



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Menter a Dysgu
The Enterprise and Learning Committee**

**Dydd Iau, 13 Ionawr 2011
Thursday, 13 January 2011**

Cynnwys
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

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.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Christine Chapman	Llafur Labour
Jeff Cuthbert	Llafur Labour
Andrew Davies	Llafur Labour
Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Nerys Evans	Plaid Cymru The Party of Wales
Brian Gibbons	Llafur Labour
Gareth Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Chair of the Committee)
Darren Millar	Ceidwadwyr Cymreig Welsh Conservatives
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Leighton Jenkins	Cyfarwyddwr Cynorthwyol—Polisi, CBI Cymru Assistant Director—Policy, CBI Wales
Nick Jones	Comisiynydd Traffig ar gyfer Ardal Draffig Cymru ac Ardal Draffig Gorllewin Canolbarth Lloegr Traffic Commissioner for the Welsh Traffic Area and the West Midland Traffic Area
John Osmond	Cyfarwyddwr, Y Sefydliad Materion Cymreig Director, Institute of Welsh Affairs
David Rosser	Cyfarwyddwr, CBI Cymru Director, CBI Wales

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Dan Collier	Dirprwy Glerc Deputy Clerk
Joanest Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Siân Phipps	Clerc Clerk
Graham Winters	Gwasanaeth Ymchwil yr Aelodau Members' Research Service

Dechreuodd y cyfarfod am 9.30 a.m.
The meeting began at 9.30 a.m.

Cyflwyniad ac Ymddiheuriadau
Introduction and Apologies

[1] **Gareth Jones:** Mae'n 9.30 a.m., ac **Gareth Jones:** It is 9.30 a.m., and therefore

felly'n amser inni ddechrau'r cyfarfod. Estynnaf groeso cynnes i'r cyfarfod hwn o'r Pwyllgor Menter a Dysgu.

time for us to start the meeting. I extend a warm welcome to this meeting of the Enterprise and Learning Committee.

[2] Mae'r cyhoeddiadau arferol i'w gwneud. Mae'r cyfarfod yn ddwyieithog, ac mae clustffonau ar gael i dderbyn gwasanaeth cyfieithu ar y pryd o'r Gymraeg i'r Saesneg ar sianel 1 a chwyddleisio'r sain ar sianel 0. Bydd cofnod o'r cyfan a ddywedir yn gyhoeddus. Atgoffaf bawb i ddiffodd eu ffonau symudol ac unrhyw ddyfais electronig arall. Nid oes angen inni gyffwrdd y meicroffonau yn ystod ein trafodaethau. Nid ydym yn disgwyl ymarfer tân, felly os bydd unrhyw fath o argyfwng, bydd yn rhaid inni adael yr ystafell, ac efallai'r adeilad, o dan gyfarwyddyd y tywysyddion. Nid oes ymddiheuriadau, ac felly nid oes dirprwyo. Dyma'r cyfle i Aelodau ddatgan unrhyw fuddiant. Gan nad oes datganiad, trown at yr eitem nesaf.

There are the usual announcements to be made. The meeting is bilingual; headsets are available to receive the simultaneous translation service from Welsh to English on channel 1, while the sound can be amplified on channel 0. There will be a record of everything that is said publicly. I remind everyone to turn off their mobile phones and any other electronic devices. We do not need to touch the microphones during our discussions. We do not expect a fire drill, so if there some sort of emergency, we will have to leave the room, and possibly the building, under the guidance of the ushers. We have received no apologies this morning, and therefore there are no substitutions. This is the opportunity for Members to make any declarations of interest. Given that there are no such declarations, we will move on to the next item.

9.31 a.m.

Rhaglen Ffyrdd Newydd Llywodraeth Cynulliad Cymru Welsh Assembly Government's New Roads Programme

[3] **Gareth Jones:** Estynnaf groeso cynnes i chi i gyfarfod cyntaf y pwyllgor yn y flwyddyn newydd; dymunaf flwyddyn newydd dda i bob un ohonoch. Bydd ein gwaith yn ystod tymor olaf y trydydd Cynulliad yn cynnwys cyfres o sesiynau craffu yn sgîl adroddiadau blaenorol y pwyllgor, ac mae nifer o'r rheini. Yr wyf yn ddiolchgar i'r pwyllgor am ei holl weithgarwch hyd yma.

Gareth Jones: I extend a warm welcome to you to this first committee meeting of the new year; I wish you all a happy new year. Our work during the final term of the third Assembly will include a series of scrutiny sessions based on previous committee reports, of which there are many. I am grateful to the committee for all of its activity up to now.

[4] Diben ein sesiynau yw dwyn Gweinidogion a Llywodraeth Cymru i gyfrif, a hynny drwy fonitro'r cynnydd a wnaed ers cyhoeddi ein hadroddiadau a'n hargymhellion, gan amlygu unrhyw faterion y byddai unrhyw bwyllgor yn y dyfodol am fynd i'r afael â hwy yn y Cynulliad nesaf. Nid oes gennym unrhyw reolaeth dros hynny o gwbl, wrth gwrs, ond mae nifer o'r materion yr ydym yn ymwneud, ac wedi ymwneud, â hwy yn ddatblygol, a byddai'n dda meddwl y byddai pwyllgor y Cynulliad yn y dyfodol o leiaf yn ystyried yr elfen ddatblygol honno a cheisio adeiladu ar

The purpose of these sessions is to hold Welsh Ministers and Government to account, by monitoring progress made since the publication of our reports and recommendations, and to highlight any issues that any future committee may want to take up in the next Assembly. We have no control over that, of course, but many of the issues that we are, and have, dealt with are evolving, and it would be good to think that a future Assembly committee would at least consider that evolutionary aspect and try to develop some of the work that we have done. However, as I said, we have no direct control

rywfaint o'r gwaith yr ydym wedi ymgymryd ag ef. Fodd bynnag, fel y dywedais, nid oes gennym unrhyw reolaeth dros hynny.

[5] Yn ystod ein cyfarfodydd nesaf, byddwn yn canolbwyntio ar gynlluniau Llywodraeth Cymru ar gyfer y ffyrdd a'r rheilffyrdd. Yn anffodus, cafodd y cyhoeddiadau a addawyd ar y ddau fater hyn eu gohirio ym mis Rhagfyr. Er hynny, mae'n addas bod y pwyllgor hwn yn cynnal trafodaethau â rhanddeiliaid a wahoddwyd ynghylch beth ddylai fod ym mholisiau a rhaglenni newydd y Llywodraeth.

[6] Pleser mawr i mi, felly, ar ran yr Aelodau, yw croesawu Nick Jones, comisiynydd traffig ar gyfer ardal draffig Cymru ac ardal draffig gorllewin canolbarth Lloegr. Diolch i chi, gomisiynydd, am eich tystiolaeth ysgrifenedig; yr ydym wedi cael cyfle i'w darllen. Mae'n adroddiad diddorol iawn, ac yr wyf yn siŵr y bydd cwestiynau ynghylch ei gynnwys. Fel pob cadeirydd da, nid fy lle i yw gofyn y cwestiynau, felly trof at fy nghyd-Aelodau, fel eu bod hwy'n cael cyfle i graffu a gofyn y cwestiynau. Cyn gwneud hynny, gofynnaf i chi, os dymunwch, wneud cyflwyniad byr o ryw bum munud. Byddai hynny'n ddefnyddiol inni, o ystyried eich cefndir a'r math o waith yr ydych yn ymgymryd ag ef. Felly, drosodd i chi.

[7] **Mr Jones:** Thank you for the invitation. I am delighted to have an opportunity to speak to you—I am happy to speak to you whenever you wish. I am unusual in that, of the seven traffic commissioners in Great Britain, I am the only one who has responsibility for two traffic areas: the Welsh traffic area and the west midland traffic area. The west midland area has twice the population of Wales, which, as I point out in my report, puts the Welsh traffic area at some considerable disadvantage with regard to regulation. That has had an effect, and I think that I have written that in the report. What I say in reports is not always popular.

[8] The work of the traffic commissioner is unusual. We are a hybrid body of people, and we sometimes conflict with others. A lot of what I do is judicial in nature. This week, I published a report on a decision on an operator from the Republic of Ireland that wanted to operate in Wales. I have copies of it if you want them. It is a public document about a judicial decision that is appealable. Because I have made the decision, you can look at it; there is no reason why you should not do so. I also contribute to the annual report of the traffic commissioners. They all produce a report for their traffic areas. In my case, I produce separate reports for Wales and the west midlands. My predecessor used to repeat what he had said for Wales and the west midlands and substitute a few words and provide different statistics. I have opted to take a different approach. I would rather talk specifically about Wales in the report's section on Wales. I have also said that it would be very helpful if you were to look at the report on the west midlands as well. I have produced some additional copies of the reports, which the committee clerks have. I did not bring copies for everyone, but it is available on the website and I can produce additional copies if you want them.

[9] Interestingly, traffic commissioners' reports are keenly anticipated by the industries that we regulate—the haulage industry and the bus and coach industry. The reports used to be published in the House of Commons library. They are no longer published, however. In fact, the commissioner for the north-eastern area makes the comment that, after 80 years of publishing reports, they are no longer printed. It was said that that is to save £5,000 in printing costs. In reality, what happens is that we end up making paper copies, which is probably more expensive anyway. A great deal of what we say is uncomfortable, because we are dealing with operators and industry, and, sometimes, as you will see from what I say in the west midlands report, what we say about the civil service is not always welcomed, because we say it as we think it is. That is why, sometimes, we are regarded as being somewhat controversial. We act in a judicial capacity in much of what we do, but we are unusual in that we do not come under the Tribunals Service. That is one of the reasons why conflict sometimes arises.

[10] I also wish to say that I lead nationally, by which I mean across Great Britain, on the issues of limousines and novelty vehicles. Curiously, in south Wales, there have been quite a few issues relating to limousines. There is a separate report on limousines and novelty vehicles in the annual report, which you will find of interest. Given the concerns that you have about safety, I suspect that the report on limousines and novelty vehicles will be particularly relevant, because I point out that there are particular problems with the lack of regulation and the fact that the industry can be a magnet for people who are completely unsavoury and, in many instances, should not be working with children. If you read the report, you will see what my concerns are.

[11] I am happy to answer questions on anything that you might want to ask me about, frankly. As far as statistics are concerned, with regard to the number of operator licences and so on, those are all at the back of the report. However, I would rather spend the time answering your questions.

[12] **Gareth Jones:** Thank you for that, commissioner. The other dimension, as you hinted, is establishing the connection between you and us in the Assembly. That is very important to us as well, and I am pleased that we are at least having this meeting. However, we have questions. I turn to Jenny Randerson for the first of them.

[13] **Jenny Randerson:** Thank you for your introductory remarks. I have a couple of questions, one of which comes straight from your remarks. Can you expand on what you said about limousines and novelty vehicles? I represent Cardiff Central, and it is a considerable issue in my constituency, where we have a large influx of these vehicles. What is your view on the additional work that is needed to improve the situation?

[14] My other question relates to your report. I was delighted to read the very nice things that you said about the support that the Assembly Government has given you in terms of compliance and bus timetables.

9.40 a.m.

[15] In Wales, we often compare ourselves with England to our disadvantage. However, we are clearly well ahead on this and have extremely good compliance because of the additional support that you have received from the Welsh Assembly Government. However, having said all of those nice things, you then state:

[16] 'a note of caution...officers in South Wales are becoming stretched as a result of the number of complaints over poor service and the apparent number of "bus wars" breaking out between rival operators.'

[17] Can you explain that and give us some more details on that?

[18] **Mr Jones:** I know that you have allocated 45 minutes, or an hour, or whatever for questions, so I will cut short my answers or expand as the case may be. I do not want to bore you, but if I am too brief in my answers, just tell me and I will go into more detail.

[19] **Jenny Randerson:** Do not worry, I will ask you a supplementary question if that is the case.

[20] **Gareth Jones:** If you want to convey information, Nick, that you find it difficult or not possible to provide this morning, we would welcome further correspondence.

[21] **Mr Jones:** Thank you. As far as limousines and novelty vehicles are concerned, there is a pretty comprehensive outline in the written report.

[22] **Jenny Randerson:** We have not had a chance to read that.

[23] **Mr Jones:** Have you not?

[24] **Jenny Randerson:** This report came this morning.

[25] **Mr Jones:** The information is there in large part. The problem is not unique to Wales, and frankly, it needs to be addressed by the Westminster Parliament. Unless you have your own separate operator licensing system in Wales, which, in theory, you could have—but that is a completely different ball game—in practice, the issues relating to limousines are Great Britain-wide issues rather than just Welsh issues. As it happens, there is a particular issue in parts of south Wales, but what I refer to is the fact that the law in relation to public service vehicles is so complex that even specialist lawyers have difficulty understanding it. If you speak to officials in the Department for Transport or the Vehicle and Operator Services Agency and ask them to define a particular area of law in relation to public service vehicles they will struggle, because it has been amended for the last 40 years on a piecemeal basis, and it is often contradictory and makes little sense.

[26] The root of the problem in relation to limousines is that there is no such official category of vehicle as a limousine. It is a European-wide issue, because, in Europe, there are categories of vehicles, which will be the car, the minibus, the bus and so on, and limousines and novelty vehicles are a different concept. Therefore, because of European Union law, we cannot create a specific category in terms of a driving licence, which is why the problem has developed. There were only a few some 10 or 15 years ago, but now there are tens of thousands. The actual number is a matter of speculation. Many of them have been run illegally. A senior police officer pointed out that one of the trade magazines promoting limousines had some photographs at Ascot that showed the same registration number on several vehicles, which suggests that there is something dodgy going on. The experiences that I have come across suggest, as I state in the report, that the limousine industry, in some areas—I do not want to tar everyone with the same brush—is a front for organised crime and a means of money-laundering, because it is not regulated.

[27] The smaller vehicles should, in large part, be licensed by local authorities as private hire vehicles. However, the regimes that local authorities have, relating to wanting vehicles to be of a particular colour, whether they are left-hand drive or right-hand drive, and the safety rules that would apply to a private hire vehicle or a taxi that you would use to get from Cardiff station to here, for example, are not really appropriate for limousines. Therefore, there is a need for a new set of rules. There is a lack of clarity. Limousines do not fit properly into the local authority regime or the public service vehicle regime and, as a result, there is now

provision to impound some of the larger vehicles. I am pleased to say that the first ever impounding has taken place in Wales. It is the only impounding that has ever taken place, because the law is so complicated. Even undertaking impounding is difficult.

[28] There are problems relating to drivers, because there are no checks on drivers of passenger carrying vehicles, and when the police undertake checks on those drivers, they find that a worrying proportion are on the sex offenders register. If you are a paedophile and you are taking children in a vehicle—these vehicles are often overloaded, and there is no regulation—then there are obvious risks. There have also been instances of intimidation, because of the nature of the business, and the fact that they are unregulated. It is expensive to run a limousine. You can buy new ones for just under £100,000 plus value added tax, and to convert some of the old Hummers that you see around, in order to make them lawful and comply with the safety rules, would typically cost £15,000 to £18,000. We are talking about large sums, but huge profits are made. I have pointed out that there are options, which would be for the Secretary of State for Transport at Westminster. A special kind of licence could be created. There are operator licences for goods vehicles and public service vehicles, and so a separate category of limousine licences could be created. However, that would be for the Westminster Government.

[29] Another option would be to make traffic commissioners an appeal body for local authorities in relation to private hire vehicles. Another option would be to keep the status quo, but that does not assist effective regulation. Another option would be to overhaul the PSV legislation in general, so that there is clarity. The root cause of the problem is that there is a lack of clarity in the law, and, because of that, the unscrupulous operator can manipulate the situation, and, if they get good legal advice, they can spin out difficulties. Frankly, it is in the ‘too difficult’ category for local authorities, the police and the Vehicle Operator and Services Agency, and because it is in that category and no-one has wanted to grasp the nettle, that has created a problem. If you want to know more, I would invite you to look at what I have said in the written report.

[30] I will move on to the issue relating to bus timetables. Thank you for the kind comments. I made those comments because it is helpful. The Welsh Assembly Government pays for two bus compliance officers—they are not particularly well-paid; they are civil servants, but not at a high level—who check compliance with registered timetables. One of the interesting figures in the annual report is that there were 11 public inquiries on non-compliance with registered timetables in Wales last year. In Scotland there were 19, but it has six compliance officers, so the Scottish Government has put in huge resources. In England, outside of London—which leaves you with a large population—there were 14 public inquiries. That points to the fact that there is virtually no enforcement taking place. In the case of the west midlands, which has twice the population of Wales, enforcement is virtually zero. The research on the west midlands was undertaken by Passenger Focus, which has yet to come across an operator that has even reached 70 per cent compliance with the timetables. The target that we want is 95 per cent compliance. Anyone who does not reach 70 per cent compliance is brought to public inquiry.

[31] So, the level of compliance is better in Wales, but there are still problems. I referred to bus wars; I want to be careful here, because there have been instances, even in the last few months, since the report was printed, when I have been talking to bus operators—sometimes I do it at a non-public venue, because I want the public to have confidence in buses, so that people will make greater use of buses—where rival companies get involved in practices that are not particularly helpful.

9.50 a.m.

[32] Rather than saying something about a particular case that could prevent me from

dealing with something in the future, I will just say that I have noticed within the last few days that the Competition Commission's has published on its website the result of its review of the bus industry, investigating whether there is a monopoly and whether there should be reform. It has published a case study from Cardiff, which makes specific reference to some of the bus wars that are taking place. It is clear that some of the comments featured that had been made to the Competition Commission had not been made to me, although I was aware from a different angle of what had been happening. So, if you are interested in the sort of problems that can occur, you can find a lot more information. This is specific to Cardiff rather than other parts of Wales, but the Competition Commission's website has the bus service market investigation and various case studies from across the country. The study of Cardiff will be of particular interest to you and I think that it will answer your questions.

[33] **Nerys Evans:** Diolch ichi am eich tystiolaeth, sydd wedi bod yn hynod ddiddorol. Yn eich cyflwyniad, bu ichi ddatgan siom, fwy neu lai, eich bod yn cynrychioli dwy ardal sydd mor wahanol. Dywedasoeh ei bod yn anfantais eich bod yn cynrychioli dwy ardal a'i bod yn anghyffredin i un comisiynydd rheoli llwyth gwaith mor fawr. Yr ydych hefyd yn dweud yn eich adroddiad eich bod wedi sôn sawl tro bod y sefyllfa hon yn annerbyniol. A fedrwch esbonio mwy ynglŷn â'r trafodaethau yr ydych wedi eu cael gydag Adran Drafnidiaeth Llywodraeth y Deyrnas Unedig ynglŷn â hyn? Hynny yw, pam yr ydych yn cynrychioli dwy ardal sydd yn wahanol. Fel y bu ichi ddweud, mae Llywodraeth Cymru yn gwneud pethau yn wahanol iawn yng Nghymru. A yw'r Adran Drafnidiaeth yn gwrandao? Beth yw natur y trafodaethau yr ydych yn eu cael? A chredwch y bydd symudiad i gael un comisiynydd yn benodol ar gyfer Cymru? Beth fyddai'r manteision o gael comisiynydd i Gymru?

[34] Yn amlwg, mae gennych rôl gyfreithiol fel comisiynydd ac yr ydych yn atebol i Lywodraeth Llundain. A fedrwch esbonio yn fwy manwl beth yw eich perthynas gyda Llywodraeth Cymru ac, yn benodol, Adran yr Economi a Thrafnidiaeth? Yr ydych yn sôn bod cydnabyddiaeth yng Nghymru o'r manteision o gael rheolydd effeithiol a chryf. A ydych yn cyfarfod yn rheolaidd? Gan nad oes atebolrwydd yng Nghymru, beth yn union yw eich perthynas gyda Llywodraeth Cymru?

[35] **Mr Jones:** As to why I have two traffic areas, traffic commissioners have existed in different forms for about 80 years, and their remits have varied in relation to what they do and what they cover. In the past, I think that they may even—during the Suez crisis, for example—have decided who would get fuel during periods of fuel rationing. That would now be dealt with by local authorities as part of their emergency planning.

Nerys Evans: Thank you for your evidence, which has been extremely interesting. In your submission, you more or less express disappointment that you represent two areas that are so different. You said that it is a disadvantage that you represent two areas and that it is uncommon for one commissioner to have such a large remit. You also say in your report that you have mentioned several times that this situation is unacceptable. Can you explain more about the discussions that you have had with the United Kingdom Department for Transport about this? That is, why you represent two areas that are different. As you said, the Welsh Government does things very differently in Wales. Does the Department for Transport listen? What is the nature of the discussions that you have? Do you believe that there will be movement towards having one specific commissioner for Wales? What would be the advantages of having a commissioner for Wales?

Obviously, you have a legal role as a commissioner and you are accountable to the Government in London. Can you explain in more detail the nature of your relationship with the Welsh Government and, in particular, the Department for the Economy and Transport? You mention that there is recognition in Wales of the benefits of having a strong and effective regulator. Do you meet regularly? As there is no accountability in Wales, what exactly is your relationship with the Welsh Government?

[36] There have been different areas over the years and areas have been merged. Prior to the creation of the National Assembly for Wales, there was a traffic commissioner who was responsible for the west midlands area and south Wales, and another traffic commissioner was responsible for the north-west of England—basically, the Manchester area—and north Wales. When the Assembly was created, the decision was made that Wales should be a single area. However, soon afterwards, the decision was made to close the office in Cardiff to save money. Cardiff had previously had its own office, and the traffic commissioner was therefore travelling between two offices. This was at least 10 years ago, but it appears that this, in large part, was done because of a worry about how someone with responsibility for two different areas could work in two different offices. I think that it was a matter of saving money, frankly. I understand that. I must be careful because, when I applied for the position of traffic commissioner, I said that I would accept the position of traffic commissioner for Wales and west midlands, which are two distinct areas. At the end of the day, it is a matter for Government and the civil service to decide on how many traffic commissioners there will be. My predecessors have spelt out in annual reports the problems of servicing Wales from England, but I am more blunt and plain speaking—if you are too subtle, it does not have much effect. Therefore, I would rather say things as they are, but I would be hope to be proportionate in what I say.

[37] Frankly, it is for others to decide how many traffic commissioners there are, but the money for funding traffic commissioners comes from industry. It is ultimately the taxpayers' money, but it does not come directly from taxpayers—it comes from the operator licensing fees for heavy goods vehicles and passenger carrying vehicles—in fact, there is a surplus that goes to VOSA for some of its enforcement activities. However, because of a reduction due to the recession, VOSA has got into some financial difficulties and reduced its staff numbers, as has the whole of the public sector. I made a reference in my report to a 10 per cent reduction in staff numbers over a period of time.

[38] I do not anticipate that there will be more full-time commissioners. I know that there is some talk about reducing the number of commissioners, but it is not a decision within my gift. It is, ultimately, a political decision. In theory, you could create your own operator licensing system but you would have to pay for it, so that is why it is a political decision.

[39] **Gareth Jones:** Before you move on, Nerys has a question.

[40] **Nerys Evans:** You mentioned the criticism of the set-up in your annual report. Is there a discussion with the civil service in Westminster or Whitehall about it? You have highlighted a deficiency in the system, but has the civil service come back to ask you what it can do about it, or is it just a case of 'annual report on the shelf, move on'?

[41] **Mr Jones:** I must be careful what I say here. I will quote what the traffic commissioner for north-east England says about publishing annual reports, which might, in part, answer the issue of publication.

[42] 'It is with regret that I have to record that the annual report for traffic commissioners was not printed last year, nor was a copy placed in the library of the House of Commons, nor the library of the House of Lords. This is a break in precedent which has been established since 1930. This strikes me personally as lacking the transparency which all traffic commissioners have endeavoured to achieve in performing their role to the best of their abilities. It is hoped that this retrograde step will not be continued and there will be full disclosure and publication of the unabridged annual reports in the future.'

[43] You have to find the annual reports on the Department for Transport website—we do not even have our own website. Those in the trade press know where they are because they

seek them out. The annual reports are usually published quite a long time after—this report was only published a few weeks ago, and this is the annual report for 2009-10, so they are published quite late. There has been a response, which is about a page long, but that is to cover the totality of the annual reports. The response effectively said three things: one, thank you for the helpful comments that you made, which are noted; two, on the question of bus reliability, a decision has been made—which we knew nothing about, so we were surprised at this—that, as far as timetable compliance is concerned, there will be a change to the strategy, so rather than having enforcement, they will be looking to education, so there will be less enforcement activities. As it is the only enforcement body, it is an interesting comment, and it is unfortunate that the traffic commissioners who deal with this were not informed. As I pointed out in my report, there is clear, tangible evidence that, if you do not have enforcement, as in the west midlands—for which I am responsible—you will not get reliable bus services. My colleague in the western area covers the Scilly isles to Gloucestershire, where they had two enforcement officers but now only have one. How are they expected to do the job properly?

10.00 a.m.

[44] **Gareth Jones:** Before you move on to the second aspect of the relationship between you and the Welsh Assembly Government, which I think was Nerys's question, did you want to come in on this first part, Andrew?

[45] **Mr Jones:** May I just finish the answer in relation to the response?

[46] **Gareth Jones:** By all means.

[47] **Mr Jones:** The response said three things: first, it said 'Thank you for what you have said'; secondly, 'As far as bus timetable compliance is concerned, we are going to be moving to education rather than enforcement'; and, third, it was a pity that I made the comments that I made about limousines and novelty vehicles, because they did not think that it was part of my role to do that. I have discussed it with fellow traffic commissioners, because we thought that it was part of my role as a regulator. I should not lobby anywhere, because that is not the role of a regulator, but the role of a regulator is to point out an issue if there is one—and I pointed out options, which include maintaining the status quo, or legislation. So, I think that it is part of the role. You asked about a detailed response, and if you read what the others say, you will see that the biggest responses come from the debate in the trade press.

[48] **Andrew Davies:** I was taken with what you said about your comments upsetting civil servants, because I know how you feel. On the issue of governance, or constitutional matters, a long-standing campaign has been undertaken by the former Transport and General Workers Union for a separate traffic commission in Wales, and it represents all the bus drivers in the industry. In Scotland, there is a separate traffic commission. Is that appointment made by the Secretary of State for Transport, or is the appointment undertaken jointly with the Scottish Government? To whom does the commissioner in Scotland report?

[49] **Mr Jones:** The Traffic Commissioner for Scotland is appointed by the Secretary of State for Transport. So, there is no difference. There is a slight difference in jurisdiction, in that, as well as the jurisdiction that I have in relation to drivers and particular industries, she deals with appeals from local authorities in relation to taxi fares, which, in England and Wales, go to local authorities—in fact, that seems logical. She also appoints parking adjudicators, whereas in England—I am not sure about Wales—they are appointed by the Judicial Appointments Commission. So, there is a slightly different jurisdiction. The issue about the funding is that the Scottish Government provides a subsidy for bus compliance officers, as do you, but I think that it provides more. That is because of the geography and population of Scotland.

[50] **Andrew Davies:** You call for a separate traffic commissioner for Wales, as have others. Could you give an idea of the staffing implications? Presumably, you would have to set up a separate office in Wales, in Cardiff or wherever. What would be the cost implications of that?

[51] **Mr Jones:** It depends on what you did and how you went about it. I have been in discussions with officers of the Welsh Assembly Government, because Members have asked officers to investigate that. It depends on whether the licensing function will be retained in Leeds. It is a centralised function, and I have made the comment that, if you ever thought about having a separate office in Wales, it does not make economic sense to have your own centralised function, because that can be dealt with in Leeds, in the same way as Leeds manages Scotland, Eastbourne and all parts of Great Britain. However, you would want a small compliance team. So, if you did have an office, as I have commented before, you would possibly need two clerks, and I have said before that I would like to have a Welsh-speaking clerk. The clerks who come to Wales—I am not trying to be disparaging—sometimes make jokes about the fact that, when they try to pronounce Welsh place names, they do so in broad Brummie accents, and it can be amusing. However, it can be disrespectful, and it does cause me concern.

[52] As for numbers, it would need a line manager and maybe a team leader. There is an issue about critical mass, but there would not be more than four or five. There are other functions undertaken elsewhere that could also be carried out in Wales. One specific matter that I know is being put forward by one of the industries to be dealt with in Wales—on which there might be minimal if any costs but some tangible benefits—is that of bus registrations. At the moment, the registration of bus services is dealt with in Leeds. It is dealt with mechanically. They have 3.4 staff for the whole of England and Wales, minus London. Scotland has its own bus registration system—that is different, and it is funded by the Scottish Government; I should have said that earlier. So, 3.4 staff, at a relatively junior level, deal with all bus registrations for the whole of England and Wales outside London, and that includes all the variations and short notice variations. I think that the number of registrations in Wales at any one time is just under 1,900. That is a lot of numbers. So, when it comes to quality issues, there are concerns.

[53] Some of the operators have suggested that that could be done in Wales. A Measure would be required as the law would need to be changed. If you did it, there would probably be nil cost, because, at the moment, you have Traveline Cymru, which gives information. Traveline in England complies with the law and does no more. It provides a very basic service, and most people do not even know what it does. There is a statute, and people do the bare minimum, because there is no funding. You provide a subsidy for Traveline in Wales, so it provides a far more comprehensive service, but, because it needs to have up-to-date information to put on its website, it is probable that, if you have the legal responsibility to enable you to deal with bus registrations and you delegated that to Traveline—I assume that they are your employees—

[54] **Andrew Davies:** The Assembly Government employs them.

[55] **Mr Jones:** In that case, there would probably be nil or negligible cost in terms of staff time. So, that is an example of something that could happen. I have mentioned that to officers in the Department for Transport, because it is something that has been raised with me by a number of people. When I have attended industry events this year—as part of my role as traffic commissioner, I attend events at which I talk to bus operators—they have commented that they would find that useful. So, they suggest that bringing that into Wales so that it would be dealt with in Wales would improve the quality of the service. If they had to lose a member of staff in Leeds, because of the critical mass there, it would probably be half a member of

staff, so it would not be a major concern there. So, that is a specific matter, and I know that there are officers and operators who think that that would provide a tangible benefit. Again, that is not my decision. It is for someone else to comment on and progress. It is merely being put to me, so, you having asked me the question, I am responding to say that, yes, I have heard that and I cannot see a problem with it. I acknowledge that that might produce some benefit.

[56] In my response to the Competition Commission—my full response is available on the Competition Commission website—I comment that I sometimes fail to understand why it is that bus services are registered with the traffic commissioners in the first place. There is a case across England as well for asking why it should be dealt with by the traffic commissioner. I do not see it; it is dealt with by staff in Leeds, and there are other bodies that may have a particular interest in ensuring that the registrations are correct. Politicians on local councils in particular clearly have a great interest in buses running to timetable and in the quality of the registrations. The complaints that I get are often from local councillors, as well as Assembly Members, about problems with the buses.

[57] **Andrew Davies:** Chair, it strikes me as slightly anomalous—I declare an interest as a former Minister for transport who negotiated the Transport (Wales) Act 2006, increasing powers for the Assembly Government—that that policy will increasingly diverge from the UK Government of whatever political persuasion. That may be something that we will want to explore in future.

10.10 a.m.

[58] **Gareth Jones:** Commissioner, our problem is time. We have around 20 minutes. We want to move on to the second part of Nerys's question, but there are five other questions. Therefore, I also appeal to Members to be brief. This is a wide agenda and it is important to us, with it being the first meeting and so on, but I ask you to be mindful of time. I now invite you to respond to Nerys's question on your relationship with the Welsh Assembly Government.

[59] **Mr Jones:** The officers and the Welsh Assembly Government are very constructive and always supportive. There is no legal duty for them to do anything for me, but they just try to be helpful to the people of Wales. Officers have said that, at one stage, there was all-party support for an office for the traffic commissioner and for funding for that. I have been told that there was all-party support for that. I attended a meeting where that was discussed with the Department for Transport, VOSA and Welsh Assembly Government officers. VOSA indicated that even if you were to fund it 100 per cent, it still had the right to say 'no', because it currently has the duty to provide the service. Given the financial problems that have occurred over the last year or so, I have recognised that it would be difficult. I have made the point to a number of people that if you were to open an office and then have to close it and make people redundant two years later because of financial constraints, I would rather that you did not open it in the first place. I have made that point and there has been complete support, but I recognise that there are other issues that you will have to prioritise.

[60] **Brian Gibbons:** I do not know whether you are aware of the Proposed Safety on Learner Transport (Wales) Measure that relates to school buses in Wales. One of the proposals is that VOSA could undertake the role of supervising the safety dimensions. Do you have a view as to the suitability of VOSA undertaking that work?

[61] Secondly, you mentioned lorry drivers. Anecdotal concerns have been raised with me from time to time about lorry drivers, particularly in Pembroke and Fishguard, who are non-UK nationals or non-Irish nationals, and the very poor conditions in which they live and exist. Is there evidence that that affects the performance of those long-distance lorry drivers on the

M4 and so on?

[62] Would you like to make any comments as to whether there is a case for looking at the desirability of moving from the present operator-led approach to providing bus routes in Wales? The bus route is going to happen; it will be dictated very much by the operator in the market. I know that there is a traffic subsidy by local authorities, but that is pretty much the exception. Do you think that there would be merit in having a more regulated and planned system?

[63] **Christine Chapman:** Chair, could I come in on the back of one of the questions because it might help with time?

[64] **Gareth Jones:** That is fine. Thank you, Christine.

[65] **Christine Chapman:** Thank you for coming today, Nick. My question is about heavy goods vehicle operators. We have taken evidence, particularly in our report on casualty reduction and trunk road management, which was published last year, that there are concerns that, with the recession, companies are cutting corners. What are your views on that? Do you believe that that is happening? Is there evidence of HGV operators seeking to reduce costs and putting safety at risk? That is my question on the back of Brian's question.

[66] **Mr Jones:** I will be brief in my answers, in view of the comment that you made earlier.

[67] **Gareth Jones:** Thank you.

[68] **Mr Jones:** The first question related to the proposed Measure for those attending education establishments. VOSA is the ideal organisation to undertake any work in relation to mechanical matters, safety and so on. If the measures are going to be over and above those that exist in England, have you discussed that with VOSA? I suspect that it does not know, because the number of staff at VOSA has been reduced. Thirty years ago, police officers used to do all of the enforcement, but then the Vehicle Inspectorate was created, which has now become VOSA. There are fewer members of staff and when VOSA had a number of redundancies, it lost quite a few of the vehicle and traffic examiners. It is now undergoing another trawl to lose staff, because of budget cuts. So, if VOSA is going to do this work, that is fine, but does it know that it is going to do it?

[69] At one stage, I was told that if there is civil action and an appeal, I might be the appeal body. I have commented on the way that the proposed Measure is worded, and that I may not be the appropriate body; although I would be happy to do it, you might need to change the wording in the proposed Measure, which is something for the lawyers. In theory, VOSA would be ideal for undertaking any enforcement actions in relation to the safety of learner transport. Whether you would need to provide a subsidy for it, in the same way as you provide a compliance subsidy for bus operators—

[70] **Brian Gibbons:** I think that it is the expectation that there would be a resource.

[71] **Mr Jones:** What VOSA does, it does very well. If I am critical, it is because of the lack of resources. What it does, it does very well.

[72] There are concerns about lorry drivers, but I regulate only UK drivers. I was sitting in Birmingham yesterday and I revoked the licences of a couple of drivers and disqualified them for two years because they had done things that were unacceptable. Clearly, you look at each case on its own merits, and I can take proportionate action against vocational drivers who drive PSVs and goods vehicles. However, I am a regulator only in Great Britain; I do not have

any powers in relation to non-UK drivers.

[73] **Brian Gibbons:** Can you clarify that? Most of the vehicles that travel along the M4 from Ireland are owned by either Irish or British companies. So, do you have any powers if those companies employ eastern European drivers, as many of them do, or used to do anyway?

[74] **Mr Jones:** If a British company employs drivers who commit offences, then, yes, I do have powers, because they should not be employing them. There is some good news, in that the graduated fixed penalty scheme was introduced in May last year, which has, for the first time, meant that real action can be taken against non-UK drivers. We have always been able to prosecute, but, as I have worked in courts all my life, or been a prosecutor all my life, I know that that is expensive, difficult and time-consuming, and when you think of the numbers of offences, prosecution is only reserved for the most serious cases that would hit the national newspapers. So, people have basically got away with it, and because there has been no enforcement, there has been no incentive to comply with the rules. There is now a system of graduated fixed penalties that the driver has to pay, and there is also provision to immobilise vehicles, which also applies when drivers do not comply with the rules on drivers' hours. One of the questions that you asked related to whether it affects safety and whether there are issues; the answer is very much a 'yes'.

[75] **Christine Chapman:** Is that particularly the case in the recession?

[76] **Mr Jones:** Yes, there is concern in the recession. I have had instances where companies have been trading having already gone into liquidation, and I have been disqualifying them as directors from holding an operator's licence. I have been involved in liaising with the Insolvency Service, because it may make a decision to disqualify them as directors in other ways as well.

[77] A limited amount of enforcement and activity is taking place, which is one of the reasons why VOSA tries to target the operator that it knows has a bad compliance rate. I always seem to have negative comments about VOSA, but that is a positive. For example, if an operator has a high MOT failure rate, then it is more likely to target that particular type of vehicle. Good regulations should mean that you leave the good operator alone and hassle the bad operator. The same goes for drivers—the problematic drivers should be dealt with, and the good drivers encouraged, because they do a tremendous amount of good work.

10.20 a.m.

[78] **Brian Gibbons:** Do you have any powers that can be used against European Union haulage companies or drivers, particularly Irish ones? I am sure that the Chair knows of similar issues along the A55 to those along the M4.

[79] **Mr Jones:** The answer is that I do not have such powers, but, as the result of an EU directive, there is now a provision whereby VOSA will pass on information to other EU countries when there has been a prohibition. So, there is now better communication than used to be the case. Some three years ago, at a traffic commissioner meeting, we had a visit from representatives of a newly established equivalent of VOSA in Romania who were on a fact-finding exercise, because they wanted to set up something similar. There is communication where it did not exist in the past, but we are talking about different standards.

[80] I have several copies of a report relating to NRT Logistics Limited, which is the Great Britain arm of Nolan Transport, of which you may have heard. I made a decision and I made specific comments. There is an issue because the standards in this country are better. I want to read a paragraph from it, because it is not a controversial paragraph:

[81] 'statistics on the ratio of road deaths in GB as a percentage of the population is less than other countries.'

[82] Despite the problems that I have identified, road deaths as a percentage of the population are less than in any other western country. The reason is not a coincidence. We would say, as traffic commissioners, that it is because we regulate. The biggest support that I get is from the haulage industry. You might think that the industry would be against traffic commissioners and would not like what we do, but the good operators give us every support possible because it helps create a level playing field. The people who cheat kill people and they also make it financially difficult for the others to work. So, the reasons we have fewer road deaths are:

[83] 'First the establishment of the traffic commissioners as an independent specialist tribunal'.

[84] Secondly, VOSA works as a specialist enforcement agency that targets, and that is important. Thirdly, a lot of good work is done by the trade associations in terms of education. Fourthly, there are organisations such as the charity Brake, which is made up of and largely funded by the relatives of people who have been killed as a result of road accidents, and it does an awful lot of good work on raising awareness.

[85] To put matters into perspective, compared with other countries, we are better, but there are instances of operators from Ireland applying for licences in Great Britain because of the enforcement of the cabotage rules. Irish operators are not able to operate in Great Britain other than to drop off x number of loads. Those rules are set on a European Economic Committee basis. In the past, they breached the rules at will and there was a lot of anxiety from the trade associations and profits were lost. That is one of the reasons why fixed penalties for breaching the cabotage rules are important. I will leave several copies of this decision with you, if I may, because you might find it of interest. I am not sure whether I answered all your questions.

[86] **Brian Gibbons:** There was another one, but other colleagues may want to ask other questions.

[87] **Gareth Jones:** That is very kind of you, Brian. I call Darren Millar.

[88] **Darren Millar:** I have a brief question in relation to a number of the things that you have raised today on the enforcement aspects. Is there a regional variation between north and south Wales in terms of compliance? If so, you mentioned earlier that two officers are based in Wales in terms of bus services. Does one oversee north Wales and, if so, what proportion of time are they able to give to activities in north Wales? You may not be able to answer that.

[89] **Mr Jones:** There are three bus compliance officers. One is funded by the Department for Transport and two are subsidised by the Welsh Assembly Government. Between them, they cover the whole of Wales and they will help each other out. I think that there is an officer based in Wrexham who covers north Wales. There is more of an issue in south Wales, because more bus wars are breaking out. On bus timetable compliance, curiously, the topography of north Wales is such that you could find good reasons for buses not running to time, but even buses going over Snowdonia have been running to time, and I have written letters of congratulation to those operators, because that is great. Do not misunderstand me; there are operators who fail, and sometimes they need a gentle nudge. I seek to act proportionately; it is not a matter of clobbering everyone who gets it wrong. The bus compliance officers are well known and respected because they work on a local basis, and the operators understand and welcome their advice. They try to spread good practice—they were

involved at a recent seminar that I held. There is also some good work by Bus Users Cymru in raising standards. I was involved in some seminars held a few months ago in Llandudno, Aberystwyth and Bridgend to bring all operators together to talk about quality of service rather than mechanical issues.

[90] **Darren Millar:** There is no evidence, though, that the situation in north Wales is any worse than in south Wales, or that the situation for rural areas is significantly different to that for urban areas, is there?

[91] **Mr Jones:** In terms of bus timetable compliance, no. I emphasise that because I have said—it was in last year's annual report, which you can find on the website—that there were parts of rural Wales where standards were lower. I recall an instance in which I indicated that, if the operator had been in England, the licence would have been revoked. At one stage, there was one vehicle examiner for a large swathe of mid Wales; it is not just how many square miles you have, as there are also some hilly bits, to put it crudely, which make it difficult to get from A to B. VOSA will target the difficult areas, because you cannot just compare population, or geography. For example, the A55 carries a large part of the traffic going to the Republic of Ireland, and, statistically, a significant proportion of the non-UK operators are in breach of the rules relating to safety, such as those for overloading and drivers' hours. If you are tired, you will kill people. The police told me of one instance in which a driver fell asleep on a dual carriageway; that was over a year ago. There have been some horror stories. There are instances of drivers ringing up the police to say, 'Please stop me. I am so tired, but if I take a break, I get sacked'—that is illegal, of course. They drive from one end of Europe to, say, Dublin, and the only time they are allowed to take a break is on the ferry from Calais to Dover, or wherever.

[92] So, there is a problem. The graduated fixed penalties have assisted there, because there is now some form of penalty, and vehicles are immobilised as part of that. You cannot say that there is not a lot of activity in north Wales; there is. It is not just the A55 corridor; it is the M4 corridor as well. In terms of prioritisation, if you are talking about saving lives, there are a lot of problems. However, the comment that I have made is that there is a large area in between where there are not many people, but they need the same standards.

[93] **Gareth Jones:** Going back to Brian's unanswered question, relating to what you referred to in response to Darren, although we are good with the timetabling and so on, Brian's point was about the availability of bus routes.

[94] **Mr Jones:** I am sorry if I did not answer that.

[95] **Gareth Jones:** There will be people in rural communities where there are no buses available. Should there be bus routes? That is the key question.

[96] **Brian Gibbons:** That could even happen in urban areas.

[97] **Mr Jones:** I did not answer the question. It is not part of my role to question whether a bus route is appropriate, or whether it should extend to a particular area. I get letters, and Christine Chapman has written to me in the past to express concern about areas where there has been variation in timetables, which meant that particular villages or hamlets were getting left out. I have no role there. That is not part of my remit. It is part of the deregulated service that we have. There is a duty to register a service, and I can then say, 'If you are registering a service, you have to run to time'. However, only the local authority can have an effect on that, asking 'Will you run a service through this or that village?' and, if necessary, it will provide a subsidy. So, local authorities can assist by providing subsidised services. However, I would point out that, in terms of the picture across the UK, because of the cuts, local authorities are under greater pressure. In the seminars that I held for operators over the summer, I pointed

out that, although I am not in the know at all, it is inevitable that there will be less money, rather than more, for subsidies, and less money for local authorities. Therefore, I hope that the operators are sensible about the services that they run. In fairness, in Wales, many of the operators would say that running bus services is in the blood and they see themselves as being part of the local community and are passionate about it. They are not just there for the profits. Some of them genuinely believe in it; it is an industry that they love, and it has been in the family for generations. They may run a very small bus operation, but they try to serve the local community, and they do an excellent job.

10.30 a.m.

[98] **Gareth Jones:** There is a final question from Jeff.

[99] **Jeff Cuthbert:** I would like to ask a very quick question about community transport, particularly bus and coach companies that run services that are focused on the needs of disabled people. Do you have an input there, or is it just part of your overall brief?

[100] **Mr Jones:** The input is virtually nil, because the community transport sector is not, by its very nature, part of the commercial sector. A wide number of people can issue permits for community transport, including local authorities, the guides, boy scouts, and so on. Despite the Local Transport Act 2008, we still do not know how many permits there are, because a large number of people issue permits. When the traffic commissioner whose area covers Leeds said, as an experiment, that he would not allow his office to issue permits—because traffic commissioners also issue permits—unless those applying for them attended a seminar to learn about the responsibilities of running a safe operation, most did not bother to turn up, saying that they would go elsewhere to get a permit. So, they can get a permit somewhere, put it on a vehicle, and run a service.

[101] The Community Transport Association does a lot of good work. I attended the annual conference in Swansea a few weeks ago. Some there commented that it would surely be better if the CTA alone were to issue community transport permits. It works closely with local authorities, so I would have no problem at all with that. I can see the logic in that. There is a problem where both charities and traffic commissioners issue permits. As I mentioned in my annual report of two years ago, I have never had a referral by any member of staff about a community transport matter. We are about to have the first public inquiry in the north-west of England on a community transport matter. It is the first one ever to be held. That shows that the regulation is virtually nil.

[102] The Government's response is that, if there is not a problem, do not fix it. When dealing with the voluntary sector in particular, the view is that we do not want to create a burden. My view is that it is a matter of balance. There have been problems in that, sometimes, there have been tendering exercises that have not, it has been suggested, been put properly by local authorities so that they exclude the commercial sector unfairly. However, there are concerns that some of the bodies that can issue permits perhaps do not have the skills to do so. The Community Transport Association certainly does have the skills, and it probably has greater skills and more specific knowledge than traffic commissioners. It would not be a problem if someone were to take the jurisdiction away from me, because it does not take any of my time. It takes up very little staff time in Leeds, but the law as it is set out now allows a very wide range of bodies to issue these permits. It does create tension within the industry, but there is no appetite within the Westminster Government to change that, because it wants less regulation and not more. I am not sure if I have answered your question.

[103] **Jeff Cuthbert:** Yes, you have answered my question; thank you.

[104] **Gareth Jones:** On that note, commissioner, on behalf of the Members, I thank you. I

apologise that we have been rather late in inviting you to our evidence sessions, but I am sure that Members would agree that this has been a very interesting and informative session. In that respect, let us convey our thanks to Christine Chapman, who recommended that we invite you along to one of our sessions—it has been very useful. It has been very comprehensive in terms of coverage of what is a changing area, as we have seen, and there are challenges ahead. Whoever will be here may find themselves welcoming you sometime in the future as the commissioner for Wales; who knows? We are grateful to you—it has been a very interesting session, and we wish you all the very best in the very important work that you are undertaking. Diolch yn fawr.

[105] **Mr Jones:** Thank you. I will leave information about a couple of these decisions, as I think that you might be interested in that. I am happy to attend at any time in the future.

[106] **Gareth Jones:** Thank you.

[107] Symudwn ymlaen yn awr i ail ran yr eitem ar raglen ffyrdd newydd Llywodraeth Cynulliad Cymru. Mae'n bleser mawr gennyf ar ran yr Aelodau groesawu David Rosser, cyfarwyddwr CBI Cymru, a Leighton Jenkins, cyfarwyddwr cynorthwyol—polisi CBI Cymru. Yr wyf yn falch eich bod yn ymuno â ni; edrychwn ymlaen at eich cyfraniad. Yr ydym hefyd yn estyn croeso cynnes i John Osmond, cyfarwyddwr y Sefydliad Materion Cymreig. Yr ydym hefyd yn diolch i chi, John, am eich tystiolaeth ysgrifenedig, yr ydym wedi cael cyfle i'w darllen a'i dosbarthu eisoes.

We will now move on to the second part of the item on the Welsh Assembly Government's new road programme. It is my great pleasure on behalf of Members to welcome David Rosser, director of CBI Wales, and Leighton Jenkins, assistant director—policy, CBI Wales. I am pleased that you are joining us; we look forward to your contribution. We also extend a warm welcome to John Osmond, director of the Institute of Welsh Affairs. We also thank you, John, for your written evidence, which we have had an opportunity to read and circulate.

[108] Cyn belled ag y mae'r rhan hon o'r sesiwn yn y cwestiwn, fe'ch gwahoddaf i wneud cyflwyniad o ryw dri munud yr un, a chawn gyfle wedyn i droi at yr Aelodau i ofyn am gwestiynau. Dechreuwn gyda CBI Cymru, gyda chyflwyniad byr gan David. Trown wedyn at John am yr un math o gyflwyniad.

As far as this part of the session is concerned, I invite you to make a presentation of about three minutes each, after which we will have an opportunity to turn to Members to ask questions. We will begin with CBI Wales and a brief presentation from David. We will then turn to John for the same type of presentation.

[109] **Mr Rosser:** I will be very brief. Transport continues to be towards the top of the list of any priorities whenever businesses are asked about the key issues for them. That is certainly the case in Wales. We are delighted that the committee is taking an interest in transport issues widely and road transport in particular. For most parts of Wales, road transport—whether it is public or private transport—remains the predominant mode of moving people and goods around. The CBI and other business organisations are very keen that we continue to invest in various ways of maintaining and enhancing Wales's transport system as a key underpinning of our economic future.

10.40 a.m.

[110] **Mr Osmond:** Over the years, the institute has had a very specific interest in the road network, and that is detailed in the paper, which I hope that you have had an opportunity to look at. Basically, at the start of the Assembly in 1998-99, we commissioned a study of north-south routes, which I refer to in the paper. It came up with what we thought was an innovative

and cost-effective way—although it was not rocket science—of improving that route. The main problem with our road system in rural Wales, as you all know, is that there are relatively few passing places, and people get stuck behind vehicles such as tractors, and caravans in the summer. We all know about the problem. It is not just a matter of slowing up the journeys and that being frustrating and so on; it is a real question of safety, because people get tempted to overtake when they should not, and we know of the consequences of that. That is a major factor in this proposal.

[111] Unfortunately, our ideas were not taken up at the time. If they had been, and if there had been a consistent approach over the past decade, we could be a lot further forward than we are now. It would also have been cheaper, because things have got more expensive as time has gone on. Now is the time, even at a time of economic difficulty in terms of budgets, to take a strategic look at this matter in the longer term, by planning for five, 10 and 15 years' time, when, hopefully, budgets will become freed up. We should plan now to engage with a project of this kind. Building roads takes ages, but if we were to put in place an intention to do something, that is, to have a strategic look at the internal road network and to plan for that, then, when money becomes available later, as it will, hopefully, there will be an opportunity to have a strategic approach of the kind that I am advocating.

[112] **Gareth Jones:** I thank both organisations for that. We are mindful of the fact that we are coming to the end of the third Assembly, and we are disappointed that we do not have what had been promised, namely the road programme, for us to peruse in our meeting today. However, we are where we are. It is important for me to share with you that it is the intention of the committee to draw up some kind of legacy report. A lot of our work is developmental, as you know, and you have just mentioned what lies ahead. I would like you to feel that your contribution and the ideas that you will share with us this morning will feed into that legacy report, so that whoever comes along in May will have to look at those areas of development and compare them with the road programme that will, hopefully, have been introduced by then, and will be able to hold the Government to account. That is the essence of what we are doing today. I am sure that I speak on behalf of all Members here in saying that we value your attendance, and we look forward to your contribution in that way. It is not for me to ask the questions, so I now turn to Paul Davies for the first question.

[113] **Paul Davies:** In your view, how successful has the Welsh Assembly Government been in delivering its commitment to improving major road links between different parts of Wales over the past few years? Secondly, do you think that the Welsh Assembly Government's current strategies for the future are sufficient, and are they concentrating their limited resources in the right places? Finally, in your view, are the Assembly Government's plans the right ones in order to deliver the economic renewal programme?

[114] **Mr Rosser:** That is the first hour taken up. You are right that the Assembly Government's emphasis is on improving connections between different parts of Wales, and some progress is being made on that. Road schemes take a long time to deliver, but one can find the traffic lights and see the improvements that are happening as one drives through Wales. We were quite concerned and disappointed, or underwhelmed, when we saw the transport commitments in 'One Wales', because they did not seem to make any reference to connecting Wales to the outside world. It was entirely focused on connecting up different parts of Wales. We understand the reasons for doing that, and we would support the need to improve connectivity within Wales, but we feel that, for Wales's overall economic growth, connecting us effectively to the outside world, to the markets that our businesses need to serve if they are to grow and create wealth, is crucial.

[115] Undoubtedly, there is an issue of resources. The IWA report is excellent; it comes up with some sensible solutions to the problems within Wales. It is a question of prioritisation. Our view is that ensuring that the A55 corridor integrates seamlessly with the motorway

network in north-west England and that we continue to invest in the M4 in south Wales—I would not even say to maintain its fitness for purpose, but to achieve fitness for purpose—are the bigger issues for us in terms of the road network if our aim is to maximise economic benefit from investment in the network. That is with regard to strategic roads. Clearly, there are other issues to do with commuting within Wales, achieving a better spread of wealth and the Cardiff effect and so on. So, although we recognise that there is delivery against the Assembly Government’s current agenda, the agenda is not quite what we would wish to see for economic growth.

[116] **Paul Davies:** What about the future? Do you think that the plans that are in place will deliver the economic renewal programme?

[117] **Mr Rosser:** The current plans seem to be focused on connecting up bits of Wales, as I said, and not on connecting Wales to the outside world. We think that that needs to be rebalanced. We are particularly concerned about the decision not to proceed with the new M4 south of Newport. We think that that is a mistake, and we very much hope that plan B, the package of measures that is now being implemented, achieves the desired effect. We very much hope that that will be the case. There is a bigger question there to do with Wales’s ability to afford big ticket infrastructure projects under the current devolution and financing settlements. It is crucial that the route for the M4 to the south of Newport is protected for potential future implementation, should plan B prove not to be as effective as the Welsh Assembly Government and we hope that it will be. We know that that is up for review at the moment, and it would be a big problem if that route were lost.

[118] **Mr Osmond:** I would say two things about the M4. The Welsh Government’s decision on that was the right one, so I would differ on that. However, this needs to go hand-in-hand with a determined view to focus on rail. That is the really important issue for Wales so far as the next few decades are concerned—to get electrification through into south Wales and then to improve the network, particularly on the Valleys lines. The institute is going to produce a report within a few weeks making the case for a metro for south-east Wales. The case has been made before, but we are reiterating that case. We believe electrification and focusing on rail to be the priorities in terms of links, particularly from south-east Wales to the rest of the UK.

[119] With regard to the focus of my written evidence and my views on what has been done in the past term in relation to that, it is a mixed bag. Some improvements have been made, particularly to the A470. Anyone who drives now from Betws-y-Coed, for example, to Blaenau Ffestiniog will know that there is a huge improvement there. There is an improvement currently taking place between Builth Wells and Rhayader, which is another very difficult part of that route.

10.50 a.m.

[120] I am afraid to say that an opportunity has not been taken in the last four years to determine to take a strategic view along the line that is being pressed for here. I refer you to the map on page 7 of the report and the ‘figure eight’, which is the crucial road infrastructure. It is the internal infrastructure. If it was announced that, over time, we intend to do something along the line that is advocated here, it would make a very big psychological difference—such as giving that kind of figure eight route an identity in terms of signage and so on. It is not something that we can do all at once, but we might say what we want to achieve in the next 20 or 30 years, and have that as a goal. However, I think that the Government is held back by the civil service. There is reluctance in civil service thinking to have this kind of imaginative and bold visionary approach. It is kind of hardwired against that kind of attitude. If this place is to make any difference, it is a matter for the political leadership to have that kind of vision in this and other areas. This is one area where it can actually do something of

that kind, which is what I am arguing for. At the end of the day, it is up to the politicians to grab the civil servants by the collar and say, 'That is what we are going to do'. Unfortunately, we have not seen that kind of leadership in the Assembly yet. As you know, I am probably the most passionate advocate for our National Assembly. It has been my life's project, in a sense, ever since I was a young person, but I want to see some real political leadership, which is what we need, to take a visionary approach to this kind of thing.

[121] **Gareth Jones:** In that vein, still on the question from Paul, which goes to the heart of the matter, there are politicians wishing to come in on this, three of whom are on my left. I will start with Andrew Davies.

[122] **Andrew Davies:** I obviously share John's passion for the Assembly, but I am also interested in an evidence base. I put to you, John, that there is no evidence that, in terms of how people travel in Wales, whether they are business people or local people, there is an objective case for this proposal. All of the evidence is clear, and I speak as someone who was Minister for transport for four years. I made the announcement on going ahead with the M4 because of the overwhelming evidence from the business community and the way that people live their lives in Wales today. It underpinned the Welsh transport strategy, the spatial plan, and the national transport plan. Every other piece of research shows that the east-west links are overwhelmingly more important than north-south or local links. Therefore, I would put that to you and welcome views of the CBI on that.

[123] Secondly, particularly at a time of constrained public finances, the Government will have to make decisions. As you know, I am no fan of the civil service, as it is presently configured, particularly senior management, but Ministers and civil servants will have to make decisions about the funding of every transport mode. Again, there is absolutely no evidence that even increasing capacity on the rail network could really make any significant change in terms of transport mode, whether it is for passengers or freight, from road to rail. Therefore, the road infrastructure is crucial—economically and socially. If the Government were to make investments in the internal road infrastructure of the scale that you are suggesting, that would have serious implications for trunk roads, particularly the priority that is east-west.

[124] **Mr Osmond:** My only answer to that is that there has been huge investment in east-west links. We have the M4—although we do not have the M4 relief road—and we have the A55. In terms of investing, what are you proposing? Are you proposing another motorway? Are you proposing another M4, east to west, in Wales?

[125] **Andrew Davies:** I did, in December 2004. [*Laughter.*]

[126] **Mr Osmond:** I just do not see that. Where is the evidence that you have to say that, if you built another M4 and devoted the resources that that would entail, which are beyond the means in any case, that would have the impact that you suggest? We have built the motorways. What we now need to do, to reiterate, is to enhance the rail system, with regard to the environment and so on. That is the way ahead.

[127] **Andrew Davies:** The M4 and the A55 were pre-devolution.

[128] **Gareth Jones:** Can we now hear from David?

[129] **Mr Rosser:** If John is looking for an evidence base, I would refer him to the Eddington report, which deals with the economic consequences of congestion and taking out pinch points, which is what we are largely talking about with the M4 around Newport. It is not about building a second motorway, but about taking out a really bad pinch point and making that stretch of road fit for purpose. There is also an unquantifiable image effect here,

for whatever reason. I had lunch with the UK ambassador of an Asian company who was in Cardiff on a few days' tour last week, and towards the end of the lunch, one of his entourage turned to me and asked, 'Mr Rosser, why do you only have half a motorway into Wales?' We were not talking about roads, but it was clearly something that had puzzled this diplomat on his journey into Wales.

[130] So, I would go on the evidence base, and the evidence base demonstrates that the current traffic levels on the M4 around Newport way exceed the design capacity. The congestion is awful, as I know only too well, given that I travel it far too frequently. I very much hope that the plan B package of measures will achieve something.

[131] **Gareth Jones:** Both points of view have been clearly expressed. Still very much in response to Paul's question, I turn to Jeff, who I believe has a further question.

[132] **Jeff Cuthbert:** My question follows the points made by Paul and Andrew. I accept the overwhelming need for the electrification of the main line from Paddington to Swansea; the case has been powerfully made. However, this session is on our inquiry into the road network, so I will focus on that. I have been a regular user of the A470 for decades—travelling to conferences in Llandudno, by and large—and there have been considerable improvements, as you have highlighted. However, even when it was a poor road, it was never really heavily congested. You were always able to travel along it, which showed that it did not handle vast volumes of traffic, which is not the case with regard to the main east-west links—the A55 and the M4—and I would also throw into the melting pot the A465, the Heads of the Valleys road. The dualling of that road is particularly necessary to support investment and jobs, because, at the end of the day, it is employment that drives the economy. Creating jobs for people is probably more important than anything else, and the A465 is crucial in the Heads of the Valleys area, as one of our most disadvantaged areas.

[133] So, there is a dilemma with regard to the two directions—west-east or north-south. I am not opposed to improving the road infrastructure in Wales in general, but, as Andrew said, when we are focusing our investments, to me there is only one answer at this time, which is to concentrate on the roads that I have mentioned, and in particular the Heads of the Valleys road. What are your comments on that?

[134] **Mr Osmond:** It is not a question of north-south against east-west. We must do both as effectively as we can. What I argue in the paper that I put forward is that this is a relatively cost-effective way of making a significant difference. We are not talking about a wholesale upgrade in the dualling or whatever of these roads. We are talking about creating regular passing places, in a systematic way, which, if it was done holistically for the whole route, would make a significant difference overall. That would be done gradually, over time. I do not think that that would be an unreasonable distortion of the road budget, assuming that we are going to be able to spend a bit more on roads in future decades. That is all I am arguing.

[135] We obviously need to do as much as we can for the east-west links, because they are extremely important, and we are not arguing against that. This should not be seen as being about one or the other, or a polarisation. In this kind of debate, there tends to be a false dichotomy and I wish that we would get away from that.

11.00 a.m.

[136] **Mr Prosser:** The Institute of Welsh Affairs' plan is a practical and imaginative way of tackling north-south transport issues. However, we think that the economic priority is east-west.

[137] **Nerys Evans:** John, yn eich **Nerys Evans:** John, in your evidence at the

tystiolaeth ar y dechrau, bu ichi sôn am ddiffyg arweinyddiaeth, a hefyd yn eich papur yr ydych yn dweud bod diffyg polisiau strategol wedi bod yn y maes hwn dros y blynyddoedd. Mae hynny'n awgrymu bod diffyg penderfyniadau strategol wedi bod. A allwch ymhelaethu ar hynny a rhoi esiamplau penodol i ni o benderfyniadau dros y blynyddoedd diwethaf yr ydych yn credu sydd wedi bod yn ffôl?

[138] Mae sawl Aelod wedi sôn yn barod am y toriant a fydd yn y gyllideb. Bydd cyllideb trafniadaeth Llywodraeth Cymru'n cael ei lleihau 10 y cant flwyddyn nesaf ac 20 y cant dros y tair blynedd. Bydd gostyngiadau yn y gyllideb cyfalaf o oddeutu 40 y cant dros y tair blynedd. Bydd hyn yn cael effaith anferth ar gynlluniau'r Llywodraeth ym maes trafniadaeth a heolydd. Beth yw eich disgwyliadau o gynlluniau'r dyfodol, felly? Nid ydym wedi cael papur gan y CBI. Yr ydych wedi sôn am yr M4 a'r A55. Ai dyna'ch blaenoriaethau chi i gyd neu a oes mwy o flaenoriaethau neu gynlluniau yr ydych yn credu y dylid eu cynnwys? Beth yw eich disgwyliadau? Os ydych yn siomedig yn awr am yr hyn sydd wedi digwydd, gyda'r gyllideb yn cael ei thorri bron i hanner, yn realistig, beth allwn ei ddisgwyl dros y blynyddoedd nesaf?

beginning, you mentioned a lack of leadership, and also, in your paper, you say that there has been a lack of strategic policies in this area over the years. That suggests that there has been a lack of strategic decision making. Can you expand on that and give us some specific examples of decisions that have been taken over the past few years that you think have been foolish?

Several Members have already mentioned the forthcoming cut to the budget. The Welsh Government's transport budget will be reduced by 10 per cent next year and by 20 per cent over three years. There will be cuts in capital expenditure of around 40 per cent over the three years. That will have a huge impact on the Government's plans for transport and roads. What are your expectations of future plans, therefore? We have not received a paper from the CBI. You have already mentioned the M4 and the A55. Are those your only priorities or do you have further priorities or plans that you believe should be included? What are your expectations? If you are disappointed now about what has happened, given that the budget will be cut by around half, realistically, what can we expect over the coming years?

[139] **Mr Osmond:** May I answer first? I will reiterate what we said in the paper, in a way. There are no expectations for the next five years, because the budget is simply not there for major road investment. We have to fill the potholes; that is a priority. All that I am saying is that we could be planning now for the kind of imaginative approach that I am outlining, so that, when the opportunity comes for investment in five to 10 years' time, we will be ready and poised to take it. Even planning for passing places in rural areas takes a long time, because you have to get the land available and so on, although I am not an expert on that. I am calling for a signalling of intent to do something along those lines. My disappointment is that we have not seen that kind of approach. We have undoubtedly seen improvement and greater attention has been given to north-south routes in the last few years, but we have not had a holistic, overarching ambition, which is what I want to see. Your point about the available budget in the coming four or five years is well taken.

[140] **Mr Rosser:** Frankly, we were disappointed with the allocation of funding for transport in the future budgets. The maintenance of the current trunk road will be a challenge, let alone developing it. We hope that the Assembly Government will continue with its schedule of works on the M4 around Newport, namely the plan B actions, to try to get the best use of our existing asset there. A solution needs to be found to the Ewloe problem on the A55 in north Wales. Do we have any other priorities? It would be silly of us, in the current climate, to come up with a huge shopping list of roads that we would love to see built. We could point to the trunk road down to Fishguard or Pembroke in Pembrokeshire and the completion of the dualling of the A465, but we must try to be realistic. Getting that pinch point around Newport sorted out to the best of our ability and planning a solution to the

Queensferry section of the A55 are probably the two key items that we would highlight at the moment.

[141] However, we are with John on this. At some stage, we hope that the Assembly Government's budget position becomes a little less constrained, and we would hope that we could make the case for increasing the investment in transport for road infrastructure at that time. It would be good if we could be planning what we wanted to do now because of the lead times that are built into significant transport projects.

[142] **Gareth Jones:** We need to move on, but I am grateful to you. We all understand the dilemma, as it were. There are communities in Wales that feel a bit isolated, and the road system needs to improve for them, but I accept the point that has been made, that east-west communications need to be addressed for economic development and other reasons. Somehow, we need to achieve a balance here, and that is an important message for future Governments of Wales. We move on to Jenny Randerson.

[143] **Jenny Randerson:** David, you earlier referred to your criticism of 'One Wales' for its lack of reference to connecting Wales to the outside world. Here in south Wales, the Severn bridges are a key part of that connection. Just before Christmas, the Welsh Affairs Committee at Westminster published a report on the tolls, and I am extremely pleased that it did so, because one of my frustrations has been that the Welsh Assembly Government has not paid attention to this, and has not done an in-depth investigation into the impact on business. The conclusion of the Welsh Affairs Committee was that, in roughly 2017, the bridge should come back into public ownership, because it will have been paid for, and then you could charge a toll of about £1.50 that would pay for maintenance, and so on. I wanted to know your view on that. I have always taken the view that I hoped, when it came back into public ownership, that we would get rid of the tolls altogether. In principle, I am not opposed to tolls, but I want them everywhere equally, throughout Britain, rather than tolls that just affect Wales and one or two other unfortunate parts of Britain. I have met enough business people to know that they believe it has an impact on the pattern of business, and I wondered what your views were on the conclusions of the Welsh Affairs Committee, and what you think the Welsh Assembly Government should be doing now to prepare for that date, whenever it is—2016 or 2017—when the bridge comes back into public ownership.

[144] **Mr Rosser:** The answer is not as obvious as you might think, from a business perspective. We did not give evidence to the Welsh Affairs Committee inquiry, because when we went to our membership and asked them how much of an issue the Severn bridge tolls were for them, we did not get a particularly strong response. An ever-increasing ratchet on the level of tolls makes it more of an issue in future, but businesses are largely used to paying it by now. One should consider, in the context of the discussion that we have just had about availability of finance, what one should do with that particular income stream—whether one should turn it off by getting rid of the toll, or just keep a modest one for maintenance. Like you, the CBI in principle sees a role for road tolling in order to improve the transport infrastructure and deliver a better service. Given that a toll is already being charged, and is long-established, with businesses and individuals being used to paying for it, one should pause and think about whether one should take that income stream and apply it to further transport enhancements.

11.10 a.m.

[145] Taking that income stream and just putting it into the Government coffers would not be acceptable to the travelling public or to the business community. Not letting it just ratchet upwards, but taking that income stream and saying that it will be applied to, perhaps, improving the M4 to the south of Newport or some other transport improvement that will deliver for the economy is something on which there is a real debate to be had. So, I would

not rush to think that the business community would want those tolls to be wiped out. Finance is tight enough, so one should not automatically turn off that potential.

[146] **Jenny Randerson:** Have you talked to the haulage industry about this?

[147] **Mr Rosser:** We certainly spoke to all of our members who were big haulage users, but who may not themselves run their logistics—the big retail or industrial groups in south Wales, which are very heavy users of the M4. Their reaction, to some extent, surprised me a little. They said that it is built into their model and they live with it. The first of two areas from which we did get a strong view that it was a deterrent was from companies looking to recruit staff from across the bridge. It was felt to be a barrier to persuading people in Bristol or Bath that they could come to work for a company in Newport or Cardiff. The second area was logistics warehouses, where one or two property agents told us that they could see the start of a trend for companies to relocate warehouse operations from Chepstow and Magor over towards Bristol, where a lot of logistics investment is going in near the M49. So, those are the two sectors that said that it was an issue. However, a number of the heavy users of the Severn bridge were more sanguine. So, I do not think that I am particularly advocating a distinct policy position, I am just saying that there is a real debate to be had and we should not necessarily assume that business wants the tolls to be wiped out.

[148] **Jenny Randerson:** It was the migration of the warehouses across the bridge that led me to worry.

[149] **Mr Osmond:** I suspect that if you had the Federation of Small Businesses here, you might hear a different emphasis. It commissioned its own study, which you are probably aware of, on the tolls and the impact of the tolls. The fact that it did so probably reflects a concern among its membership. So, it is smaller businesses, rather than the larger businesses that the CBI tends to represent, that are probably more concerned about them. The tolls have been ratcheted up in recent times, have they not? The smaller the business, the more likely it is to be worried about this.

[150] **Mr Rosser:** There is a debate, and one thing that we would all agree on is that we would not want the money to go to the Department for Transport. [*Laughter.*] It would have to come this side of the bridge.

[151] **Darren Millar:** We seem to have two arguments in terms of how road investment should go forward in Wales: one would build the nation, if you like, and the other would clearly build the economy. I agree with you, Chair, that we have to strike a balance between the two. I say that as someone who has had a particular interest in the north-south road links, on occasion. The economic links currently have to take priority and so I will not rehearse what has already been said about the east-west links.

[152] I have a question for the CBI on inward investment. Obviously, you are connected with companies that often have an international presence. To what extent is the transport or road problem something that deters investment in those parts of Wales that need it? Reference has been made to the Valleys and to other parts of Wales that are deprived and need that inward investment. To what extent is the poor roads network an issue in that regard? We have talked about the A55 and the M4 in particular, but what about the A5, which is another corridor across north Wales, which has received some investment, but is not widely touted as another possible corridor for significant economic activity?

[153] **Mr Rosser:** Inward investment decisions are taken based on a basket of factors and the relative importance of those factors will vary according to the company taking the decision. Those factors include what market it plans to serve, whether it is shipping goods around or whether it is a people and service-based inward investment project and so on.

Connectivity and access to markets is a clear factor that is taken into account. For most parts of Wales that are likely to receive inward investment projects, predominantly along the A55 and M4 corridors, the road networks are not necessarily poor, but there are particular pinch points that need fixing. I have already talked about two of them. So, it is about travel time to markets and it is about the predictability of that travel time. That is where the A55 problem in Queensferry and the M4 problem in Newport kick in, because you can always predict that you will be held up, but that is not terribly helpful. It is about predictability and the ease of the route, but it will vary according to the type of inward investment project that you are talking about.

[154] **Darren Millar:** You mentioned the pinch points in terms of congestion earlier. There is nothing worse than congestion for putting people off visiting Wales for tourism or business purposes. To what extent does poorly planned maintenance on the trunk road network or the motorway network impinge on economic development? For example, in north Wales—I am speaking on a local issue here—it seems that there is always some maintenance work that is causing a massive pinch point along the A55 corridor, and not just the particular pinch points in terms of the number of lanes around Queensferry, for example.

[155] **Mr Rosser:** I am not sure if I am competent to talk about whether it is poorly planned or not. Seeing lanes cordoned off on a regular basis certainly causes frustration to business users. My knowledge is not sufficient to know whether it has to be that way or not. I recall conversations with chief constables who complained about badly scheduled maintenance of roads from their traffic management perspective, but it is a little bit out of my area. I hear about the frustration, but it is beyond my competence to know whether it is desperately badly planned or not.

[156] **Darren Millar:** What about the potential of the A5 corridor as something that we should exploit more?

[157] **Mr Rosser:** It comes down to priorities again. I recognise the comments made by the Chair about the fact that many communities in Wales feel relatively isolated and would benefit from better road connections. For many of those communities, the roads are the only connections that they are ever likely to have. I would like to see the report of the Institute of Welsh Affairs being implemented and the east-west corridors from Aberystwyth to the midlands being improved; however, you have to rank them. I could come up with a shopping list as long as your arm, but it would be unrealistic of me to do so.

[158] **Christine Chapman:** Jeff made a point about the A465, but John made the point about leadership and ambition and a different way of thinking. The dualling of the A465 has been undertaken very slowly and that means that we have not been thinking differently about the Heads of the Valleys area. It is a very long-term process. When companies want to come to an area, they are often put off for all sorts of reasons. If they do not see it as a serious area for employment, they will not even think about it. Do you have any comments on that? To me, that involves a different way of thinking. The Heads of the Valleys area could be a hub for economic growth, but it is not happening because the process of dualling has been quite slow. Do you have any comments to make on that?

11.20 a.m.

[159] **Mr Osmond:** The only comment that comes to mind is about the impact of stating an intention. Even though we understand that investment will take some time to kick in, knowing that there is an intention for there to be a scheme will have an effect on the morale of the business community, however that scheme is defined, whether it is defined as a medium or long-term aspiration, or with a statement such as, 'We are going to do this'. That in itself would be a boost. As I said earlier, there is a reluctance to engage with that kind of leadership,

and I would hope that the committee's report could have an impact, by putting a marker in the sand and saying that we need to start having this kind of approach to policy development.

[160] **Andrew Davies:** John mentioned giving business a morale boost. I have to say that, in five years as the Minister for economic development, and four years as the Minister for transport, not one businessperson ever argued for improving north-south links, as is proposed in your paper, John. I was lobbied countless times for improvements to the A55, the A44 and other roads in mid Wales, the A465, the A40 and the M4. In fact, the business community was somewhat perplexed when I raised the issue with it of north-south links, and businesspeople in north, mid and south Wales were saying, 'Why would we want to invest in those? Our markets are in north-west England, Europe, the midlands, Ireland, and the south west'. So, it is interesting that you refer to the business community, because I do not see any evidence for that pressure.

[161] **Mr Osmond:** I will point to the section of the paper that makes the economic case. There is a danger in saying that east-west links are all about the economy and that north-south or internal links are all about nation building or something. There is a strong economic argument for spatial development in Wales, which I have talked about in my paper with reference to development domains and the economic development of rural Wales, which would be hugely advantaged by this kind of approach. I do not think that it is necessarily in the mindset of business, as we have developed in Wales, to think in this way, but we would see the impact if we were to able achieve something along those lines. We need a little imagination.

[162] **Gareth Jones:** I will make a brief comment. I accept the argument on economic development; there is no doubt about that, and Wales needs to be competitive, linked up and so on—that goes without saying. As a faint response, as it were, to what Andrew has said regarding the improvements in the Dolwyddelan area, I am sure that concerns would have been expressed to whoever was the Minister for transport about the nature of the A470 along the Lledr valley, not only from local communities, but from businesses as well. At one time, coaches could not go from Llandudno to visit the Llechwedd quarry, for example, which is a very important tourist attraction—two coaches could not pass on that important route. However, it was improved, which was a boost not only to the community, but to local businesses and the local economy. So, it is not so much a case of one or the other; we need a bit of balance.

[163] **Andrew Davies:** I will declare an interest, Chair. As you have raised the point, I was the Minister for transport who opened that stretch of the A470 in the Lledr valley. I also commissioned the Blaenau Ffestiniog to Dolwyddelan stretch of the A470. The trunk road programme that I agreed as Minister for transport had 14 separate schemes for upgrading north-south links, mainly on the A470. So, I accept John's point that it is not either/or, but there is a question, particularly with limited resources, of where you put the bulk of your investment.

[164] **Gareth Jones:** Okay, thank you for that response, Andrew. I think that Brian has a final question.

[165] **Brian Gibbons:** It is more or less a continuation of what has been said. As John himself said, I do not think that it is a case of everything going east-west and no attention being paid to improving communication within Wales. A balance has to be struck. However, I think that it is a weak answer to say that we have to do both. We have got to prioritise and decide what proportion we are allocating to those two different strategic objectives. You refer in your paper to roughly 10 per cent, perhaps a bit less at times, being allocated to internal communication within Wales. That seems proportionate; it does not seem unreasonable that we should be spending 10 per cent. If you were making that case, I do not think that that is

unreasonable. However, I was disappointed. You said to look to the paper to show the economic argument. You referred to significant employment opportunities, which is an assertion rather than proof. In quantifiable terms—or, with regard to Andrew’s work as Minister for transport, in terms of cost-effectiveness for the investment—has any substantial work been done to show how improving the figure of eight, as you call it, would generate a proportionate economic benefit for Wales? If that can be demonstrated, your case becomes stronger. That is the first part of my question.

[166] Turning to the second part of my question, it seems to have been a somewhat unwritten strategic decision on the part of the current Minister for transport that Assembly Government resources for roads will essentially be used on north-south routes, with European money being leveraged in for east-west routes. Provided that the balance in terms of absolute sums available is reasonable, that is fair enough. I can understand why it might be easier to attract European money for east-west rather than north-south routes. However, if there is not European money available, clearly, that becomes quite problematic and quite a serious issue. In that case, the prioritisation would have to be substantially changed and more internal money in Wales would have to be redirected to east-west routes. I do not know whether that is a perception shared by the CBI. Do you feel that a strategic decision, almost, has been taken to use European money for east-west routes and internal money for north-south routes? Do you share that perception?

[167] **Mr Rosser:** I am not sure whether we gained a perception about the distinction between European money and Welsh Assembly Government budget money, but we certainly strongly share the perception that north-south road projects have been advanced and east-west road projects have been pushed back.

[168] **Brian Gibbons:** I just wondered whether European money was factored into that, and whether that perception would be the big picture.

[169] **Mr Rosser:** From a business community perspective, I do not think we care that much who funds it, so long as we get it built.

[170] **Brian Gibbons:** I turn to John now on the cost-effectiveness in economic terms.

[171] **Mr Osmond:** That is some work that ought to be done. Indeed, at the end, our paper suggests that the arguments that we made 10 years ago in relation to this proposal need to be revisited now. There is a strong case for that, and I would like to see a recommendation in your report that a detailed economic analysis of the relative priorities should be undertaken. We would take that for granted. The other point that comes to mind is that the costings that we attempted 10 years ago, unfortunately, by now, will be considerably greater because the cost of road-building has exceeded inflation by a considerable amount.

11.30 a.m.

[172] **Gareth Jones:** There is a final question from Darren.

[173] **Darren Millar:** My question is to John in respect of the north-south links. Obviously, those people from north-east Wales who want to travel to south Wales would ordinarily take the A483 or even the motorway network through England. Given that part of the A483 actually runs through England and is not the responsibility of the Assembly Government, if you are going to improve the travel times along that stretch of the route, do you have a clear recommendation that you would like to make to this committee for achieving that?

[174] **Mr Osmond:** In terms of the A470 report, we took into account that particular route, too. You can see the map. It did embrace that. I take your point that a portion of the route

goes through England. However, in terms of the strategic perspective on this, we may not be able to put a passing place at that very point.

[175] **Darren Millar:** I think that the issue is that it may well be a strategic link for people from Wales wanting to travel between north and south, but it is not a strategic part of the road network if you are on the English side of the border. It does not join up important places of such significance that it would be a major priority.

[176] **Mr Osmond:** It is a relatively small part of the problem. You might make the same point about rail. Most of our strategic rail link goes through—

[177] **Darren Millar:** Yes, but we were talking about the road network. If we want to improve the travel time, that is one of those areas that is sometimes difficult to travel through as quickly as you would like.

[178] **Gareth Jones:** Do you wish to make a comment, David?

[179] **Mr Rosser:** I am not sure that I have much to add on that. I use that road very frequently, and I can understand why it might not be a priority for the Department for Transport. On a wider issue, perhaps I could request that the committee consider, when preparing its report, whether to make any recommendation on the preservation of the M4 route to the south of Newport, accepting that it is unlikely to be built in the foreseeable future. However, given the topography, I doubt that there are many alternatives, but if that route is taken out of play, we may come to regret it in the future.

[180] **Gareth Jones:** I can assure you, David, that we will certainly take that on board. In drawing this very important session to a close, I will just make some brief comments. You have mentioned the evidence base and so forth, which is important in terms of developing the economy and so on. Sometimes, it is not the best use of a north-south kind of term. As I tried to explain earlier, we are talking about community needs that exist, to be nurtured and developed and so on. Again, I comment upon the wise decision of Andrew, as transport Minister, in upgrading the Lledr valley. [*Laughter.*] There is, possibly, something lacking when we undertake these developments. We think in terms of so many millions of pounds of spend, but we may not have analysed the multiplier effect on that part of Wales, as I mentioned, in terms of the to-ing and fro-ing of business needs and the link with the resort of Llandudno and so on. There would undoubtedly be an improvement in the local economy, but we seem to forget about that. It is more about convenience rather than thinking in solid economic terms. Much as I appreciate the argument for the west-east linkages and the economic prosperity of Wales and so on, there is a potential for prosperity within Wales that can be greatly advantaged by these local developments, even if it involves just a stretch of around 10 miles. So, that is something that we need to take on board.

[181] With those concluding remarks, I thank you for your attendance and for sharing your aspirations—in John's case it more than aspiration, as he wants to see a statement of intent as far as the future road programme in Wales is concerned. It has been a very interesting meeting this morning, and your comments and answers to our questions will inform our legacy report. I hope that we will see improvements, possibly not over the next five years, given the financial constraints and so on that you all mentioned. We really need to get our act together with regard to the future needs of Wales, as far as the road programme is concerned and with regard to our future prosperity and sustaining our communities. Diolch yn fawr—thank you.

11.36 a.m.

Cynnig Trefniadol
Procedural Motion

[182] **Gareth Jones:** Mae angen inni fynd i sesiwn breifat yn awr. Gofynnaf i Aelod wneud y cynnig priodol. **Gareth Jones:** We now need to go into private session. I ask a Member to move the appropriate motion.

[183] **Darren Millar:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37(vi).

[184] **Gareth Jones:** Gwelaf fod y pwyllgor yn gytûn. **Gareth Jones:** I see that the committee is in agreement.

Derbyniwyd y cynnig.
Motion carried.

Daeth rhan gyhoeddus y cyfarfod i ben am 11.36 a.m.
The public part of the meeting ended at 11.36 a.m.