

(Nid yw'r atodiadau ar gael yng nghymraeg).

Annex 2

NOTE OF THE FIRST MEETING OF THE WALES EURO PREPARATIONS COMMITTEE, HELD AT CATHAYS PARK CARDIFF ON MONDAY 28 JULY 2003.

Attendance

Wales Office Rt Hon Peter Hain MP, Secretary of State

Alison Jackson, Head of Office

John Kilner, Principal Finance Officer

Welsh Assembly

Government Rt Hon Rhodri Morgan AM, First Minister

Sue Essex, Minister for Finance, Local Government

and Public Services

Sir Jon Shortridge, Permanent Secretary

H M Treasury Sue Owen, Director Macroeconomic Policy

And International Finance

Nikhil Rathi Euro Preparations Unit

Chamber Wales Helen Conway, Cardiff Chamber of Commerce

Confederation of

British Industry David Rosser, Director

Chartered Accountants

For Business in Wales Andrew Leonard, Chairman

Farmers Union of

Wales Brian Walters

Institute of Welsh

Bankers Karen Llewellyn, President Cardiff Branch

National Farmers

Union Malcolm Thomas, Director

National Health

Service Paul Williams, Chief Executive Bro Morgannwg

NHSTrust

Wales Council for

Voluntary Action Philip Fiander

Welsh Consumer

Council Vivienne Sugar, Chair

Welsh Development

Agency David Childs, Finance Director

Welsh Language

Board Jon Walter Jones (until 12.45 p.m.),

Welsh Local

Government

Association Steve Thomas

Wales Tourist

Board Jonathan Jones, Chief Executive

Introduction

1. The Secretary of State welcomed members to the first meeting and thanked the Welsh Assembly Government for providing the accommodation.
2. The Government had made clear in its announcement on 9 June that it intended to recommend joining the euro when the economic conditions were right. The work of this Group (along with its equivalents in Scotland and Northern Ireland, and the UK-wide preparations committee) was therefore real and important; it was not a paper exercise. The Chancellor had said that he would assess progress in the 2004 Budget and on the basis of this consider whether it was right to make a fresh assessment against the 5 tests, an assessment which, if positive, would lead to a referendum. In preparation for the Budget decision the Treasury would publish in the Autumn a 7th Report on Euro Preparations, it was hoped that the views of the Welsh group would be available in time to feed into this 7th report. In addition the Government planned a paving Bill to ensure that Government departments, and the devolved administrations, had the necessary authority to incur expenditure on preparing for the euro.

The National Changeover Plan

3. Treasury officials then presented the third outline National Changeover Plan (a copy of the slides is attached). The Plan sets out the key arrangements and timetable which would be followed in the event of a UK changeover. In particular it states that a period of around 30 months would be needed between a yes decision in a referendum and the introduction of euro cash.
4. In discussion these points emerged :
 - a. there was a real fear, especially amongst vulnerable groups, that adopting the euro would be used as a pretext for increasing prices. This was alleged to have happened in the changeover to decimal currency and, more recently, in those countries which had adopted the euro. Such statistical evidence as was available from the Euro-countries suggested that the overall effect on inflation had been minimal (0.0 – 0.2 %). Nevertheless it was a real perception and would need to be addressed. The third outline National Changeover Plan sets out proposals for a robust consumer protection framework. For its part, the Government had decided to avoid smoothing wherever possible so as to make explicit the fact that benefits / charges had been converted exactly. In the private sector it was agreed that codes of practice, rather than legislation, was the best way to deal with conversion issues;
 - b. the national information and communications campaign would include Welsh language material where appropriate. The Welsh Language Board would be happy to advise on this;
 - c. procurement was an area where, ever since the Prime Minister's 1999 statement, prudent organisations had been ensuring that any new equipment they needed to purchase was euro compatible. Thus for example the new Finance IT system of the Assembly would be able to handle both sterling and the euro and a period of joint-running. This was usually a question of choosing the right system, rather than incurring any additional expenditure. Indeed at the margins there might even be administrative savings arising from the euro, for example in standardising the forms used by different organisations;
 - d. for business, there were already some opportunities to deal in euros (for example farmers could choose to receive subsidy payments in euros). However the benefits of this would remain limited until the whole business – both payments and receipts – could be put on the same basis;
 - e. education would be a vital task in the event that a changeover occurred. Employers would have a vital role in explaining the new currency to people in work. For other groups, the health service, local government, and the voluntary sector all had front-line staff who were in contact with vulnerable groups. These front-line staff would, inevitably, be looked to for practical help and guidance and would have an important role to play. Vivienne Sugar (with WO / Welsh Assembly Government administrative support as necessary) would convene a separate meeting of the voluntary and public service organisations, with Treasury, to further explore this area.

Next steps

1. Over the summer, Members would take soundings within the interest groups they represented. Theses would focus on the third outline National Changeover Plan and in particular on the list of

key questions distributed at the meeting. This would enable them to report back at the next meeting (or, if possible, in writing beforehand to Anne Stephenson at the Wales Office). This would enable a composite Wales view to be fed into the Treasury's next progress report in the Autumn.

2. The date of the next meeting would be circulated shortly, it was likely to be in the last week of September.

Wales Office

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