senior official. He has provided leadership and management for the department. He is an exemplary civil servant. I wish him well in his retirement, as does everyone else, I am sure.

[6] **Christine Gwyther:** It has been a pleasure working with you, David.

9.20 a.m.

[7] **Andrew Davies:** Members will be aware, because I issued a Cabinet statement earlier this week, of the regional innovation broadband support scheme launch, which is the contract that we have signed with BT Group to provide broadband to those exchanges in Wales deemed economically unviable. In addition, the RIBS scheme will also bring broadband to the black spots within the existing broadband infrastructure in Wales. We already have 99 per cent of the Welsh population covered by broadband provision and the RIBS scheme should, virtually, allow us 100 per cent coverage. We believe that this is the first part of the UK to achieve that. We hope that, by March 2007, we will have achieved that very significant milestone.

[8] This will build on the announcement made by BT very recently that it will be introducing ADSL Max to all its existing exchanges, allowing 8 Mbps to be delivered. The RIBS project will allow us to build on that. Once again, it puts Wales ahead of the rest of the UK in a very significant and important part of our future telecommunications infrastructure. Given the importance of this issue, that is why the word 'networks' is in the name of the new department. It is not just about transport; it is about communication networks in their wider sense.

[9] Colleagues may also be aware that, last week, I launched the first pilot scheme for the half-fare bus travel for 16 to 18-year-olds in Wrexham, Denbighshire and Flintshire. This is one of the Assembly Government's top manifesto commitments to develop a scheme for half-fare bus travel for younger people and builds on the highly successful free bus travel for older people and people with disabilities. We will also be announcing shortly another pilot scheme for 16 to 18-year-olds in the Bridgend area.

[10] Thirdly, last week I launched the Welsh optoelectronics photovoltaic group at the Sharp factory in Wrexham, which is the site of its European photovoltaic manufacturing facility. It is good to see the private sector engaging with the public sector and identifying the opportunities provided by renewable energy. There was a great deal of excitement about the opportunities provided by photovoltaics in terms of our contribution to renewable energy as well as identifying the economic opportunities that it provides.

[11] I have a few points of information. You should have had hard copies or electronic copies of the latest performance measure for Arriva Trains Wales. For your information, that was something that was identified in the previous report and I promised to give an update. On a point of clarification, on the action point on the top of page 13 of my report, I want to make it clear that, in terms of the consultation process on the aerospace strategy, the consultation

period which is referred to ends on 31 March 2006—that is the consultation with key stakeholders, not the wider consultation. I will bring the draft strategy to committee for discussion in the future.

[12] **Christine Gwyther:** Thank you, Minister. We will move straight on to Members for questions. Who would like to kick off? Janet, and then Alun.

[13] **Janet Davies:** I have a few points, Minister. You referred to the RIBS scheme; will this solve the problem that they had in Neath? It may have happened elsewhere, but I know that there was a problem in Neath at the beginning of this year where there did not seem to be any capacity left. I happen to know because I was trying to open a constituency office and we had to wait a month because there was no capacity. Does it solve that sort of problem?

[14] My second question is on paragraph 25 about tidal power. I had understood that there was a pilot turbine scheme going ahead in Swansea bay. Could you just clarify that in connection with what is in this paragraph? I am not very clear about what is happening.

[15] Finally, on paragraph 36 on Melloy Ltd, the die cast aluminium and zinc products venture has moved to new headquarters. I assume that this is the firm that was doing a great deal of smelting, and that there were problems following those processes. So, in terms of getting the grant, were there any remaining problems regarding pollution on the ground, and was the matter of how they would be cleared up taken on board when this grant was awarded?

[16] **Christine Gwyther:** Alun, I understand that you want to talk about the Swansea bay project as well.

[17] **Alun Cairns:** Yes, that was the subject of one of my questions. I know that the local press has sought the views of all regional and local Members, and I appreciate that the Minister is in a difficult position because he has to respond in a ministerial capacity and as a constituency Member, but I wonder whether he could go as far as possible in terms of his broad view on the principle of the proposal.

[18] **Andrew Davies:** On the first point about regional innovative broadband support, I will need to check on that. I have not heard that there is a capacity problem. It may well be that, as a result of BT's announcement about increasing its exchanges to 8Mbps through the introduction of ADSL Max, that will be accommodated, because there is a much greater bandwidth now. However, I need to go away and find that out from BT, presuming that it is a BT issue.

[19] On paragraph 25, in terms of the point made by Janet and Alun, my understanding is that the current marine turbines use tidal stream technology; this is not a tidal barrage scheme. I can get you more information about this particular project. On the tidal lagoon proposed by Tidal Electric and the Energy Savings Trust, I believe—I am not sure about the second organisation—and the press reports, my press office was approached by the media for a comment, but I was in America at the time. It was pointed out to the local paper that I was unable to comment. Unfortunately, the press reported that I had refused to comment; that was not the case. Subsequently, I have issued a statement on that. The tidal lagoon uses very new and innovative technology. To the best of my knowledge, it has not yet been prototyped, even in a laboratory. So, there are a lot of technical, environmental and financial issues to be addressed. They are proposing to build a very significant civil engineering structure a mile offshore in Swansea bay. We need to consider what impact that would have on shipping and the environment, and where the aggregate rock would come from to build that.

[20] On the finance side, certainly, at one stage, significant public funding—£40 million is a figure that has been quoted—was being sought. So, while we as a Government, and I as

Minister, are very committed to renewable energy, there are still a lot of issues that have to be addressed. We, the Welsh Development Agency and the Department of Trade and Industry have looked at this and appointed independent consultants to look at it. One of the conclusions was that the costs, let alone the environmental impact, really have to be addressed, and that the costings put forward by the proponents of the project are optimistic. Clearly, there are a lot of hurdles to be surmounted before the project can get its go ahead. However, in principle, we are obviously interested in any form of renewable energy that will help us to reach our renewable targets and reduce carbon dioxide emissions. Only this week, I had a presentation from a consortium about the Severn tidal barrage, which we think has merit, but, again, there were a lot of issues that need to be addressed, not least the environmental impact.

[21] **Christine Gwyther:** Janet, do you have a supplementary question?

[22] **Janet Davies:** I also mentioned paragraph 36.

[23] **Andrew Davies:** Sorry, I did not quite catch the number of the paragraph before. Once again, I will come back to you on that, unless David or Gareth has any comments.

[24] **Mr Pritchard:** I could not tell you about the detail.

[25] **Janet Davies:** It is just that I know that the site that they were asking for was causing a great deal of concern. When I match that up with a grant offer, I get a bit worried.

[26] **Christine Gwyther:** Will you provide us with a note on that, Minister?

[27] **Andrew Davies:** Yes.

9.30 a.m.

[28] **Christine Gwyther:** Alun, would you like to say anything on this?

[29] **Alun Cairns:** Only that Mr Pritchard would not say that he would come back to us at the next meeting to update us on that.

[30] I would like to press the Minister a little further on the tidal lagoon that has been talked about, and I also have some other questions. The energy route map talks about innovation and new technology, and making the best use of it, and I accept that there are many unanswered questions that need to be pursued. However, what commitment are you prepared to show to this in order to help to try to answer those questions? If it is prohibitively expensive, that is fine and we can rule it out on that basis after we have undertaken some sort of research and investigation into it. There are many environmental issues, such as the potential effects on the currents and sand erosion. There are a whole load of unanswered questions. However, will you at least commit in principle to using your officials to investigate and explore it fully, in a positive manner, because £40 million is a significant sum? There is a flip-side to that; if it is the first of this sort of project in the UK, there is the potential for significant income from it if all of the questions can be answered satisfactorily. If we take a positive approach, then that would fit in with the Minister's broader strategy of renewable energy, and also meet the concerns of some of the opposition parties about the existing strategy. I do not know whether you want the Minister to answer that, Chair, or if you would like me to pursue my other questions.

[31] **Christine Gwyther:** If you ask your other questions, I am sure that Andrew will respond to that one as well.

[32] **Alun Cairns:** Will the Minister give us an update on the defence training review in St Athan? How far have we got with that? What is the latest, and is there any particular action that the Minister would hope that local groups, the local authority, and opposition members can take in order to support and facilitate that? My third issue is that the First Minister and the Minister, in questions yesterday, talked about private sector job creation, which must be taken as positive, in general terms. However, given that the indices of production, manufacturing and construction are falling, what analysis has the Minister conducted into where the private sector jobs have been created? The Assembly Government is spending a lot of money on economic development, and we want to know whether those jobs are coming from the investment that the Welsh Assembly Government is making, otherwise there may be a need to change strategy. Let us find out where those jobs have been created in the first instance.

[33] **Andrew Davies:** On the tidal lagoon proposal, both Assembly Government officials and WDA officials have been engaged—for example, Brian Barrows, who has been heading up the WDA's energy unit for some time—with the Department of Trade and Industry, and are looking seriously at the proposed tidal lagoon. Many issues have been identified. I will not go through them again, but they are serious issues, which have to be addressed. We are more than happy to work with the company when it comes forward with a detailed business case. My understanding is that that has not been forthcoming. We will deal with any serious investor in Wales, but we can only deal with investors once a serious business proposition has been put to us, whether that is to do with engineering, finance, or the environmental impact. We have always said that we are open-minded on this, but we will need to work with the Department of Trade and Industry on taking it forward.

[34] The defence training review is a major project, and we have thrown our weight behind one of the consortia bidding for it, the Metrix Consortium. It has recognised our commitment as Team Wales. David Swallow is leading on this, and we have put together a high-powered Team Wales group, which includes the local authority, Education and Learning Wales—I believe that Grenville Jackson of ELWa is on the team. There is senior representation from among my transport officials. There is one thing that everyone could help with, I am sure, given your long-standing commitment to improving the surface links to the airport, Alun. The case for road links to the airport and being able to improve the surface links, including trunking the road, would be even more pressing if we were to land the defence training review at St Athan. Therefore, I am sure that you will fully support that proposal.

[35] On private sector employment, I do not have a breakdown of it. However, there has been a substantial increase in the service sector. One of our targets in 'A Winning Wales' was to create 20,000 additional jobs in the financial services sector—we exceeded that over a year ago—and there has been substantial growth in a range of other service industries, such as computing. As I said in response to questions in Plenary yesterday, while there has been a decline in manufacturing, which is mirrored across the rest of the European Union and America, there has been significant growth in other private sector employment. I am sure that we could get a report on that, if we can get a breakdown.

[36] **Mr Pritchard:** As an illustration, between 1999 and 2004, construction has gone up by 9.5 per cent. Distribution, hotels and restaurants, and hospitality are up by 17.2 per cent. Transport and communications, which these days are largely in the private sector, are up 10.5 per cent. Banking, finance and insurance, which are almost 100 per cent in the private sector, are up 15.5 per cent. Other services, which are a miscellany of things, are up 26 per cent. The public sector tends to dominate in public administration, education and health—that has gone up, but less than some of the others, by about 12 per cent. Overall, it is about 7 per cent. Therefore, there is that broad distribution, broadly where you expect, but manufacturing, as the Minister said, has gone down.

[37] **Alun Cairns:** There are a few issues there. To pick up on the last one, you say that 26 per cent is 'other services'; it would be useful if we could have some sort of indication of what that is—26 per cent, after all, is more than a quarter. What makes up those figures?

[38] I am rather concerned about the Minister's tone over the tidal lagoon; I hoped that it would be more positive, but that is a matter for him. On the defence training review, a group is opposing the trunking of the A48, but it is committed to the defence training review. It would like to see that go to St Athan, because it feels that that would increase the priority of investment in roads throughout the Vale of Glamorgan, which I am sure would be the case if the bid was successful. Therefore, I would not want the Minister to feel that the group that opposes the trunking of the A48 has any opposition to the defence training review.

[39] **Andrew Davies:** What is your position?

[40] **Alun Cairns:** My argument is clear, and I will make it in the inquiry. I have no opposition to the defence training review, but I have significant concerns about the community with regard to the trunking of the A48. If the Minister would come forward with an effective trunk road programme that overcame that, I have no doubt that the residents there would be happy to support it.

[41] **Mr Hall:** On the defence training review, the Ministry of Defence's decision on the selection of a preferred bidder has slipped from July to October this year. I do not believe that there is anything to read into that. The MOD is asking the group specific and detailed questions, which we are responding to. We are looking to get as much certainty as possible around these questions. The latest piece in the jigsaw was that we have submitted a detailed master plan for the site to the Vale of Glamorgan Council. That was considered yesterday afternoon by its cabinet, and will then go through the due planning process.

9.40 a.m.

[42] **Mick Bates:** Thank you for the report, Minister. On regional innovative broadband support, I am sure that everyone is pleased to get the 99 per cent coverage. However, I am concerned about the 1 per cent, which, as you know, is largely in rural Wales. Many small businesses and domestic properties are outside the range of the exchanges. What are you doing to encourage that 1 per cent to come in? My constituency accounts for about 10 per cent of that 1 per cent; it is quite significant. Recently, the company delivering your satellite contract collapsed. However, I must congratulate the WDA on taking quick action after the weekend. It made sure that everyone was informed and the support was reinstated. What are you doing to get rid of that 1 per cent?

[43] **Andrew Davies:** We now have 99 per cent coverage, and the RIBS project should address that 1 per cent. As you said, Mick, it is almost exclusively rural areas, with many exchanges in Powys. The RIBS project should bring broadband to those exchanges that are currently deemed economically unviable, as well as addressing some of the issues to do with blackspots, some of which exist in urban areas. I can make available the schedule for the roll out of RIBS, specifically where it refers to the unviable exchanges, so that you will know for your constituents, where it is relevant, where they can expect to access broadband.

[44] **Mick Bates:** For those people who get broadband via satellite, the delivery is more expensive than it would be through wire. I would like to understand your policy. Are you able to maintain some support for those businesses that have to use satellite rather than terrestrial broadband?

[45] **Andrew Davies:** As part of the Broadband Wales programme, of which the WDA was a key part, we introduced the broadband support programme. It provided subsidies to

businesses—and that was extended to community groups—to enable them to access broadband. Obviously, the programme is now coming to an end, because we are approaching 100 per cent coverage. Thank you for your compliments to the team that came in quickly to help the companies affected by the company that went out of business. That is an example of the proactive, customer-focused service that the public sector is providing. Ultimately it is a commercial decision for companies as to from whom they purchase their broadband services, whether through satellite, ADSL wireless or cable.

[46] **Mick Bates:** On the announcement about photovoltaics and the tidal issue, we are all aware that Sharp is a major manufacturer. However, as yet, your Government has not provided the support for photovoltaics that, for example, Northern Ireland has. Northern Ireland has announced a £50 million package for microgeneration and renewable energy. What plans do you have, through your soon-to-be-announced microgeneration strategy, to encourage the use of photovoltaics? In your reply, can you address the issue that, with regard to the increased interest in microgeneration, the cost of production of each source of renewable energy is quite different? When you install microgeneration, you have to have an interchanger, which means that you can sell the production that you do not use back to the grid. Do you have any encouragement for those people who will be using photovoltaics, which is more expensive than, for example, wind power, so that when they sell electricity back to the grid they receive the cost of production and not the average unit cost?

[47] **Andrew Davies:** There are many issues arising from this. One is the cost of photovoltaics themselves, which, unfortunately, as you point out, are more expensive than other forms of renewables. I understand that to retrofit a house with PV panels would cost the best part of £10,000. That is a significant amount of money. You then have to consider the issues to do with the grid and billing. There is a wide range of matters to be considered, some of which are not matters for us as a Government, because they relate to UK policy matters. Given the costs involved, it is then a question from the Government's point of view of whether it is appropriate for public money to be given as a subsidy to encourage people to take up photovoltaics, when, for example, you might be able to get a better return on your investment by putting the money into energy efficiency schemes, for example, or into home energy efficiency. Therefore, we are looking at these issues closely at the moment because the sums of money involved are considerable.

[48] Last week, with Sharp and other stakeholders, we considered ways in which, as a public sector, we can incorporate this technology in terms of developing estates or, for example, business parks, as well as housing developments. There is huge potential to this, but obviously we have to be careful about the sums of money involved and where we might be able to get a better return on the investment of that money.

[49] **Mick Bates:** On the tidal issue, as I understand it, the Tidal Electric Ltd proposal, which we have known about for years, would generate below 50 MW, so why is the Department of Trade and Industry involved? Why would the DTI be involved with this proposal, as the revised engineering plans that I have seen show that it would produce much less than 50 MW?

[50] **Mr Pritchard:** I think that it is larger than 50 MW.

[51] **Mick Bates:** My last conversation with the company suggested that that has now been revised.

[52] **Mr Pritchard:** It may have changed, but I think that our initial understanding was that the output was higher.

[53] **Mick Bates:** Initially, they were quite big proposals, but I think that the strategic

approach is that it is important for the Government to encourage a large portfolio of renewable energy sources, so the tidal lagoon is one of the many proposals.

[54] **Andrew Davies:** It is optional as well, so the consensus process is more complicated.

[55] **Christine Gwyther:** May I suggest that we probably need a note on that, Minister, just to tie up some of the loose ends that have come out of the discussion this morning?

[56] **Mr Pritchard:** Sure.

[57] **Leighton Andrews:** As we have discussed the RIBS contract, may I repeat, for the benefit of Members, the declaration that my wife is the director of BT in Wales?

[58] I will start with the Heads of the Valleys programme. I have an ongoing dialogue with the Minister about the name of this programme because it is the 'Heads of the Valleys road programme' in reality. If you are launching the strategy in April, I think that it is important, when this is launched, that false hopes are not raised in those communities that the programme does not currently reach. I am still having a dialogue with the Minister about the coverage of the programme, but there is an inner arc of the Valleys that will not be covered by this programme. The way that it is currently conceived and categorised is misleading: it is not a Heads of the Valleys programme because it largely just covers the eastern Valleys and it is largely centred on the road. If you are going to launch the strategy in April, I would urge you to give thought to how that is conceived.

[59] On Arriva Trains, I welcome the investment in the community support officers, which I think is very important. The Minister announced, a few weeks ago, additional money from the transport grant for the Treherbert railway line, to undertake a feasibility study on making the line useable by six-coach trains. That is a very important development. The money so far is for the feasibility study, but I understand that money is planned for that work to develop subsequently, following the recommendations made by the South East Wales Transport Alliance. I urge the Minister to do that, because it would make a significant difference. Arriva tells me that, even with six cars, it would expect the trains to be quite full quite soon, given the take-up. However, that is to be welcomed and encouraged.

[60] My final point is on the Defence Avionics Repair Agency. Obviously, many of us have constituents who have been working at DARA, and the future of the site remains important to us. I understand that a significant campaign has been launched by Welsh Labour MPs in support of the bid, and I would just like to echo that we would all be interested in helping in any way that we could to contribute to making that bid a success.

9.50 a.m.

[61] **Andrew Davies:** I know that Leighton referred to it and raised the issue about BT, but maybe I was remiss in not thanking BT, because the BT group won the contract when it bid for it. The huge development of broadband in Wales has happened because telecommunications companies such as BT have responded very rapidly to the opportunities. When I launched the Broadband Wales programme in July 2002, Wales was significantly off the pace—we were way behind the rest of the UK. We have gone way ahead of most parts of the United Kingdom, and, to a large extent, that is because of the public and private sectors working together. BT Wales has fought its corner very hard, and it is a tribute to the way in which the public and private sectors have worked together that by next year, if not by the end of this year, we will have coverage in Wales that is unparalleled.

[62] Something to bear in mind also is that the take-up of broadband is faster at the moment than the equivalent stage of mobile-phone telephony take-up. Wales will be

increasingly in an extremely good position to benefit from having a very comprehensive broadband infrastructure. The transformation has been remarkable.

[63] On the Heads of the Valleys programme, I accept the point, and I am considering some of the most recent discussions that I have held not just with Leighton, but with local councillors in the Treherbert area. We are looking at that, and we hope that we can resolve that issue. I understand the sensitivities about the name and the coverage, but if we were to have wider coverage that would include, for example, the eastern part of Carmarthenshire—there have been requests for this—we would lose the focus. It would be too diffuse and much more difficult to get the focus. Inevitably, there will be a balance in making a judgment on this. The population is very extensive—something like 250,000 people live in that area—but we need to look at areas in your constituency, Leighton, for example, to ensure that even if they are not in what is defined as the Heads of the Valleys area, they can still get many of the benefits as a result of their proximity.

[64] Thank you again for your thanks about the 21 community support officers that we are providing jointly with British Transport Police and Arriva Trains Wales. That will make a significant improvement to passenger and rail staff safety, and it is in addition to the funding that we are providing for closed circuit television on all the rolling stock of Arriva Trains, which is internal and external. From the point of view of the drivers, having video cameras pointing forward will hopefully reduce the incidence of vandalism on the lines very significantly, which is not only dangerous for passengers, but can be potentially fatal for train drivers.

[65] On the Treherbert line, this is very good news and it is another example of the success of the rail services in Wales that more and more people want to travel on rail. We are making a significant investment in improving capacity, and we are working very closely with Arriva Trains Wales, and it now knows how much store I set by reliability as well as increasing capacity.

[66] On the DARA issue, DARA staff are currently working on the VC10 planes. That business will be put out to market competition in June this year, and we are very confident that that work will remain in St Athan. We would want to work with whoever won the bidding process to build on that. We need to await that market testing process, but we are confident that the work will stay in St Athan.

[67] On DARA and the defence training review, we have worked very closely with Members of Parliament and trade unions. I met the trade unions last week with Jane Hutt, the local Assembly Member. They are very aware of our commitment as a Government to build on the huge skills that are at St Athan. The trade unions are fully backing our bid for the Metrix consortium to win the defence training review work, but we have left no stone unturned in terms of lobbying and identifying any group that will help us not only defend the DARA staff, but to win the defence training review project for south Wales.

[68] **Alun Ffred Jones:** Mae gennyf bedwar cwestiwn. Croesawaf y cyhoeddiad ynglŷn â chymorth band eang arloesol rhanbarthol. Gall pobl dda y Rhiw ym Mhen Llŷn, yn fy etholaeth i, fwynhau cysylltiadau band eang erbyn diwedd y haf, gobeithio.

Alun Ffred Jones: I have four questions. I welcome the announcement on regional innovative broadband support. The good people of Rhiw in Pen Llŷn, in my constituency, will, hopefully by the end of the summer, be able to enjoy broadband connections.

[69] Diolchaf hefyd i BT am ei ymdrechion i roi gwybodaeth ac i'n cadw yn y darlun ynglŷn â hyn. Gwn fod ei

I also thank BT for the efforts that it has made to provide information and to keep us in the picture about this. I know that its links

gysylltiadau gydag Aelodau a sectorau eraill wedi bod yn ardderchog. A all y Gweinidog fy atgoffa a oes arian Ewropeaidd yn y cytundeb hwn? A yw wedi gwneud cyhoeddiad am werth y cytundeb?

with Members and other sectors have been excellent. Can the Minister remind me whether there is any European funding in this agreement? Has he made an announcement on the value of the agreement?

[70] **Christine Gwyther:** Ask your other questions, Alun Ffred, and then Andrew can answer them all.

[71] **Alun Ffred Jones:** Can I not do it one by one?

[72] **Christine Gwyther:** I would prefer you to do it as the other Members did, and ask them all. You can then come back on any of them.

[73] **Alun Ffred Jones:** Iawn. Mae'r ail fater yn ymwneud â thudalen 14 a thueddiadau yn y sector cyhoeddus a'r ffigurau ynglŷn â nifer y swyddi a gollir a'r swyddi a enillir oherwydd yr ad-drefnu. Mae gennyf deimlad y bydd llawer iawn o'r colledion hynny yn ardal Amcan 1 ac y bydd llawer iawn o'r enillion y tu allan i ardal Amcan 1. Os na all y Gweinidog roi ffigurau imi heddiw, byddwn yn gwerthfawrogi rhyw fath o ddadansoddiad o'r ffigurau ar dudalen 14 ynglŷn â cholledion ac enillion.

Alun Ffred Jones: Right. The second matter is to do with page 14 and trends in the public sector and the figures on the number of jobs to be lost and gained because of the reorganisation. I have a feeling that many of those losses will be in the Objective 1 area and that many of the gains will be outside the Objective 1 area. If the Minister cannot provide the figures today, I would appreciate some kind of breakdown of the figures on page 14 as regards gains and losses.

[74] Codaf bwynt ynglŷn â thudalen 13 a'r sefyllfa yn Sir Fôn o gofio'r ffaith y bydd gorsaf ynni Wylfa yn dod i ben, fwy na thebyg, yn y blynyddoedd nesaf a'r effaith y bydd hynny'n ei gael ar ddyfodol Anglesey Aluminium Ltd. Fel y gwyddom o'r adroddiad a gyhoeddwyd ddydd Llun, yr ydym yn sôn am golli tua 1,500 o swyddi o bosibl pe bai Anglesey Aluminium yn cau—a gobeithiaf na fydd yn cau, wrth gwrs.

I raise a point about page 13 and the situation in Anglesey and the fact that the Wylfa power station is likely to close in the coming years and the impact that that will have on the future of Anglesey Aluminium Ltd. As we know from the report that was published on Monday, we are talking about possible job losses in the region of 1,500 if Anglesey Aluminium were to close—and of course I hope that it does not.

[75] Bydd y Gweinidog yn ymwybodol erbyn hyn fod Fforwm Economaidd Gogledd Cymru wedi cyhoeddi datganiad cryf iawn y diwrnod o'r blaen yn gofyn i'r Gweinidog sefydlu grŵp gweithredu yn Sir Fôn er mwyn ystyried y sefyllfa hon. Gwyddom fod gorsaf ynni Wylfa yn dod i ben, a, beth bynnag a ddigwydd yn y dyfodol, bydd yr effaith ddychrynlyd a gaiff cau'r Wylfa, a chau Anglesey Aluminium o bosibl, yn haeddu yr un math o sylw a gafodd ardal Casnewydd pan ddigwyddodd y drychineb yn Corus. A yw'n barod i sefydlu tasglu o'r math hwnnw?

The Minister will be aware by now that the North Wales Economic Forum made a strong statement the other day asking the Minister to establish a taskforce in Anglesey to consider this situation. We know that Wylfa is to be decommissioned and, whatever happens in the future, the terrible impact that the closure of Wylfa, and perhaps the closure of Anglesey Aluminium, would have would deserve the same attention as was given to the Newport area during the Corus crisis. Is he happy to establish that kind of taskforce?

[76] Yr wyf yn cysylltu fy mhedwerydd pwynt gyda phwynt 2 yn ei adroddiad ynglŷn ag ystadegau'r farchnad lafur. Ddoe, yn yr

I link my fourth point with point 2 in his report regarding the labour market statistics. Yesterday, in this building, the rural

adeilad hwn, cyhoeddodd yr arsyllfa wledig adroddiad diddorol ar dlodi ac allgáu cymdeithasol, ac yr oedd casgliad yr ymchwil yn awgrymu bod tueddiadau cymdeithasol flodi yn debyg iawn yn ardaloedd y gogledd-orllewin, y Cymoedd ac ardaloedd yn y de-orllewin. Mae hynny'n mynd yn groes, er enghraifft, i'r tueddiadau sydd yn y mynegai amddifadedd lluosog, sydd yn awgrymu bod tlodi, i raddau helaeth, wedi'i gyfyngu i ardaloedd yn y Cymoedd. Gwyddom y bydd hynny'n gyrru gwariant cyhoeddus yn y blynyddoedd nesaf, ond os yw'r ystadegau'n awgrymu bod tlodi ac anghenion mewn ardaloedd eraill, rhaid i wariant y Llywodraeth adlewyrchu hynny. Gofynnaf iddo a fydd yn edrych ar yr adroddiad hwnnw a dod ag adroddiad yn ôl i'r pwyllgor maes o law.

observatory published an interesting report on poverty and social exclusion, and the conclusion of that research suggested that social trends in terms of poverty were very similar in the areas of north-west Wales, the Valleys and south-west Wales. That is contrary, for example, to the trends in the index of multiple deprivation, which suggest that poverty, to a large extent, is limited to Valleys areas. We know that that will drive public expenditure over the next few years, but if the statistics suggest that other areas show poverty and needs, then that must be reflected in Government spending. I ask him whether he will look at that report and present his own report to committee in due course.

10.00 a.m.

[77] **Andrew Davies:** To the best of my knowledge, European funding has not been used as part of the regional innovation broadband support project. Many of the exchanges that will be beneficiaries of the enablement are outside the Objective 1 area. Many, in fact—I think that the large majority—may be in Powys, in Mick's constituency, and in Brecon and Radnorshire. Obviously, there is a European element to it, but not to the funding. We did have to get European Commission approval for the RIBS project in case it constituted state aid, and I am delighted that, last June, we had agreement on that—as, indeed, we had for the FibreSpeed to business parks, for which the European Commission has given its approval.

[78] On your point about public sector employment, I do not have a breakdown, but, if it is possible, I will provide that for you.

[79] As Minister, I have had many meetings with Anglesey council, and with Anglesey Aluminium Ltd. In fact, I visited the plant last year, and the company met the First Minister a few weeks ago. We have been very engaged with the company in arguing its case, not just on energy matters and on the future of Wylfa, but also on a range of environmental issues. We have lobbied hard with the Department of Trade and Industry, and I think that we have been very successful in looking after the interests of Anglesey Aluminium. We have long recognised the challenges provided if and when it is proposed to close Wylfa at the end of this decade. It is largely because of my initiative and the funding provided by the Welsh Development Agency and us that the impact study was commissioned. We will look at the implications of that and the most appropriate way for us to respond to the needs of Anglesey and the wider north-west Wales economy. Cabinet colleagues and I will be looking, certainly in the context of the spatial plan, at how we can respond most appropriately to the needs of Anglesey, particularly with Wylfa closing.

[80] On poverty and your point about the Wales Rural Observatory saying that there are common themes in what is effectively the Objective 1 area, this week, the Cabinet discussed deprivation and our expenditure, as a Government and in the public sector, and how that may be most appropriately focused on dealing with the issues of deprivation and funding formulae. I can certainly come back to committee with a note on current thinking on the situation.

[81] **Alun Ffred Jones:** On the last point, some original work was done by the rural

observatory. It does not depend on the figures that were used for the index of multiple deprivation, perhaps. The conclusions were very interesting, and they have wide and far-reaching implications, I believe. I would be very grateful if you could comment on that in future.

[82] As for the situation in Anglesey and the wider context in north-west Wales, Anglesey council pleaded in the north Wales economic forum for a taskforce to be set up. The council is seriously worried about the implications, and we know that the GVA figures for Anglesey are atrocious, although I appreciate that the figures can be misleading in certain respects. Even so, they are still bad, however you look at them. If the worst-case scenario happens, then there will be desperate times, and we should be thinking far ahead and not waiting for that scenario to befall us.

[83] **Andrew Davies:** As I said in my response, we are not waiting for things to happen; we have been engaged, and David Pritchard has been leading on this. I think that it was two or three years ago now that he was first involved in taking the initiative on this matter. However, we need to look at Anglesey in the context of the north Wales economy and the Wales spatial plan. For example, what is the relationship of the Anglesey economy with further and higher education? What is its relationship with the economy of Ireland to the west and the rest of north Wales to the east, including Cheshire, Manchester and Liverpool? So, now, we are looking at the most appropriate way of dealing with the issue, but not just focusing on the needs of Anglesey, given the travel-to-work area. For example, when I was at Airbus recently to make the announcement about the additional investment that we are providing to Airbus, one of the apprentices travelled daily from Holyhead, so we need to look at the bigger picture and not just at what is happening on the island.

[84] **Alun Ffred Jones:** Can I come in on that point?

[85] **Christine Gwyther:** Yes, but I think that David had a point to make first.

[86] **David Pritchard:** Recently, there was a meeting of senior officials with, I think, chief executives and a range of others, including the Anglesey team, looking precisely at what the options for the future might be, as regards the broader picture for Anglesey. So I think that it is well on the radar.

[87] **Alun Ffred Jones:** We hear a lot about Airbus and its success. You said that you spotted an apprentice who travelled daily, but I can assure you that, in the area where I live, only one person has been employed by British Aerospace from the school catchment area where I live, so the impact on the west is minimal at the moment. I do not know whether that can be improved.

[88] **Christine Gwyther:** I do not know whether that requires a response, but it is worth putting on the record, so thank you for that.

[89] **Carl Sargeant:** I will make my third point first of all. Following on from what Alun Ffred said, it is important that we recognise that Airbus is valued economically, not only as a Flintshire base, but also in the north Wales context. That could be enhanced in many ways. I am currently involved with the Flintshire economic development unit, trying to establish a taskforce for economic development and the future of Flintshire. Involved in that would be the issue of rail travel from Wrexham to Bidston and the main coastline, where the constituents of my colleague, Alun Ffred, could get to Airbus or other major employers in Deeside. It is a question of putting it on the rail infrastructure map. Connah's Quay—and I must declare an interest, because I live there—will be the largest town in Wales without a railway station. I am not asking for a railway station, because I think that Shotton, which is only a couple of miles away, is a good example. However, it could be the hub of the

development of a huge opportunity in Flintshire for supporting the whole of north Wales and the north-west economy. So, on the taskforce that we hope to set up in Flintshire—with developers, the Confederation of British Industry and other small businesses—I hope that you will see fit, Minister, for your officials to undertake some engagement, whether with an arm of the WDA or someone else who could inject some developments into this taskforce.

[90] Secondly, the Kwik Save and Iceland job losses are very disappointing for staff and that is a Wales-wide issue. I was disappointed by the way in which these job changes were announced, particularly the Kwik Save jobs. I have also had representation recently from trades unions on the Iceland issue. There is certainly some additional activity there in terms of changes, and I would like the Minister's team to look into those, if possible. Those are very valuable companies to the economic stability of Wales and need as much support as we can give them.

[91] Finally, I welcome the half-price bus travel scheme for 16 to 18-year-olds. It is very welcome, particularly, in north-east Wales. We are only two weeks away from the launch of the programme. I think that it is some time in April.

10.10 a.m.

[92] On the ground, I have had people contacting my office and I know that other Members have had the same. There just does not seem to be the information to pass out yet of where young people can access this service. It will be an excellent opportunity, and will be rolled out in Bridgend later in the month. I think that some more information needs to be given to members of the public.

[93] **Andrew Davies:** Thank you, Carl. Your point about transport is absolutely crucial. Just following up on Alun Ffred's earlier point about Anglesey, we have already said that we are going to introduce north-south air services. The intention is that the flights will be from Cardiff to Anglesey. Some very interesting research was published by Bangor university last week, I believe, about the opportunities provided by flights from RAF Valley in Anglesey to Dublin. Clearly, Anglesey is in a very good position to exploit those links and we would want to look at that very seriously and build on that.

[94] In Deeside, we are expecting the new regional director in north Wales, Vanessa Griffiths, to take over from Chris Farrow soon. Once again, I use this opportunity to pay tribute to Chris's work, and I wish him very well in his new job as director of regeneration, I believe, for Salford City Council. Vanessa Griffiths will be the director of north Wales in the new organisation and in a new department. Transport officials and she will be engaged in that, because it is a crucial area.

[95] On the issue of Kwik Save and Iceland, we have been working with the company and the trade unions to make sure that those negotiations and discussions are taking place. I know that the unions have been very grateful for the support that we have provided.

[96] On half-fare bus travel, information is clearly crucial and we will certainly follow that up in the north Wales project. I had a meeting with FirstGroup plc last night, with Moir Lockhead, the chief executive, and Justin Davies, who runs the First Cymru bus group in Wales. The information that they provided on the second pilot scheme, which is in the Bridgend area, seemed to be well designed. We need to make sure that that is freely available. If there are issues to do with the north Wales pilot, we will follow them up.

[97] You mentioned north Wales and specifically the railway line between Wrexham and Bidston; Robin may have an update on that.

[98] **Mr Shaw:** I attended and took part in a seminar on Monday where the consultant's final report was presented. In relation to the point that you raised, one of the strong recommendations is that Shotton station is developed and becomes a full interchange between the two railway lines. Running from there would be a set of shuttle buses feeding to the business parks, including Broughton and Warren Hall, providing that connectivity. Coming back to the other point on employees in Anglesey, people would then have good rail connections from all of north Wales into Shotton and then a direct service into those business parks and those employers. I think that that is a key recommendation from that report, which looks like a very sensible way forward.

[99] **Christine Gwyther:** Janet, did you want to come in on the half-price bus travel?

[100] **Janet Davies:** No, it was not on that; it was on the actual air service from Anglesey.

[101] **Christine Gwyther:** All right.

[102] **Janet Davies:** To an extent, what I was going to ask has been answered by Robin, because I did not quite see how that was going to benefit north-east Wales and the Deeside industrial park, to be quite honest.

[103] **Christine Gwyther:** Are you content now?

[104] **Janet Davies:** Yes.

[105] **Christine Gwyther:** Thank you very much indeed for the report and for Members' questions.

10.14 a.m.

Uno Cyrff Cyhoeddus a Noddir gan y Cynulliad Assembly Sponsored Public Body Merger

[106] **Christine Gwyther:** We now move on to the Economic Development and Transport Committee's merger progress report. We are on the brink of the merger proper. We have a sort of merged person among us, who will lead on this item.

[107] **Mr Hall:** Yes, I am thoroughly merged, Chair. In fact, if you went around talking to people in the merger bodies, you would just hear them say, 'There are two weeks to go, but we really wish that it was 3 April already so that we could get on with it and do the very important task in hand'.

[108] Hopefully, in this paper, we have given an honest insight into the merger process, what we are trying to achieve and how we are going about it. There is extensive change going on, and the whole principle behind driving forward this change is that we are shaping the new organisation to better serve our customers, namely the citizens of Wales, businesses and communities. There has been an awful lot of consultation, particularly with businesses, and some very clear messages are coming through. They want an organisation that is joined up, not just across the new department of enterprise, innovation and networks, but across wider Government, bringing together the different arms of the Assembly Government and the wider public service. We are doing that through the regional offices, which are being reinforced with greater customer contact and the degree of empowerment and delegation that they have enjoyed in their current organisations.

[109] Also, in light of the Government's strategies and priorities that we are pursuing, we

have streamlined the senior management team. You can see on the first page that, next Monday, the last piece of the jigsaw of the senior management team, James Price, who used to work for the WDA and has come from One NorthEast regional development agency, has come back to lead on policy and strategy. We have quite a number of new faces in the senior management team. The Minister just referred to Vanessa Griffiths, who has taken on the post of director in north Wales and will start on Monday. She and her family will be setting up home in Llandudno.

[110] As part of this streamlining, in order to give greater focus and to have a tighter management team, I have further refined the structure in that each regional director will also take on an all-Wales responsibility. For example, Vanessa will be taking the all-Wales lead on the enterprise function. We are also taking the opportunity to bring together the work that was carried out in setting up the knowledge bank for business. That is up and running. We are also reviewing our technology and innovation activities, with a view to bringing these together to reinforce the links between the university sector and innovation and innovative businesses and how we can commercialise research and development.

[111] So, there is quite a lot of change, which is in response to the need for better customer service. This has had an impact on the people in the organisation. The good thing to say is that the vast majority of people in all the different bodies that are coming together have been assigned jobs. The human resources approach in this has been very pragmatic in that some of their jobs have changed, but we have slotted them into jobs that are better suited to delivering on our priorities. There are just about 40 people in the merger bodies who are currently in the redeployment pool. Over the next couple of weeks, we are looking to assign them to some of the vacancies in the new organisation.

[112] On the advisory panels, interviews are taking place next week for the ministerial advisory group and the tourism advisory panel. We will have these up and running in the new financial year. These panels will not just be advising on policy for the Minister, but they will have an overview of performance and how we are in fact delivering against the policy on which they are advising. We also have the linkage between them in that the chair of the tourism advisory panel will sit on the ministerial advisory group, as will the chairs of Welsh industrial development advisory board and the economic research advisory panel. So, we have them coming together there.

10.20 a.m.

[113] We have also been working very closely with the Confederation of British Industry, the Federation of Small Businesses, and other professional bodies to come up with a robust and collectable set of key performance indicators. This is progressing very well indeed. We are also conducting a survey to give a baseline assessment of the service-delivery quality that we are bringing to customers, so that we have that benchmark to judge how the quality of service delivery improves with the new organisation.

[114] We have listed some of the benefits. To all intents and purposes, the new organisations are coming together—transport, tourism, the WDA—as if the merger has already taken place in shadow form. We are already deriving considerable benefits from being part of the Assembly Government. We are working with people in the new education, lifelong learning and skills department to identify and share common priorities and common issues going forward. There is a lot of common ground, particularly when it comes to workforce skills and management development. We are coming together to look at having individual project managers working across the two departments. We are also looking to pool resources and funding to deliver these very important outcomes.

[115] Over the last weeks and months, I have been going around the different bodies to get

feedback. There is overwhelming enthusiasm among everyone concerned; they all share a passion about Wales, and they can identify the benefits that come out of the merger. There are still a number of detailed issues, particularly around pensions, and pay and conditions. I am very concerned that we get these issues resolved before 3 April if at all possible; otherwise we do not have the firm foundation to take this new organisation forward. Today, we will issue a detailed question and answer document to everyone in the organisation, which will answer some of their legitimate questions about things like whether or not to transfer their pension from the Rhondda Cynon Taf scheme, the pros and cons of doing that, and actuarial valuations. We have a series of pension workshops, which will be held in April, and we have a commission of independent financial advisers to give people individual advice, as you cannot make generic statements about pensions. These people will, therefore, be equipped with actuarial valuations, and they will be able to make an informed choice about whether or not to stay in the scheme, to freeze it, or to transfer wholly into the civil service pension scheme.

[116] To conclude, there is a lot of change, and a lot of change will take place on 3 April. However, that is just the start of the change. It is a key milestone in the change process, and we are equipping the people in the organisation to manage change proactively going forward.

[117] **Christine Gwyther:** Thank you, Gareth. When the First Minister was scrutinised by the Panel of Chairs in Colwyn Bay, he said that over 95 per cent of staff had been matched and slotted into new posts. Has that figure now gone up?

[118] **Mr Hall:** Yes, it has gone up. I think that there are 1,560 people in total, and the number of people yet to be matched is 40, 20 of whom are from the WDA and 20 from the Wales Tourist Board. There are 40, therefore, from the whole merger process. Those people will, hopefully, be slotted into vacancies in the organisation. They have each been assigned a HR adviser, and they have been given a choice of different opportunities.

[119] **Christine Gwyther:** Will that process be completed by 3 April?

[120] **Mr Hall:** That is the objective that we have set ourselves. If opportunities cannot be found for them within the new department, they will be offered wider opportunities within the Assembly Government.

[121] **Mick Bates:** Thank you for the outline. I will preface my remarks about this with the fact that I have not been involved in this committee all the time. However, you mentioned networks, and two important strategic issues in which I am interested. What will the network be for the rural bits that are part of the WDA? Where will that reside, and what will the management structure be for that? I have a similar question on the energy structure. You have talked about managing the change. Where does climate change fit into your strategic structures?

[122] **Mr Hall:** On the networks, one thing that we highlight in the report is the establishment of a new policy and strategy function. Something that has already been mentioned this morning is the fact that policies going forward will be very much evidence based. One shortcoming up to now is not having a responsibility within the organisation to collect, evaluate and benchmark, in terms of best practice and evidence, what works and what does not work. Part of the function of the policy and strategy team will be to consider rural matters. A specific team has been identified and appointed, led by Ann Watkin, who is based in the Newtown office. I think that you know her well, Mick.

[123] Therefore, we are aware of the rural issues; there is not a one-size-fits-all approach. Alun Ffred mentioned that earlier. We have a policy and strategy team that will draw on the resources of the people who are based in the regional offices, who deal at the front line with

communities, businesses and individuals. They understand the particular needs, opportunities and distinctiveness, so that the policies, in terms of delivery, are applicable to that particular area. We recognise that with the issues in rural parts of Wales.

[124] Energy is another part of this policy and strategy team. The energy team has been reinforced because of the importance of the energy agenda in Wales; that team is being led by Ron Loveland. Climate change is part and parcel of the brief for the energy team. I am also mindful that there are not just issues to take forward in terms of developing energy policy, but there are—and we have discussed a few of them this morning—several energy projects around Wales. We have talked about early proposals in Swansea, liquefied natural gas in Pembrokeshire—there are two projects there—and off-shore wind developments in north Wales. I have appointed Eleanor Marks, who is the new director for south-west Wales, to take an all-Wales lead on the delivery of energy projects, so that we get that co-ordination.

[125] Therefore, as I said earlier, each of the regional directors will have an all-Wales responsibility for key policy issues.

[126] **Andrew Davies:** I was clear, when considering the new department, and as Gareth has already said, that we do not have a policy of strategy capacity in the current set-up. I made it clear that we needed that strong, powerful intellect at the heart of Government, pulling all the various issues together. That is why I am so delighted that we have attracted someone of the calibre of James Price back to Wales. Again, it is an example of the brain gain that we are now going through.

[127] On networks, transport and infrastructure, Piers Bisson will head up that part of the policy and strategy team. Some of you may have met him already, because he is, to a large extent, the author of ‘Wales: A Vibrant Economy’. Again, this is an example of brain gain; he is a very bright young civil servant who used to work in the Treasury, coming back to Wales. Therefore, some exciting opportunities are provided. Gareth has already mentioned Eleanor Marks, who will lead on energy delivery.

10.30 a.m.

[128] I attended the last board meeting of the Wales Tourist Board the other evening. One thing that we should bear in mind is that our commitment to regional tourism partnerships will continue. That, with those RTPs, will allow us to work with the regional directors in the four regions of Wales. Again, we are getting the benefits of the synergy of closer working relationships.

[129] **Christine Gwyther:** To return to a point that Alun Ffred made earlier about taskforces in various regions, how will the Government interact with the economic fora in the regions?

[130] **Andrew Davies:** Given the substantial change in governance in Wales, we have said that we will continue to support the economic fora, but that we want to review our relationship with them, given that a large part of the membership is provided by the WDA, ELWa and other Assembly sponsored public bodies. There is a need to look at the new relationship and consider what role the economic fora have. I have written to each forum to say that we need to look at their functions and at what our relationship with them will be. We will look at that over the next year.

[131] **Christine Gwyther:** So, they will not be diminished or weakened, will they?

[132] **Andrew Davies:** They are not our bodies. To a large extent, local authorities are leading on this. It is not a matter for us to say that these bodies must be abolished or must

continue. It is a matter for those bodies, because they are membership bodies.

[133] **Mr Pritchard:** However, you will continue to provide core funding.

[134] **Andrew Davies:** Yes. However, the fora themselves accept that a review is needed of their role and function. There needs to be clarity on that.

[135] **Mick Bates:** Will a structural chart be available so that we can see who is filling these positions, particularly with regard to rural and energy funding?

[136] **Mr Hall:** Yes. We can issue a chart.

[137] **Alun Ffred Jones:** Will you elaborate on the future of the tourism partnerships? Will they continue in their present form? As I understand it, some are holding money back that should be spent on action because they are worried about redundancies. That is the message that I have received, so can you confirm that? There are a couple of paragraphs in the report on branding. I see that the tourism service delivery brand will be 'Visit Wales', which is quite sensible, I think. The report states:

'Building on the brand development work undertaken for tourism, new brand architecture for Wales is being created'.

[138] What is 'brand architecture'?

[139] **Andrew Davies:** As the First Minister and I have said on many occasions, the brand is not the Assembly Government, the WDA, the Wales Tourist Board or ELWa. The brand is Wales. The merger provides us with a heaven-sent opportunity to look at this issue. Roger Pride, the marketing director of the Wales Tourist Board, is leading on this work for the whole Assembly Government. It is very exciting, cutting-edge work. We will be developing a brand for Wales—not the Assembly Government, I hasten to add—that will allow us, for example, in international markets, to present a coherent value-based brand for Wales. It will be a brand that we think is in agreement with our values as a country—with our traditions and with modern Wales. Obviously, when that work is complete, we will be able to give a presentation to the committee if it would be helpful.

[140] **Alun Ffred Jones:** What is 'brand architecture'?

[141] **Mr Hall:** I will explain that. One of the consistent pieces of feedback that we were getting from our customers is that they were confused with all the sub-brands around the WDA. What they wanted was a coherent brand that reflected the sort of things that they wanted. Our customers are becoming very sophisticated, and we must be sophisticated in our response. You want something where the whole is greater than the sum of its parts, so the architecture is now much more simple. We have a Wales brand, and sitting beneath that, we have a brand for tourism, 'Visit Wales', which is to do with attracting individuals and consumers, but, overseas, there is what the marketing people call business-to-business, where you are trying to attract inward investment. Inward investment is not about promoting the WDA, because inward investors do not just want property and grant support, they want supply-chain support and to have links with universities for research and development, they want to understand what the quality of life is like in terms of services, leisure facilities and all the other things that come together under the one brand, which is the promotion of Wales.

[142] **Andrew Davies:** On the first question, on regional tourism partnerships, we are committed, as a Government, to regional delivery. Although they are relatively new organisations, the initial impression is that the regional tourism partnerships have been very successful. I was at a Welsh Local Government Association tourism conference in Llangollen

last week and one of the significant developments over the last five years is the greater engagement by local government with tourism. Increasingly, local government has gone from a position where many authorities did not see tourism as a major economic driver in their locality to where they now recognise that it is a significant industry, adding a great deal of value. One way that we, as the Government, and the public sector engage with the industry is on a local basis. My view is that the regional tourism partnerships have a powerful role to play in terms of engaging local authorities in the industry. I am certainly not aware of any potential redundancies or funding issues and I do not think that Gareth is either. However, we will certainly follow that up. If there is uncertainty about the future, and that is affecting investment decisions, then we will want to sort that out quickly.

[143] **Christine Gwyther:** I would be disappointed if that uncertainty continues, because the Wales Tourist Board said from the outset, from the first announcement, that it would be well ahead of the game. If that uncertainty is creeping out into the tourism community, we need to stop it.

[144] **Leighton Andrews:** I welcome the whole process. It is going much more smoothly, in my opinion, than lots of people might have predicted, certainly much more smoothly than was predicted by some of the doom merchants that I heard at a meeting that I had to attend last night—well, I did not have to go, but I did.

[145] I want to welcome the way in which the new senior management structure has been approached. It seems to me that it is learning from some of the best practice in industry, where the approach of giving regional directors Wales-wide responsibilities is a good example of matrix management. That clearly draws on the best industry practice.

[146] I also want to welcome what is being done on branding. It seems to me that, for the first time, Wales is getting its branding right. That is the key thing. I spent more time than I ever wanted to learning about brand architecture when I worked in the BBC, discussing the relationship between brands, such as the BBC and Radio 1 and so on. It has always seemed to me that we have had a proliferation of brands in Wales, and I am afraid that we had a proliferation of them after the Assembly came into being, without a proper analysis being undertaken, and I think that this is happening—I found it on the ground. I was in New York in the autumn on holiday, but I met some business people from Wales who are practicing there and I took the opportunity to drop in on the WDA and WTB offices. There is no question that the brand that people wanted to talk about and understand in the States was Wales; it was not an organisational name or image, it was very much about Wales itself. Some people have fallen into the trap of thinking that, because a particular name of an organisation has been promoted within a limited population, namely a business-to-business community globally, that that is the thing that is being promoted, but it is not and never has been, in reality. It has been a functional operation promoting a country. Finally, I think that we are starting to get this right, so I welcome what is being done in that regard.

10.40 a.m.

[147] **Andrew Davies:** Thanks, Leighton. Again I would like to pay tribute to David and Gareth for the work that they have done. You are right that this has been approached from the basis of first principles. When we first started discussing this issue, it was a case of thinking about how we could create a new department and a new culture that is what Wales needs. So, we have gone back to first principles—it is not about designing a structure: it is about designing a service that is fit for purpose for Wales in the twenty-first century. David has been fantastic in the work that he has done, as has Gareth, and Robin on the transport side. The way in which the process has gone to a large extent reflects that great deal of commitment, thought and creativity that has gone into developing and creating this new department.

[148] On the brands, I hope that the brand can be used by anyone, for example, by the private sector or the broadcasting organisations in Wales, who may want to use the brand, or at least understand the thinking and the considerable research that has gone into it. They may wish to realign themselves with us, or use the brand for their work.

[149] **Leighton Andrews:** On that point, would you consider publishing some of the research on the branding issue? I have seen quite a lot of the research done on the branding in Scotland, and in 1990s there was a branding Wales group, which involved the WDA, WTB and others. However, that material has never been properly explored in public, and it would be quite valuable to do that.

[150] **Andrew Davies:** It is up to the committee whether it wants to have a discussion on it, but we could make the information available.

[151] **Christine Gwyther:** Perhaps there could be a presentation outside committee, and you can speak to us in language that we do not understand and we can ask questions on it.

[152] **Andrew Davies:** If Roger Pride does the presentation, he is very unusual among marketing professionals in that he uses language that everyone understands.

[153] **Carl Sargeant:** I also welcome the report—the doom and gloom that surrounded the merger process has not come to fruition. Perhaps that is apparent from the fact that my colleague, Alun Cairns, is absent, but that may be a little unfair. One of the issues that has concerned us, and which has clouded the process, is the pensions issue. You touched on it, and it is important that we give a confident message to the workforce that remains in the Welsh Development Agency. Can you give us some guarantee that we can draw a line at some stage under the pension issue? When will you be able to do that?

[154] **Mr Hall:** You cannot make general statements about pensions—it is down to individual circumstances and the devil is literally in the detail. I can circulate a copy of the detailed questions and answers. There will be workshops with small groups of people across the organisation during April after the Easter break, because we did not wish to introduce this with all the change going on. We will get the actuarial valuations so that people will have an individual and detailed valuation upon which to base their decisions. They will then be offered independent advice during the summer. We are very concerned that we do not pressurise anyone into a knee-jerk response, because your pension is so important to your future livelihood and your family. We do not want to rush and make wrong decisions. Whatever decision is made will be back-dated to 1 April, so there will be no pressures there. That is the general timetable to which we are working.

[155] **Carl Sargeant:** I have one last point, if I may. You paid tribute to Chris Farrell and the fine work done in north Wales, but we should also mention Roger Thompson, who is leaving the organisation and who has done some sterling work with the larger companies, British Aerospace in particular.

[156] **Mr Hall:** We will do that.

[157] **Janet Davies:** The issue that I want to take up is what I have always felt was a failure by the Welsh Development Agency, and that is the matter of replacing the jobs that were lost in the Valleys in the 1980s and, to a lesser extent, since then. They have largely been replaced by jobs along the M4. Doing that has meant that the M4 area gets congested; it is a case of overdevelopment. We know about the problems on the rail infrastructure from the central and eastern Valleys and the poor quality of roads coming down from some of the more western Valleys down to the M4 area. People cannot get good-quality jobs within their own Valleys. I

know that it is not as bad in the eastern Valleys as it is, for example, in those of Ogmore and Garw and, to an extent, Llynfi, and certainly the upper Llynfi valley. In Ogmore in particular, the only jobs are in education, shops, in a leisure centre and the one scrap yard; otherwise, people are travelling to Bridgend, to DARA, and to places like that. Are you going to have a strategy in place to try to address this, to get employment going up those Valleys, to solve some of the problems on the transport side? I know that we have the Heads of the Valleys programme but, at its best, it only travels as far west as the top of the Rhondda. There are an awful lot of Valleys to the west of the Rhondda and there is also south-west Wales.

[158] **Andrew Davies:** Clearly, the world has changed a great deal—

[159] **Janet Davies:** You want to go up to Ogmore; it has not changed up there.

[160] **Andrew Davies:** It is easy to have 20:20 hindsight. At the time, in terms of the response to the decline of significant industries, for example, those of coal and steel and other heavy industries, there was perhaps an overemphasis by the WDA and the previous Government on foreign direct investment. However, thinking has moved on. We believe in a much more balanced approach to economic development and regeneration. The Wales spatial plan very much reflects that because there is an increasing awareness and understanding of unsustainable development and that if you have development all in one place, it has an impact on, for example, transport and congestion. So, there is greater understanding and sophistication. However, ultimately, if you are working with a company looking to locate into Wales—the first battle is to get it to think of Wales as a location—we can encourage it to go to certain areas, whether or not that is in the Valleys area, but where it locates is ultimately a decision for the company. So, thinking has moved on, it is much more sophisticated and the Wales spatial plan reflects that greater degree of sophistication.

[161] **Mr Hall:** I have a couple of things to add. Following the earlier discussion on the Heads of the Valleys, I would not want anyone to think in any way that regeneration stops at some sort of artificial fence at the Heads of the Valleys area. We are committed to regeneration right across Wales. We have restructured our teams. In the new department, we are involved in regeneration and are aligning it with the spatial plan areas.

[162] Another benefit coming out of the merger process is the point that you made, Janet, about transport. We are integrating our approach. Members of Robin's team will have transport planners based in the regional offices, working alongside their colleagues in economic development so that we get an integrated approach. A report into the social economy was yesterday referred to the Social Justice and Regeneration Committee. The WDA is being brought into the wider Assembly Government, and we have already started discussions with our colleagues in social justice and regeneration about taking a much more integrated approach to community regeneration and the social economy.

[163] **Christine Gwyther:** Thank you. We will break now for 10 minutes and reconvene at 11 a.m..

*Gohiriwyd y cyfarfod rhwng 10.49 a.m. a 11.04 a.m.
The meeting adjourned between 10.49 a.m. and 11.04 a.m.*

Y Mesur Diwygio Deddfwriaethol a Rheoleiddiol The Legislative and Regulatory Reform Bill

[164] **Christine Gwyther:** This item is quite a complex area, and to help us with our deliberations, we have Adrian Treharne and Rosie Milner from the Cabinet Office. We have also invited David Rosser, the director of CBI Wales, to give the business perspective on this

matter. I suggest that we deal with this item by having the Minister introduce the item, and I will then hand over to Adrian, who will lead for his part. We will then bring in David Rosser, after which we can have a general discussion.

[165] **Andrew Davies:** Under the Government of Wales Act 1998, the Assembly has a duty to consider the costs to business and others of any new secondary legislation that we, as a legislature, propose to introduce. We have a statutory duty to consult widely in advance when compliance costs are likely to be significant. Under section 65 of the Government of Wales Act 1998, a regulatory appraisal will usually be prepared for each piece of general subordinate legislation prepared by the Assembly. This is the main vehicle through which we deliver the better regulation agenda in Wales. We have a statutory duty, as I said, to consult with business, and consultation with business is integral to successful policy formulation. We had an early indication in my report of that consultation being successful. So, it is right at the heart of how we do business; it is not an afterthought or an add-on.

[166] We have established the Wales social partners unit and have, therefore, put flesh on not just that duty, but that commitment. We have also established a website through which businesses can make specific representations about any regulatory issues that they feel might adversely affect them. To date, no major issues have been raised either on substantive policy issues or the process. Therefore, from an Assembly Government point of view, those are our comments so far.

[167] **Mr Treharne:** Rosie will brief you on where we are at with the Bill at the moment.

[168] **Christine Gwyther:** Okay.

[169] **Ms Milner:** I will give you a bit of the background about the Bill, which has three quite distinct parts. The first part aims to make it easier and quicker to remove outdated and unnecessary legislation. The second part aims to create a risk-based approach to regulation, and the third part aims to reduce bureaucracy around the implementation of EU obligations into UK law. The first part of the Bill is the most significant. It repeals the Regulatory Reform Act 2001 and creates broader Order-making powers to reform primary legislation. We introduced the Bill to Parliament in January, it had its Second Reading in February, and it completed the Committee Stage in the Commons last week. There has been some controversy in the press and discussion in committee about the scope of the Order-making powers in Part 1.

[170] The powers of the 2001 Act have proved to be quite technical and complex to use, so we have deliberately made the powers in the Bill quite broad so that we have an effective vehicle to deliver regulation. However, our Minister, Jim Murphy, has repeated that we are listening to views, and it is very important for us to get the balance right between flexible powers on the one hand and effective safeguards on the other. During Committee Stage, Jim indicated that we will be looking at options for creating a veto for the parliamentary committees that look at Orders on the face of the Bill. Is there anything that you would like to add, Adrian?

[171] **Mr Treharne:** No, I think that that brings us up to speed.

[172] **Christine Gwyther:** What is the CBI's take on this, David?

[173] **Mr Rosser:** Thank you for inviting me to give evidence on a subject that is dear to the heart of the CBI and its members.

[174] I think that we have heard about deregulation from governments of all colours for quite some time. In my experience, we have seen relatively little happening, but we now think

that we have a real window of opportunity and a shift of direction as a result of last spring's budget. We see two real prizes to come out of this. The first is to try to change the culture within Whitehall and within regulators. If the Bill can give effect to some of the recommendations in the Arculus report as to how you measure the burden of regulation, you can measure reductions in that burden. We already see a lot of effort going on in Whitehall departments to achieve that. All departments are working up simplification plans, so we are seeing real progress there already.

[175] The second prize that we hope to get from the Bill is a better understanding of risk and how to regulate it and a move to a risk-based approach to regulation. I think that this is possibly more difficult. We certainly see less concrete evidence of anything happening at the moment in this regard. However, we have to progress to the stage where the attentions of regulators and enforcement agencies are focused on companies and activities that pose the highest risk rather than on the easiest targets. So, the CBI welcomes the Bill. We would urge Government to get on with it and pass it, and then business and Government can start delivering the agenda.

[176] **Christine Gwyther:** Thank you. Were there any elements of the Bill that your members were unhappy with?

11.10 a.m.

[177] **Mr Rosser:** We would always wish to make some slight changes. I think that we have submitted our response to the original consultation document. I think that there are some provisions that we would like to see being strengthened, around buying into the characteristics of effective regulation and so forth, with proper measures for measuring the reduction in the legislative burden. We think that the overall thrust of the Bill is positive, however, and one that we would support.

[178] **Christine Gwyther:** Thank you. I want to throw this open to Members now, if you have any questions or issues that you want to put to our witnesses or to raise as part of the general discussion. At the end of that discussion, I will attempt to pull together our response to this. If necessary, we can feed it into the House of Lords process when it considers the Bill. I think that Alun Ffred had his hand up first.

[179] **Alun Ffred Jones:** Mae hwn yn Fesur â theitl difrifol o sych. Yn anffodus, mae ganddo oblygiadau pellgyrhaeddol. Pe bai'r Mesur hwn yn ddim ond yn fodd o gael gwared ar fiwrocratiaeth ac ati, credaf na fyddai neb yn poeni, ond mae'n amlwg, yn ôl y drafodaeth yn y wasg, bod goblygiadau mwy pellgyrhaeddol i'r Mesur hwn. Mae'n rhoi grym i'r Gweinidogion sydd ymhell y tu hwnt i'r grymoedd sydd ganddynt yn awr, ac mae'n tynnu grym oddi ar y Senedd yn Llundain a hefyd, o bosibl, Aelodau'r Cynulliad. Yr ydym yn bryderus y caiff llawer o ddeddfwriaeth ei gwneud heb i unrhyw Aelod wybod amdani, heb sôn am fod yn rhan o'r drafodaeth a chael cyfle i graffu arni. Oherwydd hynny, nid ydym yn hapus â'r Mesur o gwbl. Mae'n llai tryloyw, yn llai democrataidd, ac mae hyd yn oed yn rhoi'r hawl i Weinidogion greu cosbau

Alun Ffred Jones: This is a Bill with a seriously dull title. Unfortunately, it has far-reaching implications. If this Bill was nothing more than a way of getting rid of bureaucracy and so on, I do not think that anyone would have any concerns, but it is obvious, from the analysis in the press, that there are more far-reaching implications to this Bill. It gives Ministers powers far beyond those that they currently have, and it takes power away from Westminster as well as, potentially, from Assembly Members. We are very concerned that a great deal of legislation will be made without any Members being aware of it, let alone being part of the discussions on it or being in a position to scrutinise it. As a result, we are not at all happy with this Bill. It is less transparent, less democratic and it even gives Ministers the right to undertake criminal activities. The notes suggest, of course, that

troseddol. Mae'r nodiadau'n awgrymu, wrth gwrs, bod y Mesur yn cyfyngu hawl Gweinidogion i wneud hynny o dan ryw lefel. Y ffaith yw ei bod, mewn gwirionedd, yn rhoi'r hawl iddynt greu cosbau troseddol. Dyna'r math o beth na ddylai Gweinidogion byth gael yr hawl i'w wneud heb iddo fynd drwy broses graffu. Felly, yr wyf yn datgan fy mhryderon sydd eisoes wedi'u lleisio'n eang ynglŷn â'r Mesur ei hun.

the Bill limits the rights of Ministers to do so beyond some level. The fact is that it gives them the right to penalise. This is the kind of thing that Ministers should never be allowed to do unless without undergoing a thorough process of scrutiny. I am therefore declaring our concerns, which have already been expressed quite extensively, about the Bill itself.

[180] O safbwynt effaith y Mesur ar ein prosesau ni yma, er nad wyf yn ddigon o arbenigwr i ddeall yn iawn, mae nifer o gwestiynau wedi'u gofyn yn y papurau cefndir sydd wedi'u cyflwyno inni. Hoffwn pe bai'r Gweinidog yn ceisio ateb rhai o'r cwestiynau sydd wedi'u nodi yn y papurau hynny. Er enghraifft, a oes hawl gan Weinidog yn Llundain newid deddfwriaeth sydd wedi'i gwneud yma yn y Cynulliad heb i ni fod yn ymwybodol o hynny neu heb i ni fod â rhan yn y broses? Dyna un awgrym.

In terms of the impact of the Bill on our processes here, although I am not expert enough to understand fully, several questions were raised in the background papers provided to us. I would like the Minister to try to answer some of the questions that were noted in those papers. For example, does a Minister in London have the right to change legislation that has been made here in the Assembly without our being aware of it, or without our being a part of the process? That is the implication.

[181] Yn gyffredinol, pe bai'r Mesur yn ddim byd ond mater o gael gwared ar fiwrocratiaeth ac ati, byddai popeth yn iawn—ardderchog. Fodd bynnag, credaf fod y goblygiadau lawer yn fwy pellgyrhaeddol.

Generally, if the Bill was only for getting rid of bureaucracy and so forth, it would be great—excellent. However, I think that the implications are much more far-reaching.

[182] **Christine Gwyther:** Thank you very much for that, Alun Ffred. During your opening remarks, and it could have been the translation so I would like you to clarify, you thought that the Bill could allow Ministers to undertake criminal activity—

[183] **Alun Ffred Jones:** No, no. I think that the term used is, 'to create a criminal offence'. It allows them the powers to do so.

[184] **Christine Gwyther:** Right, okay.

[185] **Alun Ffred Jones:** No, I am not accusing Ministers of that. *[Laughter.]*

[186] **Christine Gwyther:** It was sort of interesting.

[187] **Alun Ffred Jones:** I am sure that some of them do, but that is something else.

[188] **Christine Gwyther:** It could have been a high point of the discussion but I am grateful for the clarification. *[Laughter.]* Would you like to respond, Minister?

[189] **Andrew Davies:** I think that it is more appropriate for the Cabinet Office to respond to it.

[190] **Mr Treharne:** Clause 9 of the Bill itself states that the agreement of the Assembly must be obtained where an Order confers a function on the Assembly, modifies or removes functions from the Assembly.

[191] **Alun Ffred Jones:** The Assembly or the Assembly Government?

[192] **Mr Treharne:** I think that it is as drafted, so the Assembly.

[193] **Ms Milner:** In terms of Orders that relate to Wales more generally, there is also a statutory requirement to consult with the Assembly.

[194] Picking up on the wider points about the scope of the powers, it is deliberate that the powers are so wide because of the kind of problems that we have had with the 2001 Act. The Act has enabled the delivery of some beneficial reforms, but the flow and the scope of these has been quite disappointing. We have put a lot of thought into the best way to frame the powers, because we want to be able to deliver better regulation, in whatever policy area it is needed. So, we have gone for flexible power with a number of safeguards. The safeguards that we have at the moment are a number of pre-conditions carried forward from the 2001 Act so that Orders cannot remove necessary protection, rights and freedoms, they must be proportionate and so on. There are also technical restrictions, mainly carried forward from the 2001 Act, with a few additions, such as the fact that Orders cannot impose taxation. In particular, there are some limits on the criminal penalties that can be imposed by Order. These limits are carried forward from the 2001 Act and, in fact, from the Deregulation and Contracting Out Act 1994 also. This has been picked up quite a lot in the press, but the powers to amend legislation on penalties to these limits have been around for quite some time, around 10 years, and we have never had any problems with them up until this point.

[195] After the Minister has identified that the proposal is within the preconditions and the technical restrictions, there is then statutory consultation. As I mentioned, the Assembly is one of the bodies that the Bill specifically states should be consulted. The Minister also has to consult other relevant bodies. The Order is then placed before the expert parliamentary scrutiny committees. It is worth noting that the select committee in the House of Commons that looks at Orders has specifically said before that it thinks that a lot of the concern about the Order-making process is slightly unjustified, and comes from a fear that the scrutiny given to Orders is less than that which a Bill receives. Often that is not true, because the small provisions within a Bill would actually get less scrutiny from having a whole committee specifically looking at these provisions.

[196] Finally, in terms of the additional safeguards that we have, the Government has made an undertaking not to deliver highly controversial proposals by Order. We have had that with the 2001 Act, and that has worked successfully. So far, one Order has been rejected by the committees on that basis, and the Government has not pursued it. Under the 2001 Act, we had an undertaking that, if the committees opposed an Order, the Government would not pursue it. As I said, Jim Murphy is looking at the options for putting that on the face of the Bill, as a way of strengthening it.

[197] **Christine Gwyther:** Can you elaborate on how the test of controversy is carried out?

[198] **Mr Treharne:** It has been a matter of some debate as to how we actually define what is controversial. It will be judged on a case-by-case basis.

[199] **Ms Milner:** I think that consultation is quite key to this. The Minister will initially take a view, then go out to consultation, and then the Bill requires that all consultation responses and a summary of what consultees said and how that has impacted on the policy of the proposal must be laid before Parliament. So, the parliamentary committees will then take a view on whether a proposal is controversial and whether the Minister has taken enough of the points raised by consultees into account. So that is the second level of judging what is controversial.

[200] **Alun Ffred Jones:** I do not want to go on about it, but I find it strange that a Bill of this nature then depends on the Government giving an undertaking. It is unsatisfactory. With the best will in the world, I do not think that is good enough, really. You want something stronger than the Government giving an undertaking not to do something because they are good fellows, we are all gentlemen and that sort of thing.

[201] **Christine Gwyther:** I am not.

[202] **Alun Ffred Jones:** You are not, no.

[203] **Christine Gwyther:** Janet is not either, and never has been. Okay, I can draw that into the discussion at the end.

[204] **Leighton Andrews:** As I take a generally benign approach to the things that my Government colleagues in London are doing, I thought that the press coverage was slightly hysterical, but then I read clause 1 and I started to get concerned about it. The general issues will probably be taken care of in the House of Lords, so I will restrict my questions to the Assembly issues.

11.20 a.m.

[205] I would like a better understanding of—and our lawyers may want to comment on this—the areas that do not require the agreement of the Assembly, but on which a Minister must consult us, because that is not entirely clear to me from what was supplied to us in the briefing. I think that it is an important question. I also think that the question of what is meant by the ‘agreement of the Assembly’ could also do with some elucidation. The Bill does not refer to the Welsh Assembly Government, but to the Assembly, which suggests to me that there has to be agreement in Plenary. Therefore, the question arises regarding how that agreement is to be sought. Will it be through secondary legislation here or is it simply a motion? How will that take place? The CBI has said in its evidence that it has concerns about the scrutiny of draft Orders and so on. If the Assembly is to be consulted, will there be processes through which we would consult business, as we would in other areas? We have a duty to do that at the moment. Does this Act override those duties? How does this Act relate to the current Government of Wales Act 1998 and the pending Government of Wales Act, the Bill of which is currently going through Parliament? Those are the questions that I have, and I do not think that they are covered in the briefing that we have been given.

[206] **Christine Gwyther:** Gwyn, do you want to come in at this point to see whether you can address some of Leighton’s concerns?

[207] **Mr Griffiths:** First, on clause 9, the agreement of the Assembly is required where an Order would make changes to Assembly functions. Otherwise, if the Assembly has functions in the area, but there is no change to those functions, we have to be consulted under clause 11(1). In relation to clause 9, a concern might be that Assembly legislation could be amended, because clause 9 is not drawn sufficiently widely to prevent Assembly legislation from being amended without the consent of the Assembly, although consultation would be required under clause 11(1). Clause 11(1) does not apply, although I am sure that the relevant Minister would consult the Assembly if it applied to Wales in relation to non-devolved matters. For example, there would be no requirement to consult on broadcasting in Wales under clause 11(1)(c), even though it would be relevant to the Assembly, and a sensible Minister or officials in London would see fit to consult the Assembly. The current arrangement is that if legislation made by a Minister in London requires the agreement of the Assembly, that agreement is dealt with by a resolution in Plenary.

[208] As far as the impact of the current Government of Wales Bill is concerned, I am

afraid that that is something that is likely to be dealt with by a consequential amendments Order under the Government of Wales Bill. Our problem is that we have two Bills going through Parliament simultaneously. It is a problem that we had last year with the Railways Bill and the Transport (Wales) Bill, because there was interaction between the two. At the moment, it is not clear what the arrangements will be after next year. It may be that this will be changed so that it says 'except with the agreement of Welsh Ministers', given that it is a ministerial power to make the Order. If, on the other hand, the Assembly thought that, after the new Bill comes into force, it should be with the agreement of the entire Assembly, that representation could be made.

[209] **Leighton Andrews:** I want to be clear about this. We have two Bills coming through at the same time; I understand the complexities that that introduces. This Bill currently says 'with the agreement of the Assembly'. Does this Bill then have built into it the power to amend itself, namely to amend 'the Assembly' to 'Welsh Ministers'?

[210] **Mr Griffiths:** No, this Bill does not, but the Government of Wales Bill could.

[211] **Leighton Andrews:** Okay. You said that it would come out of an Order under the Government of Wales Bill if that kind of change were to take place. Would there be a consultation in Wales on that? How would that work?

[212] **Mr Griffiths:** It would be a consequential amendments Order made by the Secretary of State. I am afraid that I do not have the Bill with me, so I cannot give you a clause number. However, it would be a consequential amendments Order, on which the Secretary of State for Wales would, no doubt, consult the Assembly and the Welsh Assembly Government, under the new arrangements.

[213] **Leighton Andrews:** With respect, we need more on this. It seems that there are many quite complicated relationships. I am happy to leave the overall scrutiny of this Bill to Parliament, in broad terms. However, in terms of how it reacts with us, many things are not clear. If you took the issue of non-devolved legislation, for example, and you took broadcasting as an issue, what happens to the concordats that currently exist between the Assembly and Whitehall departments, where provisions are made for consultation with the Assembly on, say, appointments to broadcasting bodies? Could they be overwritten? I suppose that they could be ignored anyway, in that their standing is not entirely clear, but at least there is something there that one could point to as an agreed process, if you like.

[214] **Mr Griffiths:** They would continue. There is a requirement here to consult with everyone that the Minister considers appropriate. So, where there is a concordat in place, that would, clearly, include the Assembly Government, and that would continue.

[215] **Christine Gwyther:** But not the Assembly?

[216] **Mr Griffiths:** Not necessarily.

[217] **Leighton Andrews:** We are moving to a separation of the Assembly from the Government. Therefore, in a sense, it would make sense for some of these things to apply to Welsh Ministers, provided that there is a clearly understood framework, whereby these things happen. However, given the uncertainties in this, it would be useful to see a paper with some theoretical examples, frankly, because the paper that we have at present does not do that.

[218] **Mr Griffiths:** The difficulty is that, where we have major legislation relating to the structure of the Assembly, we will find ourselves in much the position that they did in Scotland in 1999, where there was a raft of subordinate legislation to give effect to the Scotland Bill. There was a huge range of consequential amendments Orders. One Order dealt

almost entirely with the Forestry Commission. So, I am afraid that we will see a range of issues, which are not clear at this stage, but which we need to keep an eye out for.

[219] **Leighton Andrews:** I have a final question for the Cabinet Office team. Would it be possible under clause 1 for, say, the Secretary of State for Constitutional Affairs to propose an Order abolishing the Assembly? I realise that we would have to be consulted on that, but would that be possible?

[220] **Mr Treharne:** That was going to be part of my answer. However, that would still be rather controversial.

[221] **Leighton Andrews:** But, technically, would it be possible?

[222] **Ms Milner:** Only if the Assembly agreed to it.

[223] **Leighton Andrews:** Would it be possible for the Secretary of State for Constitutional Affairs, under clause 1, to propose, by Order, the abolition of the National Assembly, and the only thing that would then happen would be a consultation with the Assembly on its abolition?

[224] **Ms Milner:** No; the Assembly would have to give its consent to that.

[225] **Leighton Andrews:** Okay. I realise that it is unlikely, but sometimes you need to test the level of bizarreness of a proposal to understand how it works. Would it be technically possible to produce an Order abolishing the National Assembly, therefore abandoning the Government of Wales Act, and subsequent legislation relating to the Assembly, provided the Assembly agreed to it? I am just thinking of the situation where, heaven forbid we ever get another Conservative Government, but, assuming we had John Redwood as Prime Minister, that is not beyond the bounds of possibility, is it?

[226] **Mr Treharne:** It is not.

[227] **Leighton Andrews:** It is not beyond the bounds of possibility?

[228] **Ms Milner:** However, the Assembly would have to give its consent and the parliamentary scrutiny committees would have to agree that abolishing the Assembly was not highly controversial.

11.30 a.m.

[229] **Leighton Andrews:** However, technically, you could abolish the Assembly by Order, rather than by an Act.

[230] **Mr Treharne:** Technically, you could, but it would never get that far.

[231] **Leighton Andrews:** Okay.

[232] **Christine Gwyther:** You have your answer; it was 'yes', but try not to panic too much.

[233] **Leighton Andrews:** It is alright, I am not panicking.

[234] **Janet Davies:** The issues that Alun Ffred and Leighton mentioned are the issues that are largely concerning me. At the end of the day, whatever this Government gives in the way of undertakings, a law becomes law and it is there, whatever the complexion of the next UK

Government or the one after that, unless it is repealed in the meantime and presumably there is no intention of repealing this Bill, once it goes through. There are a lot of problems with it.

[235] One issue that I would like an answer on is whether this Bill is only coming to Economic Development and Transport Committee and not going anywhere else. It may only have been brought here because the Bill is trying to lessen the burden on business, and I think that we would all support that, but my real worry is that by trying to do that, the UK Government is doing something that is quite draconian in the way of legal changes. I am not convinced at all that it would be too complicated to get rid of the Assembly. I can imagine a Government that would be quite happy to do it.

[236] There is a crunch here. I am concerned that the Government of Wales Bill is trying to increase the powers of the Assembly and the legislature of the Assembly, but this Bill seems to be increasing the powers of Ministers at the UK level and at the Welsh level. There are considerable dangers for the Assembly and its powers and for Welsh citizens and all other citizens of the UK. I hear warning bells ringing like mad. I read the wording—it is not in the Bill—that it will not be used for anything controversial, but I am not at all convinced.

[237] Someone mentioned the Railways Act 2005 and the Transport (Wales) Act 2006 and I think that we lost a bit when those went through together and I think that we could be losing again. I agree with Leighton that it is not clear how this will affect the Government of Wales Bill. I do not feel clear in my mind about it and I would like to see this pointed out clearly in the committee's response. I do not want to see the Assembly finishing up as a very weak advisory body with no powers, not much in the way of scrutiny, and very little else.

[238] **Mick Bates:** I support the views that have been expressed about what appears to be a grey area in terms of the Minister's powers post 2007. Can we have a paper to explain the scope of the powers in conjunction with the Government of Wales Bill?

[239] **Mr Griffiths:** I can certainly prepare a paper on the position as it currently stands, but when you have two Bills going through Parliament, both of which are capable of being amended, plus an Order-making power that can be exercised in a huge range of ways, it is very difficult to prepare a clear paper. I can give examples as Leighton suggested, but that is all that I can do.

[240] **Mick Bates:** I would like to look at a few of the details. I think that the front of the Bill is acceptable to all, especially to me, as someone who ran a business for years and understands the burdens, as do the CBI and the Federation of Small Businesses. However, I would like to look at its operation and the effective safeguards in the Bill. Once the process of consultation is undertaken, I assume that a regulatory impact assessment will be prepared—I think that that was in the statement. Of course, that assessment is the evidence on which decisions will be made by the Minister or the Assembly. Who will undertake the regulatory impact assessment process and prepare it for the Minister?

[241] **Ms Milner:** The regulatory impact assessment will be undertaken by the department that is supporting the Order. That will then be put out with the consultation document, and the public will have a chance to comment on it. It will then go to the parliamentary scrutiny committees who will specifically look at the different impacts in the assessment.

[242] **Mick Bates:** In other words, it will be the same process as it is now?

[243] **Ms Milner:** Yes.

[244] **Mick Bates:** In terms of the assessment, particularly what appears to be controversial, for instance, during that process, controversial points are highlighted in the

regulatory impact assessment.

[245] **Ms Milner:** In addition to the regulatory impact assessment, there will be an explanatory document for Parliament which is specific to the Orders—RIAs are general for all Government policies—going through a number of different points relating to things which can be done by Order. So, that will also pick up controversy.

[246] **Mick Bates:** Let me give you an example to clarify this issue a little. Let us say that at the second point there is an intention by the Minister to reduce the cost burden, so that an assessment is undertaken of that cost burden. Let us say that it impacts on EU regulations. Other states might consider that the good intent of the Minister in order to reduce the cost burden would put others in a less competitive position. That appears to be a situation that may well arise. Who would ultimately make the decision on what may be the ministerial decision in a debate in the Assembly, because that would be extremely controversial given the competition laws within Europe?

[247] **Ms Milner:** That would come out of consultation. You would consult with business representative groups who would pick up on something like that. The parliamentary scrutiny committees would also look at whether there was any controversy. In your worst case scenario, if the parliamentary scrutiny committees did not pick up some controversy, they can also take evidence so people would be able to make representations to them directly. It could also go to do a judicial review as a third check on the Minister's decision.

[248] **Mick Bates:** So, it is the same process as we have now?

[249] **Ms Milner:** Yes, effectively.

[250] **Mick Bates:** Within this as well, powers are given to the Minister not to disclose information that will be given to him regarding any Orders. How does that operate? It is sub-section 5, 6 and 7 in paragraph 54 in the document that has been prepared. It is specifically about responses to consultation under clause 11.

'The Minister must not disclose where the disclosure would constitute an actionable breach of confidence by any person.'

[251] I am always suspicious when I read this type of thing—that there is a mechanism for the Minister to say 'this is all confidential'. Can you give more detail on that, and also mention how it would impact on any freedom of information request regarding that consultative process?

[252] **Ms Milner:** Sorry, which sub-section was it?

[253] **Mick Bates:** I have the explanatory note to your document. It is paragraph 54 referring to sub-sections 5, 6 and 7. In the paragraph it says that 'such disclosures would constitute an actionable breach'. It is the Minister's disclosure process.

[254] **Ms Millner:** Effectively, it is consistent with the Freedom of Information Act 2000. A consultee could request that a submission should remain confidential, but it could be released under the Freedom of Information Act 2000. That is the situation, so that the Minister can wilfully withhold information.

[255] **Mick Bates:** So, it is giving the Minister the power to withhold information?

[256] **Ms Millner:** Only where you could do so under the Freedom of Information Act 2000. In fact, it is a clarification, because the Regulatory Reform Act 2001 overrode the

Freedom of Information Act 2000, although that was slightly unintentional. So, we have now clarified the situation so that the Freedom of Information Act 2000 takes precedent.

[257] **Carl Sargeant:** I agree with the comments of my colleagues about the concerns over this Bill. It worries me even more that there are so many other influences on this Bill, with the Government of Wales Bill also going through Parliament. When drilling down into the detail of this, it seems pretty irrelevant in terms of some other things, but one of your previous statements was about controversial Orders coming through. Who makes that decision as to whether it is controversial or not?

11.40 a.m.

[258] You mentioned earlier about the Bill being as wide and open as it can be to have flexibility, which causes concern, because it then falls to interpretation and political leadership because, again, it depends on the policies that are in place as to whether or not it is deemed controversial. That creates issues in itself. So, the decision is controversial. You mentioned that one Order had been refused because of controversy. What was that and why was that?

[259] With regard to consultation, again in terms of the Government of Wales Bill that is going through at present, there are different versions of what consultation with the Assembly is with regard to voting—whether it is a two-thirds majority or just a straight majority vote of the Assembly. Could you give us some clarification on that point and what your interpretation of that would be?

[260] **Ms Milner:** In terms of controversy, and also picking up similar points that Janet raised, on who would make the decision, the Minister would initially take a view on whether something was highly controversial. It has happened in the past with regulatory reform Orders, as they are called at present. Departmental lawyers will consider a proposal and say that it is going to be highly controversial and that it is not going to be a goer. Then the Order goes out to consultation and consultees will have a chance to comment on whether something is controversial. The Minister must lay those responses before the parliamentary committee so that it can say exactly how many people oppose and support it as an Order and then the parliamentary committees will take a view on whether something is highly controversial and, therefore, inappropriate for delivery by Order.

[261] We had this undertaking on controversy under the 2001 Act and it has worked well so far. We have made 27 Orders. One Order was rejected. It was about the registration of births and deaths. The issue there was that a particular interest group, namely genealogists, were adversely affected by the Order to the extent that the parliamentary committee thought that you could not claim that there was a consensus there and that the Order should not proceed on that basis.

[262] Addressing the wider concerns that you voiced, Jim Murphy is thinking about the options for putting on the face of the Bill the undertaking that we previously had about giving the parliamentary committee a veto. He has repeatedly said that we are listening to people's views, and we will also do that as we go through the laws.

[263] In terms of the undertaking on controversy, the legal advice that we have had is that that is unlikely to be suitable to put on the face of the Bill, because anything on the face of the Bill has to have a clear legal meaning, and how controversial a proposal is will change over time. It is difficult to identify how many people have to object to something for it to be controversial and to what extent they have to object, and all these kinds of things. However, there may be other ways in which the powers could be narrowed and we will be listening to people's comments as the Bill goes through.

[264] On consultation, I was not sure whether your point was more generally about consultation in Wales or consultation on our Orders. I can talk about consultation on our Orders.

[265] **Carl Sargeant:** My point on consultation was with regard to the Assembly. I would expect that it would go to Plenary if that was the case. Would it be taken purely as a debate, or would it be voted upon? If it needed to have the will of the Assembly, would it be voted upon and what sort of majority would it need? Would it be a two-thirds majority or just a straight vote of the Assembly? For example, in the Government of Wales Bill, there are issues for which a two-thirds majority is needed to carry things through.

[266] **Christine Gwyther:** I think that that is only in terms of Standing Orders, if I am correct.

[267] **Mr Griffiths:** Yes, Chair. It would normally be a vote of the Assembly, provided that the agreement is not transferred to Ministers.

[268] **Mr Pritchard:** That is where the Government of Wales Bill—

[269] **Christine Gwyther:** Will sit on top.

[270] **Mr Pritchard:** I am sure that it will be influential here. This Bill has been developed in the absence of any final resolution on the Government of Wales Bill. I am sure that the will behind the Government of Wales Bill is for the consent to be of Assembly Government Ministers rather than of the Assembly. I think that that is probably the most likely outcome.

[271] **Leighton Andrews:** I have a quick question for the Cabinet Office. It would be possible, would it not, to have a small sub-clause included in the first section to the effect that the Act may not be used to abolish the National Assembly for Wales, the Scottish Parliament or the Northern Ireland Assembly? That might be reassuring.

[272] **Mr Treharne:** To put a list of enactments, going back to the theoretic—

[273] **Leighton Andrews:** There are only three involved.

[274] **Mr Treharne:** Sorry, I was thinking about when you start to make lists. However, there are certain aspects that you may wish to change through our Orders or as a consequence of—

[275] **Leighton Andrews:** No, but you could use the word ‘abolish’. You could phrase it so that it would state that nothing in the Act shall confer on Ministers the power to abolish the National Assembly for Wales, the Scottish Parliament or the Northern Ireland Assembly. That would be very simple, would it not?

[276] **Mr Treharne:** It would, and if such an amendment were laid, we would discuss it as it goes through the Houses.

[277] **Ms Milner:** I think that the reason why we do not have something along those lines at the moment is the thought that that is not really necessary, given the other safeguards that we have about maintaining necessary protections and rights and freedoms, and the policies being proportionate, and consultation and the various levels of undertakings on highly controversial matters. However, yes, if we got an amendment to that effect, we would have to—

[278] **Leighton Andrews:** Minister, is this something that you might raise with the Secretary of State?

[279] **Andrew Davies:** Yes, I was just going to make the point that, sometimes, the view from London is very different from the view from Cardiff, Wales or Edinburgh. It would be helpful, because the committee has asked some very thought-provoking questions, and clarity is needed on this. The situation is confused, as Gwyn said, by the fact that you have two Bills currently going through, one of which, the Government of Wales Bill, will change the situation, and the Bill that we are looking at now refers to the current constitutional position, which will change. However, it would be useful for me to return with a paper to committee pointing out our understanding of the situation.

[280] **Christine Gwyther:** I am not going to attempt to draw the various strands of this discussion together, because we are all quite tired now. I thought that this would be a dry subject, but it has actually provoked an awful lot of debate, if not hysteria at some points. However, I will take the committee's view on whether we should submit an amendment, as Leighton suggested. If you want me to put that to committee as a motion, I am happy to do that.

[281] **Leighton Andrews:** I would be happy for the Minister to come back to the next meeting with a further paper so that we can look at that. Provided that the Minister, in the meantime, has also sought clarification from our Secretary of State, that would perhaps be helpful, and, presumably, it would not be too late, at that stage, should we want subsequently to carry this forward into the House of Lords debate on the Bill. If we are meeting in three weeks' time then I do not know.

[282] **Christine Gwyther:** Would it be too late by then?

[283] **Mr Treharne:** We have got until around the end of May and then we will probably go to the Lords in the first week of June.

[284] **Leighton Andrews:** Well, that is fine then; we have time, have we not?

[285] **Janet Davies:** I was going to ask about the timescale, but I think that it needs to come back to the next meeting of this committee, because there is only one before the recess, is there not?

[286] **Christine Gwyther:** That is right. I will certainly undertake to do that, and I will draw this discussion to a close. I thank the three witnesses for attending. The discussion has certainly thrown up some topics for us to take forward.

11.50 a.m.

Y Strategaeth Trafnidiaeth The Transport Strategy

[287] **Christine Gwyther:** To help us in our deliberations on this item, we have Robin Shaw and Simon Shouler. We also have Cath Mullin. Minister, would you like to introduce your paper?

[288] **Andrew Davies:** The Transport (Wales) Act 2006, which has now had Royal Assent, lays upon us a duty to develop and deliver a Wales transport strategy. However, we have not waited for the passage of the Bill to be completed before starting on the work, and Robin and his team, Cath and Simon in particular, have been taking this work forward in consultation

with the four transport consortia in Wales, particularly in the context of the Wales spatial plan, our existing transport programme and the emerging regional transport plans of the four consortia. So, a considerable amount of work has already been done, as I said, between the Assembly and key stakeholders, not just in the public sector, but with bodies such as the Freight Trade Transport Association, as well as regulatory bodies such as the Environment Agency. As I said, a considerable amount of work has been done. There will be a draft of the strategy for public consultation, which will be ready by the end of May. We are talking, at this stage, about a long-term strategy over 30 years, so it will, to a large extent, deal with high-level priorities. The strategy will, as I said, be an opportunity for consultation. I do not know whether Robin, Cath or Simon want to come in on some of the content, or on the timetable.

[289] **Mr Shaw:** On the timetable, as you say, we are aiming to have a draft for public consultation by the end of May. The critical issue there will be to complete the strategic environmental assessment. Those of you who have read the attachments to the paper will appreciate the complexity of that process. So that is clearly an issue and a challenge and it is, effectively, a first for us, because it is a new requirement under the European environmental legislation. We have a significant amount of work to do to achieve that. The committee asked me to bring this to you at this stage so that you have the opportunity to look at the structure and the skeleton of the strategy as it is now, and have an opportunity to discuss that and to give us your thoughts and views on the issues that we have here.

[290] **Christine Gwyther:** Right: thoughts on transport. We will start with Janet.

[291] **Janet Davies:** Clearly, this is very early in the whole procedure, and we are just looking at the big themes at the moment, not at the smaller issues. There are a few issues that I want to bring forward. One is that of the joint transport authorities, which are in the Act, but not mentioned in the strategy. Do you have any thoughts on whether you will proceed with a strategic overview body for Wales? That is my first question. I have come across one or two problems where there are difficulties between regional consortia in getting bus services to integrate smoothly across boundaries.

[292] Robin, you mentioned environmental issues and the need for far more assessment of what is needed. I have always felt that we have strong wording on environmental issues, but the proposals that come forward do not take them on to the extent that I, at least, think that they should. So, I look forward to seeing some very strong themes and strong policy emerging on environmental issues as a whole and how we move away from the private car to more environmentally friendly means of transport. On that, I have a small point: we have park-and-ride services at railway station, but we do not have anything at motorway junctions. In fact, we distinctly discourage motorists from parking at a motorway junction and then sharing a car from there. That is one small issue that needs to be considered.

[293] Finally, while we are looking at this, do you have full knowledge of the rail infrastructure assets in Wales? It would be interesting to know whether somebody does.

[294] **Andrew Davies:** On the first point, there is always a balance, and, given our sustainable development commitment, we need to bear in mind that there are three equally important legs to that: environmental, economic and social. As ever, it is about how you balance those.

[295] On the other point about how you work between the transport consortia, I think that there has been a very significant development. The consortia themselves represent a very significant development. The whole idea of the transport strategy is based on how we can have an all-Wales approach while, at the same time, work with the transport consortia to deal with transport issues within the consortia. There is also the importance, as you point out,

between the different consortium regions.

[296] The all-Wales strategy will inform the regional transport plans. At the same time, the regional transport plans will inform the all-Wales strategy. Therefore, it is, and will continue to be, an iterative process.

[297] **Mr Shaw:** To reinforce the point, as you will appreciate from the draft, the regional transport plans that will flow and will be integral to the overall Wales transport strategy will be key to the issues that you talk about, particularly in making sure that the cross-border interfaces are right. That is why we have driven the regional agenda, why we have supported the consortia, and why we are moving to regional transport plans. We recognise that local authority boundaries, in particular, do not really have any relevance to most people's transport needs. We must remember that that is not just a within-Wales issue. The seminar that I attended on Monday was a classic example. The work looking at the Wrexham-Bidston line covers Taith. Specifically, it covers Flint and Wrexham, but then you have Cheshire, Chester, Mersey Travel and so forth all working as a group considering the future of that piece of transport infrastructure. Therefore, it is clearly key that we ensure that those cross-border issues are fully addressed and that we do not get a silo mentality, if you like.

[298] That is why we have a Wales transport strategy, which the regional transport strategies have to take on board and deliver. Obviously, we, as Transport Wales, will be monitoring and overseeing that on a Wales-wide basis and ensuring that those connections are made. The Bill and the powers that we now have enable us to do that in an effective way whereas, before this, we were largely relying on persuasion or, in some cases, the finance that we were able to provide as a means of achieving our objectives. We now have the powers to do that also.

[299] In terms of the strategic park-and-ride facilities, particularly those on the motorway, as you say, a few of them have evolved of their own accord, have they not? However, it is a piece of work that is ongoing. Particularly in the M4 corridor, as part of the Making Better Use work, we have been looking at the creation of some strategic park-and-ride facilities associated with the motorway; they could be fed by coaches and trains if they are in the right location. Equally, they can be locations where people can meet, park and car share for longer journeys, which is one of the other unofficial things that is going on around motorway interchanges at present. We intend to deliver those in partnership with the transport consortia because, again, it is not a local authority issue. Very often, it covers a much wider area, which is why those sorts of issues need to be considered at that higher regional level. Therefore, yes, that is an active piece of work.

[300] On where we are with rail assets, Network Rail and the rail regulator are continuing to develop information on the rail asset base. Network Rail, having taken over maintenance directly in-house, is now building a very comprehensive asset base.

[301] In answer to those questions, at this point in time, I do not think that we have enough specific and detailed information on the asset in Wales, but it is being developed. Network Rail has a responsibility under the Railways Act 2005 to maintain a UK-wide database on assets. As that is populated, filled and reinforced, we will have more information to allow us to take a view on its performance and what is needed in the future in terms of maintenance and renewals.

[302] **Mick Bates:** To pursue the theme of the integrated aspect and requirement of this, Janet mentioned the cross-border issues, and you have given a general aspirational statement that you would work across borders. What mechanisms will we have to ensure that that happens, as opposed to just having an aspirational statement?

12.00 p.m.

[303] Similarly, we have four regional plans, and the spatial planning process has six basic regions. How are you going to account for that within this? Also, I am sure that many of us are interested in the development of airports, but how will you work with functions that are not devolved, including ports, shipping and so on? Finally, on integration again, what requirement will be placed by the transport strategy on local authorities when they are considering their local development plans?

[304] **Mr Shaw:** In terms of cross-border working and how we will ensure that that happens, my immediate reaction is to say that it is happening now. There is good cross-border working, and north-east Wales is probably a good example, where you have to recognise that the travel-to-work and transport issues simply do not take any cognisance of the Welsh and English border at all in terms of those areas. So, those are already well established. The requirement that the Act imposes on local authorities to generate regional transport plans that sit within our overall strategy is the means by which we will ensure that they are continuing to focus on those issues and continuing to deliver against that agenda. We can require that. In fact, the regional transport plans will come for approval, and if we are not satisfied that they contain enough commitment and delivery in that area, we are likely to ask for them to be redone. I am not anticipating that, because we are working very closely with the consortia and giving them guidance, and I would anticipate that that will be an integral part of their thinking anyway, as a matter of course. If not, we have the ability to ensure that it is.

[305] Another example in relation to the rail network is the Wales and borders franchise. I think that 37 per cent of the network is in England in terms of the running mileage. We are establishing a forum whereby we and the English local authorities across the border will work together in terms of the developments, enhancements and maintenance of that rail franchise and the services that run in Wales, and through England and Wales, and obviously a few that just run in England. So, again, we are establishing those linkages and we will maintain them to ensure that the cross-border issues are reinforced, maintained and fully understood.

[306] On the spatial planning areas, this is an issue that comes up quite a lot. We have four transport consortia and six spatial planning areas. The transport consortia have evolved because they are in what I would call the natural groupings for consideration of transport on a regional basis. Some of the issues on the spatial planning level are different from simple transport issues. However, there is still a good synergy, and, within the regional transport plans, it is intended that there will be a sub-set. In the case of north-Wales, for example, where there are two areas within the spatial planning context within the Taith area, the RTP will recognise the distinctions that exist between the two spatial planning areas, and that will be incorporated into their regional transport plan. We have already had discussions with Taith on that, and that is the basis on which it is working. So, I do not anticipate that there will be any tensions, issues or differences in that regard.

[307] On non-devolved issues, we have established good working relationships with the Department for Transport since devolution. We worked together on the preparation of the 'The Future of Air Transport' White Paper, in which there was a Welsh chapter, and it was a joint piece of work between us and DfT. We have established good relationships with the ports. There is not a great deal of Government intervention anyway—they are, by and large, independent—but we have still established good working relationships with the port authorities, and the Minister meets them on a regular basis, so we have a continuing relationship. As is mentioned in the paper, a representative of Associated British Ports is chairing the group looking at freight issues as part of the transport strategy. So, we are strongly engaging with them in that area. We have also supported Stuart Cole in the research that he has been doing in conjunction with the EU on the Atlantic arc issues and freight movement within Europe.

[308] The local development plans, which are the next generation on from the unitary development plans, are still being developed on an individual unitary authority basis, but the planners are working with their transport planning colleagues—if I can make that distinction within the local authorities—to ensure again that the transport needs that are generated by the LDP developments are taken into account in the preparation of the regional transport plans. The development areas and the growth areas will be identified, and, within the LDP, the needs of that development will be fully taken into account. There is, again, good working. It is within the gift of the local authority to ensure that there is good communication.

[309] **Ms Mullins:** The people in the regional transport consortia who are drawing up the regional transport plans are generally based in the local authorities, so they have good working relationships with their colleagues in planning.

[310] **Mick Bates:** The European strategic routes always end up in ports, which is a problem for mid Wales. Have you any intention, through this, to put in a more strategic route through mid Wales? I know that there are some improvements based on the A470 and the A483. However, it appears that, in terms of the spatial planning process through mid Wales, the transport infrastructure has been overlooked because it was never a European strategic route.

[311] **Mr Shaw:** You are right to say that it is not on a European route, but, in terms of our thinking on the trunk-road network, the A470 and the A44 are regarded as core strategic routes, and we also regard the Cambrian railway line as a key element. I believe that that is a recognised part of the European rail network to Aberystwyth.

[312] **Carl Sargeant:** I think that Robin has answered, in general terms, many of the questions that I had. However, I would like to drill down a few of the points. Following on from Mick's point, and the non-devolved issues in particular, there has been a change with regard to the Transport (Wales) Bill coming to us. How confident are we that we are able to punch above our weight in non-devolved areas? I am thinking of the north-east in particular, where airports such as Manchester and Liverpool provide a direct link into north-east Wales, where we do not have our own major airport. It is important that there is interaction there.

[313] My second point relates to the LDPs for local authorities. What are your thoughts on the drivers behind local development plans or unitary development plans in some areas? Given that they are local development plans and unitary authority driven, how can a national Wales transport strategy influence the development of local development plans at such a level? Do you see it as being a driver in the design of LDPs or is it just fitting the transport strategy into the local economy?

[314] **Mr Shaw:** Is it chicken or egg?

[315] **Carl Sargeant:** Yes.

[316] **Mr Shaw:** The main issue on that last point must be the spatial plan, because the local development plans should be fully taking on board, and delivering, the aspirations of the spatial plan. Our transport strategy must also fit with that, and should be integral to it. I do not anticipate a huge mismatch between them. Having said that, transport is effectively a service, and therefore responds to demand. We must recognise that development and growth will provide a demand for transport services and, therefore, transport will inevitably follow the development-led process in order to provide the service. It is only one of the services that development needs; it needs a raft of infrastructure, but transport is part of that. Equally, the reverse is true, if there are particular difficulties or extremely constrained areas of transport infrastructure, then we must ensure that those are recognised in the preparation of the local

development plans and that they do not exacerbate or create major transport problems without taking account of the implications of that development. There is, therefore, inevitably an iteration process, and this is where we need to work closely with the relevant parts of the organisations that are developing them and ensure—coming back to Cath’s point—that, within the authorities, those connections are being made and understood.

12.10 p.m.

[317] **Andrew Davies:** I will add a few points to Carl’s first point about transport. Liverpool and Manchester airports are crucial for north Wales. Last year, I had a meeting with representatives from Liverpool airport, together with the head of the north Wales regional tourism partnership, about Liverpool offering to promote Wales as a visitor attraction and destination. Similarly, we have a good relationship with Stena Line—it is a growing, productive, dynamic relationship. We helped to build the new berth at Holyhead, and that is a crucial, strategic European route. Therefore, we are able to use our existing powers and funding to enhance those international links.

[318] **Carl Sargeant:** To come back on that, I accept that point, and I recognise that having good relationships is important. That is the right thing to do. However, where does it fit within a strategy of developing links, as opposed to having that relationship? Is that being built into the process?

[319] **Mr Shaw:** We work with and strongly support the parts of England that promote their transport strategies in their areas that have a benefit to Wales. Classic examples of that are the rail links to Manchester airport, which we have consistently and strongly supported, and have lobbied the Department for Transport on that. Coming back to the earlier discussion about the railway lines running up through the Wirral, Merseytravel also has a strong aspiration to re-establish something called ‘the Halton curve’, which would allow direct rail services between the north Wales mainland and Liverpool airport. We would strongly support that, recognising the benefits.

[320] In our transport strategy, I do not think that we would envisage putting in schemes for us to pay for the improvement of rail infrastructure in north-west England. However, it does not stop us from being a significant lobbying group, and supporting it. That all endorses the message. However, the funding for that and the decisions on the infrastructure in the north-west rest with the Department for Transport, not with us.

[321] **Leighton Andrews:** I have a brief question. We have had road pricing on the agenda—at the last meeting, I think. In terms of your transport trends and projections, which I assume will be part of this strategy, to what extent will you consider such issues, and the impacts that those might have? I travelled down to Cardiff on the Treherbert line with the managing director of Arriva Trains on Tuesday morning. I am pleased to say that the service was on time. However, we discussed that as a potential issue, given that urban local authorities throughout the UK are considering such issues. There would be a major effect, inevitably, on the rail service if that sort of approach was taken. There would be questions about what would be sustainable for it to do in terms of the current franchise, the availability of stock, and so on. So, to what extent will such issues be covered in your own analysis of transport projections and trends?

[322] **Mr Shaw:** The current forecasts are based on looking at what is happening, what has happened, and going forwards. Traffic growth in Wales is still higher than the UK average, and we all recognise that that is unsustainable. Therefore, our policies and strategies have to take demand management into account if they are to be realistic and sustainable.

[323] I was part of the working group that considered road pricing in some detail a year or

so ago. The conclusions of that work were that demand management by road pricing has to be the future, and the Secretary of State endorsed that view, and continues to endorse it. So, I anticipate that we will see road pricing introduced into the UK in a reasonable period of time, subject to technology and the results of various pilot schemes that are running. Cardiff is likely to be one of the early locations for such a pilot scheme.

[324] What the impact of that will be is interesting. The modelling work predicted that introducing pricing would reduce the demand for travel in total. It would generate an increased amount for public transport and, as you say, that has to be addressed and capacity provided. The most significant difference that the modelling predicted was that people would move to car sharing and that that would have the benefit of lowering congestion without creating a huge surge in the demand for public transport. However, we still could be talking about demand doubling in some areas, and the strategy that we have, the investment regimes and the feasibility studies that you talked about earlier are predicated on the assumption that we need, over time, to be at least doubling the capacity on the Valley lines, and possibly going further than that in some cases. That is what lengthening the platforms and eventually providing longer trains is about.

[325] **Alun Cairns:** The new Act gives the power to establish joint transport authorities and the indication so far is that there are no plans to have them in Wales. What is the Minister's latest thinking in terms of establishing any JTA and in which region would that be?

[326] **Andrew Davies:** While the Act does confer the powers, I have said that there are no plans at this stage to introduce a joint transport authority. If one was to be introduced, for the sake of argument, it is likely that, given the scale of existing traffic and the congestion, it would be in south-east Wales. As I said to the Welsh Local Government Association and its transport spokespeople at a meeting over a year ago, I do not have any plans to introduce a JTA. I would want to be convinced that the voluntary arrangements that we have at the moment have not been successful before I would give any consideration to introducing a JTA.

[327] **Alun Cairns:** That was useful. Should the Minister change his mind on this, may I ask that he brings it to committee so that we can consider it before it is implemented, and potentially have an input into any plans?

[328] **Andrew Davies:** I think that there is a duty to consult in the Act. If I was so minded then the committee and the Assembly, as an institution, would have to be consulted. Anyway, it would require legislation for that to happen, so, once again, there would be a legislative and a pre-legislative process.

[329] **Mr Shaw:** For the committee's information, we should also recognise that as well as powers to establish a JTA, the Bill also gives us the ability to direct two or more local authorities in Wales to enter into arrangements in relation to the discharge of transport functions. In other words, if we feel it necessary, and if we feel that the voluntary arrangements are not working as effectively as we would wish, there is a partial step in that direction. We can direct specific activities to be joined together in that way, without the creation of a full JTA.

12.18 p.m.

Gorchymyn Cychwyn Deddf Trafnidiaeth (Cymru) 2006 The Transport (Wales) Act Commencement Order 2006

[330] **Christine Gwyther:** My brief reading of this Order has not thrown up an indication that it will give the Minister the power to abolish the Assembly or anything like that, but

Members might wish to correct me. Minister, do you want to introduce the paper briefly?

[331] **Andrew Davies:** I hope that the paper is self-explanatory. I am aware of time constraints.

[332] **Christine Gwyther:** Do any Members have any issues with this Order? I see that they do not. Thank you, that was short and sweet.

12.19 p.m.

Cofnodion y Cyfarfodydd Blaenorol
Minutes of the Previous Meetings

[333] **Christine Gwyther:** Are there any comments on the minutes of our previous two meetings or any actions outstanding? I see that there are none. Thank you very much.

Cadarnhawyd cofnodion y cyfarfodydd blaenorol.
The minutes of the previous meetings were ratified.

Daeth y cyfarfod i ben am 12.19 p.m.
The meeting ended at 12.19 p.m.