



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

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

**Dydd Iau, 12 Chwefror 2009
Thursday, 12 February 2009**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi 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
Andrew R.T. Davies	Ceidwadwyr Cymreig Welsh Conservatives
Nerys Evans	Plaid Cymru The Party of Wales
Gareth Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Huw Lewis	Llafur Labour
David Melding	Ceidwadwyr Cymreig Welsh Conservatives
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Tracey Burke	Cyfarwyddwr, Gwasanaethau Corfforaethol Polisi a Strategaeth, Adran yr Economi a Thrafnidiaeth, Llywodraeth Cynulliad Cymru Director, Policy and Strategy and Corporate Services, Department for Economy and Transport, Welsh Assembly Government
Gareth Hall	Cyfarwyddwr, Adran yr Economi a Thrafnidiaeth, Llywodraeth Cynulliad Cymru Director, Department for Economy and Transport, Welsh Assembly Government
Ieuan Wyn Jones	Aelod Cynulliad, Plaid Cymru (y Dirprwy Brif Weinidog a'r Gweinidog dros yr Economi a Thrafnidiaeth) Assembly Member, The Party of Wales (the Deputy First Minister and Minister for the Economy and Transport)
Robin Shaw	Prif Weithredwr, Trafnidiaeth Cymru, Cynulliad Cenedlaethol Cymru Chief Executive, Transport Wales, Welsh Assembly Government

Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol
Assembly Parliamentary Service officials in attendance

Dan Collier	Dirprwy Glerc Deputy Clerk
Dr Kathryn Jenkins	Clerc Clerk
Ben Stokes	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:** Bore da, bawb, a chroeso cynnes i'r cyfarfod hwn o'r Pwyllgor Menter a Dysgu. Mae gennyf y cyhoeddiadau arferol i'w gwneud. Fe'ch atgoffaf i ddiffodd eich ffonau symudol ac unrhyw ddyfeisiau electronig eraill. Nid oes angen cyffwrdd â'r meicroffonau. Nid ydym yn disgwyl ymarfer tân, felly os bydd argyfwng, bydd yn rhaid inni ddilyn cyfarwyddyd y tywyswyr.

Gareth Jones: Good morning, everyone, and a warm welcome to this meeting of the Enterprise and Learning Committee. I have the usual announcements to make. I remind you to switch off mobile phones and any other electronic devices. There is no need to touch the microphones. We do not expect a fire drill, so in an emergency, we will have to follow the ushers' instructions.

[2] Cynhelir y cyfarfod yn ddwyieithog. Mae clustffonau ar gael i dderbyn gwasanaeth cyfieithu ar y pryd o'r Gymraeg i'r Saesneg ar sianel 1, a gellir chwyddleisio'r sain ar sianel 0. Bydd cofnod o'r cyfan a ddywedir yn gyhoeddus.

The meeting will be conducted bilingually. Headsets are available to receive the simultaneous translation from Welsh to English on channel 1, and you can increase the volume on channel 0. There will be a record of everything that is said publicly.

[3] Mae ymddiheuriadau wedi dod i law. Mae'r Pwyllgor Materion Ewropeaidd ac Allanol ar ymweliad â Brwsel, felly cawsom ymddiheuriadau oddi wrth Jeff Cuthbert a Sandy Mewies. Nid oes dirprwyon iddynt hyd y gwn i.

Apologies have been received. The Committee on European and External Affairs is on a visit to Brussels, so we have apologies from Jeff Cuthbert and Sandy Mewies. There are no substitutes as far as I am aware.

9.32 a.m.

Ymchwiliad y Pwyllgor i Ymateb Llywodraeth Cynulliad Cymru i'r Dirywiad Economaid Rhyngwladol Committee Inquiry on the Welsh Assembly Government's Response to the International Economic Downturn

[4] **Gareth Jones:** Rhoddaf gefndir byr i'r eitem hon i chi—os ydych am gael y cefndir. Mae'r pwyllgor wedi penderfynu cynnal ymchwiliad i'r dirywiad economaidd presennol gan roi sylw arbennig i'r cymorth sydd ar gael i fusnesau. Dyma sesiwn graffu gyntaf yr ymchwiliad. Yr ydym felly yn estyn croeso i gynrychiolwyr Llywodraeth Cynulliad Cymru a'r Dirprwy Brif Weinidog.

Gareth Jones: To give you some background to this item—if you want the background—the committee has decided to hold an inquiry into the current economic downturn, paying particular attention to the support available to businesses. This is the first scrutiny session of the inquiry. We therefore extend a welcome to the Welsh Assembly Government representatives and to the Deputy First Minister.

[5] Ddirprwy Brif Weinidog, yr ydym yn deall ei bod yn amser anodd i chi a'ch teulu. Yr ydym yn falch bod amgylchiadau wedi caniatáu i chi ymuno â ni; gwerthfawrogwn hynny'n fawr.

Deputy First Minister, we understand that this is a difficult time for you and your family. We are pleased that circumstances have allowed you to join us; we greatly appreciate your being here.

[6] Yr ydym yn estyn croeso i Ieuan Wyn Jones, Dirprwy Brif Weinidog Cymru a'r Gweinidog dros yr Economi a Thrafnidiaeth, a hefyd i'w swyddogion, Gareth Hall, Tracey Burke, a Robin Shaw. Yr ydym yn falch eich bod yn ymuno â ni, ac yr ydym yn edrych ymlaen at yr hyn sydd gennych i'w ddweud. Eto ar ran y pwyllgor, fe'ch diolchaf am eich tystiolaeth ysgrifenedig a'r atodiadau. Fe'ch gwahoddaf i wneud cyflwyniad byr, Ddirprwy Brif Weinidog, oddeutu pum i 10 munud, ac wedyn caiff aelodau'r pwyllgor wneud sylwadau a gofyn cwestiynau.

[7] **Y Dirprwy Brif Weinidog a'r Gweinidog dros yr Economi a Thrafnidiaeth (Ieuan Wyn Jones):** Diolch yn fawr, Gadeirydd, am eich geiriau caredig. Diolch hefyd i aelodau'r pwyllgor am eu geiriau yn breifat.

[8] Nid yw'n fwriad gennyf draethu'n hir, gan fod y dystiolaeth ysgrifenedig a gyflwynais i chi yn ein harwain hyd at y bedwaredd uwchgynhadledd, a gynhaliwyd ym Mrychdwn y dydd Gwener diwethaf. Y cyfan yr wyf am ei wneud yw rhoi ychydig o wybodaeth ddiweddar i chi am yr hyn sydd wedi digwydd ers hynny.

[9] Mae'r ddogfen a gyflwynwyd i'r uwchgynhadledd wedi ei rhannu gydag Aelodau'r Cynulliad. Mae'n amlinellu'r hyn yr ydym wedi bod yn ei wneud ers yr uwchgynhadledd gyntaf, o ran y math o gynlluniau yr ydym wedi eu cyflwyno. Yr unig beth yr wyf am ei ychwanegu at hynny yw bod teimlad yn yr uwchgynhadledd bod angen inni weithio'n agosach â'r banciau.

[10] Y broblem fwyaf o bell ffordd yn ôl y cynrychiolwyr yw'r diffyg llif arian i gwmnïau a busnesau o bob maint. Yr ydym wedi cytuno neilltuo tipyn o amser yn yr uwchgynhadledd nesaf, a fydd rywdro ar ddechrau mis Ebrill, i drafod gyda'r banciau, a bu i'r Prif Weinidog gadarnhau hynny ar ddiwedd yr uwchgynhadledd ddiwethaf. Yr oedd cynrychiolwyr y banciau yn y cyfarfod ar ddydd Gwener, ond yr oeddem yn teimlo y dylem neilltuo amser sylweddol y tro nesaf i drafod gyda hwy sut maent yn trin busnesau o ran buddsoddiadau, benthyciadau, ac ati.

We extend a warm welcome to Ieuan Wyn Jones, the Deputy First Minister for Wales and the Minister for the Economy and Transport, and also to his officials, Gareth Hall, Tracey Burke, and Robin Shaw. We are glad to have you join us, and we look forward to your contributions. Again, on behalf of the committee, I thank you for your written evidence and the appendices. I invite you to make a short presentation, Deputy First Minister, of around five to 10 minutes, after which committee members will make comments and ask questions.

The Deputy First Minister and Minister for Economy and Transport (Ieuan Wyn Jones): Thank you very much, Chair, for your kind words. Thanks also to the committee members for their words in private.

I do not intend to speak for long, because the written evidence that I presented to you takes us up to the fourth summit, which was held in Broughton last Friday. All I want to do at this point is update you a little about what has been happening since then.

The document presented to the summit has been circulated among Assembly Members. It outlines what we have been doing since the first summit, in terms of the kind of initiatives that we have introduced. The only thing that I would add to that is that there was a feeling at the summit that we need to work more closely with the banks.

The biggest problem by far according to the representatives is the lack of cash flow to companies and businesses of all sizes. We have agreed to devote quite some time at the next summit, which will be held sometime at the beginning of April, to a discussion with the banks, and the First Minister confirmed that at the end of the last summit. Representatives of the banks were at the meeting on Friday, but we felt that we should devote considerable time to discuss with them how they treat businesses, by way of investments, loans, and so on.

[11] Gallaf sicrhau'r pwyllgor y bydd y drafodaeth gyda'r banciau yn flaenoriaeth i'm hadran i hefyd, oherwydd yr ydym yn sylweddoli mai dyna'r broblem fwyaf. Mae pethau eraill y byddwn yn eu gwneud, ond dyna'r broblem fwyaf. Bydd yr adran yn adolygu a yw'n gwneud y pethau cywir o ran polisi, a bydd eisiau trafod gyda'r banciau beth yn ychwanegol y gallwn ei wneud i helpu busnesau.

I can assure the committee that that discussion with the banks will be a priority for my department, too, because I realise that that is our biggest problem. We will be doing other things also, but that is the biggest problem. The department will be reviewing whether it is doing the right things in policy terms, and it will want to discuss with the banks what more can be done to help businesses.

[12] Mae polisi presennol y Llywodraeth i gefnogi busnes yn seiliedig ar agenda Lisbon, sef creu swyddi a chynyddu gwerth. Y broblem erbyn hyn yw nad yw llawer o gwmnïau yn gallu tyfu na chreu swyddi; maent yn amddiffyn yr hyn sydd ganddynt. Felly, rhaid gweld ym mha ffordd y gall y Llywodraeth ailffocysu ei chefnogaeth i'r cyfeiriad hwnnw.

The Government's current policy for supporting business is based on the Lisbon agenda, namely creating jobs and adding value. The problem now is that many companies cannot grow or create jobs; they are defending what they have. So, we must see in what way we, as a Government, can refocus our support in that direction.

[13] Er nad yw hyn yn rhan o agenda'r adran, mae'n fater i'r Llywodraeth yn gorfforaethol erbyn hyn, sef y problemau cymdeithasol sy'n dechrau amlygu eu hunain a'r gefnogaeth a roddir i unigolion yr effeithir arnynt gan y dirwasgiad. Bydd ymateb corfforaethol gan y Llywodraeth i hynny.

Although this is not part of the department's agenda, it is now becoming an issue for the Government as a corporate body, namely the social problems that are beginning to emerge and the support available to individuals who are affected by the recession. The Government will issue a corporate response to that.

[14] Yn olaf, byddaf yn mynd i Frwsel ddydd Llun i gyfarfod â swyddogion Comisiwn Ewrop i weld a allwn eu perswadio i gynyddu canran yr arian Ewropeaidd sydd ar gael ar gyfer prosiectau penodol, cyhyd â'u bod yn berthnasol i'r dirwasgiad, a chynyddu'r hyn yr ydym yn ei alw yn gyfradd ymyrraeth. Gobeithiwn y gallwn eu perswadio o'r achos cryf sydd gennym i wneud hynny.

Finally, I will be going to Brussels on Monday to meet with officials at the European Commission to try to persuade them to increase the percentage of European funds available for specific projects, provided that they are relevant to the recession, and so increase what is called the intervention rate. We hope that we can persuade them of the strong case that we have to do that.

[15] **Gareth Jones:** Diolch yn fawr iawn am hynny. Trown yn awr at David Melding.

Gareth Jones: Thank you very much for that. We now turn to David Melding.

[16] **David Melding:** I start by extending my personal good wishes to you and your family, Ieuan. I hope that the situation starts to improve very soon for you all.

[17] I have two questions for you. The first is on where you think we are in relation to the severity of the recession. I then want to focus on a couple of the actions that the Assembly Government has taken, and establish whether they are leading to speedy implementation, which is what I am most concerned about.

[18] The recession looks as though it will be severe, and you obviously have to plan for that. However, I am slightly concerned that commentators in some sections of the press are implying that we could be in a depression era. I have looked carefully at the data, and I think

that it is a fast-moving situation, but we are not quite heading for the contraction in the economy that occurred in the 1930s, which amounted to more of an economic collapse than an extended recession in the United States, although perhaps less so in Britain. It does not help to panic and think that the situation is so bad that it is beyond any effective amelioration on our part, and I hope that you will send that message. However the *Financial Times* said this morning that it expects the Bank of England to predict next week that our economy will contract by 3.7 per cent in 2009, which is even worse than the earlier prediction that the International Monetary Fund came up with, which was 2.8 per cent, I think. That is very serious and takes us to a 5 or 6 per cent contraction in this recession, which puts it as one of the more serious that we have had in peacetime although it is not in the same league as a depression. I would like to get an idea of whether you anticipate the recession to be even more severe in Wales, or do you think that the contraction that we will suffer will be about the UK average?

9.40 a.m.

[19] For most people out there watching the proceedings or watching how the economy is developing, that feeds through into unemployment, and losing your job is critical to most people. The Bank of England predicts an increase of 150,000 in unemployment in the first quarter of 2009. Pro rata, that would mean about 7,500 in Wales, and if we see a similar performance in the other quarters of 2009, by my calculations, we will see unemployment figures of about 130,000 in Wales. That is towards the higher end of what most of us had feared in the autumn. So, I would like to know whether you and your advisers feel that that is the best realistic prediction that we can make. We will have to respond to that as best we can through more effective policies to help people through these difficult times and, if at all possible, try to prevent some firms from going into liquidation.

[20] I now turn to my first question on what the Welsh Assembly Government is doing. It has significant but broadly secondary powers to help the economy. The powers over great issues such as quantitative easing, changing interest rates, and even the overall fiscal envelope are held by the UK Government, and I fully recognise that. However, the paying of invoices promptly is one area that could be critical to whether a firm gets through this difficult period, as it affects cash flow. The Welsh Assembly Government has made brisk progress on meeting its target of paying its invoices within 10 days of receipt, but do we know how the rest of the public sector is doing? This is important, because the Welsh Assembly Government does not pay many Welsh companies directly; that is done by its agents in the public sector, such as local authorities and health trusts. So, that is my first question.

[21] Your update on the fourth economic summit is a helpful document as we try to scrutinise you, Deputy First Minister. In it, you say how much capital expenditure has been brought forward, and you also refer to the EU convergence funds that have been allocated. Who in your department is ensuring that that money is spent with due diligence but as quickly as possible? Capital expenditure, or the means to make further capital undertakings, can be passed on to local authorities, but they may use it in another area or they may not spend it. Similarly, while, I think, that some 20 per cent of EU funds have been allocated in some fashion, 20 per cent has not been spent, as I understand it, so an update on that would be welcome.

[22] As I have said before, I think that it is time for you to bring forward a manufacturing strategy. You may have to amend it as the recovery starts, but it is needed now. We need an idea of what manufacturing will look like. The basic view is that we need more manufacturing and that we need to talk it up. Perhaps we need to look to new areas, such as a move to a less carbon-based economy, and so that is the new technology on which we need to focus. We need to get research and development funding for our higher education sector and so on to identify the new areas that could really take off. You have a green jobs strategy, and I

commend you for that, but I do not think that you can stop publishing strategies just because we are undergoing an economic recession.

[23] Finally, we have talked a lot about the lack of credit and what we can do to help small businesses—and much of this will be led by the UK Government—but I think that you could amplify the message that banks are in danger of driving them away, particularly small and medium-sized enterprises. There will be a general mood that a business should not borrow from a bank because, if they do, they will be vulnerable when the bad times come. So, when the upturn comes and small and medium-sized enterprises see areas where they could grow, unless they can invest from their own capital, they may not take their full opportunities for development because they will be reluctant to go to the banks. It is a real worry. At the moment, there is a general fear that companies have been hit very hard by rather arbitrary practices: when the banks got into trouble, they called in the money. They did not operate on the basis that it is at times when things are tight that you need to give your customers as much help as possible; it was exactly the reverse.

[24] There is now a culture among businesses to drive down debt. Economists will tell you that debt is like cholesterol: you can have good debt and you can have bad debt. Of course, we want them to drive down bad debt, but if businesses do not have the means by which to invest—and not many companies can always generate their own capital for developments—our economy will be in the slow lane for too long. This is a real worry.

[25] I know that I have asked a range of questions, but I hope that they have some coherence. In essence, I asked about the current position and then I followed the points through to ask about the Welsh Assembly Government's actions to date on those points.

[26] **The Deputy First Minister:** Thank you, David. That was very comprehensive. I will try to do it justice in my response. First, in the current economic climate, it is very dangerous to make any predictions about how deep the recession will be or even how much unemployment we are likely to see towards the end of this year. Frankly, the pattern is not uniform, even across the United Kingdom. If I remember rightly from the labour market survey that we saw two months, or at least two labour market surveys ago, it looked as though Wales was doing particularly badly in relation to other parts of the United Kingdom. However, on looking at the latest survey, we see that Wales is not doing all that badly. In other words, although it is bad generally, we are not doing as badly as other areas, which have overtaken us. It is difficult to make predictions on one set of analyses or figures because you have to look at this over a longer period of time.

[27] The economists advising us have told us that the critical period from the beginning of January until Easter is when we might see the scale of the potential job losses that we are facing. The Governor of the Bank of England said that this is a serious downturn, which will probably be deeper than people originally thought, and I think that that probably accords with most people's experiences.

[28] When we respond to the recession as a Government, we will do that with the advice that we are given from our economists and the scenarios that they think are applicable. It is fair to say that, since January, the feeling is that the recession is perhaps deeper than we had originally thought it would be, but we are nowhere near the situation that we faced in the 1930s—well, neither of us would remember that, but at least we can read about it and the experiences at the time. I think that we have avoided that primarily because of the early interventions this time, which clearly did not happen in that period. There has been quite a lot of bank recapitalisation, and Governments have also made a substantial effort to stimulate activity through the use of public funds, as we have tried to do.

[29] So, it is too early to say how deep and how long the recession will be. We will have

to wait a few months before we can make any firm predictions. Secondly, the initiatives that we have in place currently are based on the advice that we were being given up until the beginning of the year. However, I acknowledge that it is now necessary for us to reflect on what else we should be doing, given where the economy might be going.

9.50 a.m.

[30] That is the discussion that the department is having internally at present. The other point that the governor of the Bank of England made was that this is a world recession, which needs a world response. The Welsh Assembly Government on its own will not be able to have a major impact. That is what I would say on where we are in terms of the economy.

[31] On the initiatives that we have taken, you referred to the payment of invoices. At the summit, we were able to say that we were paying 92.5 per cent of Welsh Assembly Government invoices within 10 days, and most of them within five or six days. That is a big effort on our behalf. You asked how other agencies were doing, particularly local government. A paper was presented at the summit by the Welsh Local Government Association, which stated that it is making great efforts to reduce payment times from 30 days to 10 days. Two examples were given, namely Neath Port Talbot and Carmarthenshire councils, which are paying half of their invoices within 10 days. So, real efforts are being made, right across the public sector, to do that. You are absolutely right; this is not rocket science—if you pay your invoices on time, it gives companies money, thereby improving their cash flow.

[32] On capital expenditure, you are right in the sense that most of the £23 million that we brought forward to this year will be delivered by local government and other agencies. We are satisfied that that is happening; we have a strong agreement with local government—from both sides—that we must have that money out and those projects up and running, because that is one way in which we can address some of the problems in the construction sector, for example. We are working very hard with local government, and it has agreed that this is a key priority. You asked whether it is spending the money on agreed projects, and the answer is ‘yes’. We have been assured that it will be spent on what we all intended it to be spent on.

[33] On convergence funding, we are trying to see whether we can speed up decision making, for example. What happened with ProAct was a prime example of everyone pulling together, and approval was given in record time. The convergence proportion is something in the range of £30 million—is that correct, Tracey?

[34] **Ms Burke:** Yes, it is over £30 million.

[35] **The Deputy First Minister:** That was agreed and done within less than two months, and money is actually out of the door. The first company to succeed in its application was announced last Thursday, and I know that a number of companies will follow. So it can be done and we are doing it where we need to do it. Some of the new initiatives that we will want to announce before long will also have some assistance from convergence funding, and we are confident that we will be able to do that, working with the Welsh European Funding Office.

[36] I have just been reminded by Tracey that the convergence proportion is £38 million.

[37] You are right that there is a difference between committing funds and spending funds, and there will always be a lag between the two. However, the total sum allocated and committed is higher than at the equivalent time in the Objective 1 period, and we are doing what we can to ensure that that money is spent.

[38] I think that we are, so far, as one. Although it is too early to make predictions, I think that we agree that this is a serious situation and that we are trying to deal with it. Where I think there is a little disagreement is over whether we should now be spending our time developing a manufacturing strategy, which is being considered. The question is: what kind of priority do you allocate to it? The department's priority is now on addressing the real issues of the recession, deciding what new policy options we should be adopting, how we work with the banks to ensure that they are beginning to lend and that businesses are not being strangled, to paraphrase your comments, by the lack of working capital. There is no disagreement between us about the manufacturing strategy—it is about the speed with which it will be brought forward.

[39] There is no disagreement as to the role that we want the HE sector to play in ensuring that, when we come out of this recession, we have a more sustainable economy. As I say at every opportunity, it is a priority for the Government to make an agreement with the HE sector for Wales to capture more research and development funding, and to commercialise that funding. I was pleased, when I visited Swansea University, to announce the £22 million nanohealth programme, which will allow lots of companies to undertake health research, but also to commercialise that research so that businesses can develop and grow. I believe that, if we can get this relationship right, the Welsh economy will be much more sustainable coming out of this recession. I also agree with you about the green jobs strategy.

[40] Finally, you made a point about lack of credit. This is a priority and is something that we are devoting a lot of time to within the department, working hard to see how we can work with the banks to increase the flow of credit. There have been meetings already, but they have been inconclusive in some ways, because the banks are saying that they are ready to lend, but the anecdotal evidence from many companies suggests that they are not. There is a mismatch between the information from the banks and from the companies. I tend to believe that there has been a reluctance by the banks to lend in the way that we believe they should, so we will be working hard with them to ensure that, when we introduce our new policy initiatives, they will work alongside the banks—at the end of the day, the banks are the institutions that should be lending to companies.

[41] **Gareth Jones:** I am sure that David wants to come back. We are dealing with four or five specific points here, and I know that Andrew also wants to come in on the first one after David has responded.

[42] **David Melding:** I will just follow up on one specific issue, because I know that other Members want to come in. You have been generous, Chair, and in fairness, the Deputy First Minister gave a full answer. I did not agree with all of it, but I do not want to rehearse some of my disagreements for the sake of it, regarding the manufacturing strategy, for example.

[43] On the lack of credit, it is important to encourage companies to borrow as new opportunities arise and we move out of recession. Could Finance Wales do more on that—perhaps with equity swaps as part of the package? If the banks are not lending, or are not trusted, could we look in another direction, especially since we are looking at rebalancing the economy? While we are aware of the fact that SMEs are important, perhaps we have not done as well as in the past in getting SMEs to the next level—that is, enabling them to grow to medium-sized companies rather than small ones, to put it crudely—and to take on more people. That is what we are hearing out there. People may not always understand the intricacies of Finance Wales, but you can hardly go to a meeting with businesspeople without them asking why Finance Wales is not doing more.

[44] **The Deputy First Minister:** Finance Wales is doing more. It has lent substantially more money this year than last year.

[45] **Mr Hall:** It has lent 15 per cent more.

[46] **The Deputy First Minister:** Yes. Next year, when, hopefully, the JEREMIE programme will be up and running, it will lend substantially more again. So, it is doing more. We must remember that Finance Wales is not a bank. It does not have the powers that a bank has, nor the resources, so we must recognise that, although it can be part of the solution, it cannot be the whole solution.

10.00 a.m.

[47] If we are thinking of quite short-term loans, Finance Wales is doing a lot with the banks. If, for the sake of argument, a company goes to a bank and asks to borrow a certain sum of money, and the bank says that it will lend the company some of it but that it will have to go somewhere else to find the rest, the company can go to Finance Wales, which will often work with the company and the banks to make up a package. However, the problem that we are now finding is that the banks are beginning to cut back even on what they have agreed, putting even greater strain on Finance Wales. Therefore, it is becoming quite difficult. We will look again to see what Finance Wales can do, but within those restrictions, including the fact that it cannot operate as a bank. It is important to stress that Finance Wales is lending more and doing what it can within those constraints to assist businesses.

[48] Some mention has been made in the past of the interest rates that have been charged. Finance Wales has to charge in relation to the European reference rate, which has been reduced. I may need to ask Gareth or Tracey to come in on this, but my feeling is that the interest rate currently being charged is not considerably out of line with commercial rates; it may well be just about the same. Therefore, we will do what we can to consider what Finance Wales can do differently. I do not want to raise expectations in that regard, because there are quite strict European rules that must be adhered to. Nevertheless, the big push that we, as a department, and the Government should be doing is to work with the high street banks. We need to put pressure on the banks to lend, in appropriate cases, to Welsh businesses. That is the problem. The scale of the lending, even with the Finance Wales JEREMIE money of £150 million, is still small in relation to what the high street banks ought to be lending. That is where we ought to be applying pressure.

[49] **Mr Hall:** To expand a bit on that, pre-recession, Finance Wales used to fill that gap in the marketplace with the final 10 or 15 per cent that businesses needed. Therefore, Finance Wales took the risk but charged a commercial rate. What it is now doing is getting involved in these deals with business far earlier in the process. So, they are coming together and syndicating with the banks, so the banks are providing the debt, and the investment finance is coming from Finance Wales. It is 15 per cent up on the amount of loans that it had made up to this period last year, and the figures for the past two months show that it has done the highest amount of business since it was established. Therefore, it is anticipating JEREMIE so that it can start writing business for when the £150 million comes on-stream.

[50] **Jenny Randerson:** Have the interest rates gone down?

[51] **The Deputy First Minister:** Yes, they have.

[52] **Mr Hall:** Yes, in line with the prescribed rate from Europe.

[53] **Andrew R.T. Davies:** What is the rate now?

[54] **The Deputy First Minister:** I think that it has come down from 5.7 per cent to 4—

[55] **Ms Burke:** It has gone down to 4.8 per cent.

[56] **Andrew R.T. Davies:** Deputy First Minister, I wish to clarify a point that you made about the paying of invoices. The figures in the briefing document that you provided show that, after the third summit, 95 per cent of invoices were being paid within five days. By the fourth summit, that had gone down to 92 per cent being paid within 10 days. It is only a marginal deterioration, but is there an explanation for that?

[57] **The Deputy First Minister:** I am not aware of a deterioration. May I come back to you on that, when I have clarified the figures?

[58] **Andrew R.T. Davies:** It is in the briefing document that you provided on the third summit. There is a deterioration by the fourth summit, but it is only marginal. However, it could be that you are running out of steam or that you have hit some obstacle that has caused that deterioration in the figures.

[59] **The Deputy First Minister:** I have to be honest with you and say that I do not remember precisely what the figures were in the document on the third summit. I will come back to you on that. However, I am aware that, in the document on the fourth summit, we said that we were paying 92.5 per cent of Welsh Assembly Government invoices within 10 days, and the majority of those within five days. I cannot imagine that we ever said that we were paying 95 per cent within five days.

[60] **Andrew R.T. Davies:** The document states:

[61] ‘On 20 November, it was announced that the Assembly Government’s average payment times for invoices is now 5.89 days, with over 95% of invoices paid’—

[62] sorry, they were paid within 10 days.

[63] **The Deputy First Minister:** We will come back to you to clarify that.

[64] **Christine Chapman:** It has been recognised that the Welsh Assembly Government has taken a strong lead during this recession, and the messages coming out of the economic summits are welcome. One of the reasons why I particularly called for this inquiry was that I wanted to test out how the strong messages coming from the Welsh Assembly Government were impacting on businesses on the ground.

[65] I have a couple of practical questions and, in asking them, I am thinking of businesses that are out there and listening to this, if they have time today. I would like to know what help is getting to those businesses. Your paper mentions relationship managers going out to visit companies. Have you been able to employ extra people, or are you shifting staff around? We have always had these officers working with businesses; is there a greater degree of urgency now, because of the recession?

[66] On tracking businesses, Flexible Support for Business has been very successful, but I am aware of companies that have used that service but then nothing has happened because they are unsuccessful. How much work is being done to track these businesses? Do they just disappear, or are you aware of what happens to them afterwards?

[67] How is the information getting out to businesses? There are companies out there—I call them below-the-radar companies—that may be shedding a few jobs a week, and if you count those job losses up, you find that they can make a huge difference to the community in which those businesses are located. So, I am concerned about this communication getting out to some of these smaller businesses that may not be the usual suspects that work very closely with WAG.

[68] **The Deputy First Minister:** We have been holding the economic summits and having discussions with representatives of the different sectors of industry. As you say, the recession is felt most keenly out there in individual businesses, which are either finding it difficult to get credit or finding that customers have gone and that, therefore, they need to downsize, and they want to know how to respond to that. We have been very conscious of driving down the information to the interface between our officials and businesses. I have been keen to ensure that the information that is available to companies out there is the best that can be given and that they understand the full range of things that we can do to help. For example, I wanted to know whether our officials have sufficient information about the ProAct scheme, which is being delivered through the Department for Children, Education, Lifelong Learning and Skills, so that if a company comes to them, they can direct them so that they can benefit from that scheme, and I have had that assurance. The great strength of this department is its regional reach, as it has offices in all the regions, and there are people out there talking to businesses on a day-to-day basis, and they are now beginning to work with other departments to ensure that things are being made available to businesses. I am satisfied that our officials out there know what is on offer to help companies and that that information is getting to those companies.

10.10 a.m.

[69] I share your concern about microbusinesses, because I am still not satisfied that all of them are aware of what is on offer, and that is why we are going beyond what we would be doing traditionally, namely providing relationship managers, by producing leaflets, such as the one that I have in my hand. We decided to produce these particular leaflets. One refers to what has been done by the Welsh Assembly Government and the UK Government, and what help is available. As a department, by the end of this month, we will be in a position to publish a document called 'Weathering the Storm', which provides information for all businesses. A hard copy of this will be available, and it will be available on the website. We are also holding regional seminars, so that people with an interest, who want to know what help is available, can come along and discuss it with our officials.

[70] I saw the benefit of this first-hand when I visited Llandudno, where an open day was held. The main contractor building the new Llandudno Junction office held an open day and businesses from all over the region came to talk about how they could benefit from the sub-contracts resulting from the main contractor winning the main contract. We found that if you hold these regional meetings, people will come. If you were to have a conference in Cardiff, people from many parts of Wales would find it a struggle to attend. However, if you can hold them regionally, people will attend.

[71] Gareth might want to make further reference to the work that we are doing on a local level.

[72] **Mr Hall:** You made the point about the number of people we have working with businesses. When we established Flexible Support for Business and collapsed a number of support mechanisms into one to give more flexibility to businesses, some of the people who were previously managing individual programmes were given front-line responsibilities. So, we have a greater cohort of relationship managers.

[73] In order to track all of this, we have a call centre in Morganstown. There is now an 03000 number, and all calls go through the one number. We have quite a sophisticated tracking system to ensure that microbusinesses in particular do not fall below the radar. A lot of the interaction with microbusinesses is done through local authorities, which are a part of that reach that the Minister just described. We have been working closely with local authorities, because they have complemented our single investment fund with a local

investment fund, which provides small amounts of money, and that is important to small businesses. At the event last night, which I know you attended, I was talking to the person who manages this for Bridgend council, who said that there is an incredible demand among microbusinesses for the small loans and grants that are available from local authorities.

[74] I will say a bit more about the documentation, advice and guidance. The central repository for all of this information is the Assembly Government's website. Everyone from Jobcentre Plus and all of the different agencies involved direct people to this single point of information, which everyone then updates on a regular basis. So, as well as having a hard copy—and because the situation is moving so fast, things go out of date quickly—there is a reference to the website, where up-to-date information can be found.

[75] **Jenny Randerson:** We all realise that many of the levers to stimulate the economy are not available to you; they lie in the hands of the UK Government. You grapple with an inflexible total budget as a Government. Therefore, my first question is about the budgetary pressures that you are facing. Putting aside the structural funds—which are obviously significant and important, but we know how much they are worth—what proportion of the recent funding announcements have come from within your existing budgets, and how much is new money that has been made available to you for what are essentially economic development projects, either from unallocated funds or from other departments? With regard to the Assembly Government's response to the recession, it is important that there is that flexible approach, because this was not foreseen when the budget was devised last summer. There will obviously be an ongoing issue here, which you will be able to anticipate next year when you do the budget, but you will not have anticipated it last year.

[76] Going back to business support, I am still getting daily reports from businesses that are frustrated about the system for business support. The refrain is, 'I always seem to fall outside every fund.' Obviously, a significant number of those who come to me are from the Cardiff area, and the key issue is that so much of this support for business relies on European funding, which is not available throughout a large swathe of Wales. Are you planning to do anything to address that particular concern? I suggest that an obvious source to plug that gap is local authorities. As you know, Cardiff last week announced £1.2 million of additional support for businesses and for new schemes. You referred just now to local authorities, but how many are now engaged in direct support for business? What are you doing about those who are not? Have you given consideration to Assembly Government money going to local authorities so that they can develop their own bespoke schemes? For example, Powys may not want direct business support schemes, but might want to use the money to advertise its tourism industry. This is about providing a local solution to a local problem, and the local problem in Cardiff is not the same as the local problem in Powys or indeed in Llandudno. So, how much work is going on with individual local authorities as opposed to with the WLGA?

[77] Briefly on the ReAct programme, a 50 per cent increase in ReAct capacity is planned, but there has been a 110 per cent increase in applications. Are you considering a further expansion of that? Sorry, Deputy First Minister, but I have many short, sharp questions.

[78] On procurement, the Welsh Assembly Government agencies have come in for criticism along with local authorities. The local authorities are acting under Welsh Assembly Government instructions on framework contracts or bundling, or whatever you want to call them, but there are other issues there about tenders being advertised and then being abandoned by Welsh Assembly Government agencies. I will not go into the details here; I will write to you separately about them, but I would like to be assured that you are looking at your own agencies' procurement processes in terms of analysing how many tenders have gone to Welsh firms, how many have been abandoned halfway through and, in particular, how often a tender is issued and then a decision is made to continue with the existing supplier? I have heard the allegation that a tender is often issued in such a way that, in

practice, it is impossible for anyone other than the existing supplier to satisfy its requirements.

[79] I will comment briefly on the summit. It is a good idea and has got off to a good start, but whenever you have something like this, there will be people who are not there and who think that they should be there, and interests that are not represented when people think they should be. You have been open, and it is useful to have these reports, but could you include in those reports details of who attends these summits and why, so that the various sectors of business can be reassured that it is a fair representation? If they feel that it is not, they could make representations to you that they should be represented.

10.20 a.m.

[80] Finally, I have a few brief points about the long term. In the immediate emergency situation, as I would call it, I am keen that we do not abandon plans for the long term. David touched on the need to plan for the long term, but I am also keen that we do not abandon green jobs strategies, and so on. When the world comes out of recession, we need to be assured that although we might get more prosperous as a result of coming out of recession, we will not end up tagging along behind as we have done for decades. I am very keen that you continue to develop strategies for niche markets for the high-value-added industries, and I wish to hear your comments on what is going on in that regard.

[81] You mentioned EU intervention rates earlier. I am pleased that you are going to Brussels to talk about them, but the UK Government has a big role in enabling the refocus of the convergence programme. I would be grateful if you could outline what you are discussing with the UK Government and how well those discussions are going. Within the EU programme in Britain, we are a big player. Therefore, the co-operation and assistance of the UK Government is essential, and those discussions are essential.

[82] I am sorry to have so many questions, but I have asked them quickly.

[83] **Gareth Jones:** Thank you, Jenny.

[84] **The Deputy First Minister:** You began by asking questions around how flexible our budget is. The reality is that we have had to look seriously at all the spending in our budgets. As a department, we have gone through the budget line by line over the past few months, including the transport budget and the economic development side of it. We will be having further meetings to ensure that we are spending money in the right way. We have flexibility in the budget to do things differently, and we may want to come forward with policy initiatives that will take us in a different direction.

[85] You asked from where the money came for the things that we are currently doing. Most of that money has come out of the unallocated sums within Government, although each department—whether that for housing or the Department for Children, Education, Lifelong Learning and Skills—has also been using some of its core budget, but the majority of the money has come from unallocated funding. The reality is that unallocated funding is not a bottomless pit, therefore we must look at each department's core budget to see whether we are doing the right things in our core budget. I cannot speak for other departments—I can only speak for my own—but I can assure you that we are doing that rigorously; we are looking at each item of expenditure to ask whether it is for things that we should be spending money on in the current climate, bearing in mind the very important point that you made that we cannot abandon the long term.

[86] So, I give you an absolute assurance that we are being as flexible as we can, for the reason that you mentioned in your second question. You said that you receive daily reports about business support not being available for businesses. We should remember that the basis

for much of our Flexible Support for Business has been the Lisbon agenda of jobs and growth. If companies are not growing or creating jobs, it is difficult. So, we are looking at how we can refocus some of that money to help companies that are in survival mode, rather than growth mode. We can give you an assurance that we are doing that.

[87] I acknowledge your point about business support in certain parts of Wales. I will have to ask Gareth to respond, as he is probably more of an expert than I am in these matters. In truth, it is not just about structural funds, because the assistance that you can give to businesses differs from area to area because of assisted area status. We cannot get away from that. It is a framework that we have to work within. You are right in saying that parts of Wales do not benefit in same way that others do—you mentioned the experience in your constituency. I will ask Gareth to comment on how the assisted area status operates and what we might be able to do to help.

[88] Gareth mentioned that we are working with local authorities on business support. You are right that the same answer will not be needed in every area; you mentioned Cardiff, and then Powys with regard to tourism. There is an opportunity for tourism now because of the relative value of the pound, the euro and the dollar, and Visit Wales will want to take advantage of that—I am sure that it will be discussing with local authorities how it can be involved.

[89] I am not sure that we should be creating new structures for business support. I think that we should use the structures that we currently have, but perhaps tweak them so they are more appropriate to our current economic circumstances.

[90] The ReAct programme has already been substantially enhanced financially. Tracey may be able to give you the figures, but it is a substantial increase. That increase has happened because we anticipated that there would be greater demand. Some companies that might have been thinking about making people redundant, and therefore eligible for ReAct, are now going for ProAct because, by maintaining their skills base, they do not have to make those people redundant and can get help to keep them in employment. So companies that might have thought of making people redundant are now looking at ProAct as a way of keeping their skills base, so there is a bit of a crossover happening there. We are, obviously, keeping each of these programmes under review.

[91] With regard to procurement, there is a genuine wish across the Assembly Government and local government to do what we can to ensure that local businesses can bid for work in the public sector. The importance of that is that the sums involved are substantial. The public sector procures business worth £4.5 billion a year—that is a big budget. If there are examples where that is not happening because of bundling and because the framework that is being used is denying local companies the opportunity to bid, then we want to know about it, because there is a genuine desire at the national level, on our part and on the part of the WLGA, to see that work through to a more local level. Where we find examples of that not happening, we assure you that we are taking action.

[92] On the summits, I cannot see any reason why we cannot release details of the attendees. We have nothing to hide there, so we will publish that information. The only thing that I would add about the summits is that the WLGA is now advising local authorities to hold local summits. That is a good idea, because where they have been held—I know of one that has been held in Ynys Môn, my area—they bring people together. They get local authority representatives, small and large businesses, the banks, FE and HE colleges and others all pulling together at a local level. I encourage local authorities that have not already done so to hold such summits. That is an important point.

10.30 a.m.

[93] We are not abandoning the long term—we can assure you of that. There are several initiatives. I announced the nano-health project in Swansea earlier in the year. Last year, we announced the academic expertise for business scheme, which is about £50 million and is designed to assist higher education and businesses to develop new ideas and commercialise those ideas. Therefore, we can assure you that that will go ahead. We are certainly committed to the green jobs strategy.

[94] On EU intervention rates, a meeting will be held on Monday. The way that we are delivering convergence funding means that we are more flexible in any event than we were under Objective 1. We are much more strategic and flexible. Where we think that we do not have sufficient flexibility, we will need to look at that. We have to deliver the money in accordance with the strategic framework documents that have been agreed. Where we think that there is insufficient flexibility, we will need to consider that, and the programme monitoring committee will be asked to look at that at the appropriate time.

[95] **Gareth Jones:** Diolch yn fawr. Jenny, do you want to come back on anything?

[96] **Jenny Randerson:** No, thank you.

[97] **Nerys Evans:** Diolch yn fawr am y dystiolaeth heddiw, Ddirprwy Brif Weinidog. Hoffwn gyfeirio at eich pwynt olaf ynglŷn ag arian cydgyfeiriant. Soniasoch eich bod yn mynd i Frwsel dydd Llun i negodi. Beth yw maint y broblem o gael arian cyfatebol o'r sector preifat ar hyn o bryd? Pa lefel o ymyrraeth yr ydych yn gobeithio ei gael gan yr Undeb Ewropeaidd? Yr wyf yn cymryd bod gwledydd eraill yn dymuno negodi'r mater hwn hefyd. Beth yw amserlen y penderfyniadau yr ydych yn disgwyl eu cael gan yr Undeb Ewropeaidd?

Nerys Evans: Thank you for the evidence today, Deputy First Minister. I would like to pick up on your final point on convergence funding. You mentioned that you will be going to Brussels on Monday to negotiate. What is the size of the problem with regard to getting match funding from the private sector at present? What level of intervention do you hope to get from the European Union? I assume that other countries will also want to negotiate on this matter. What is the timescale for the decisions that you expect to get from the European Union?

[98] Soniasoch am agenda Lisbon o safbwynt creu swyddi a chynyddu gwaith, a'ch bod am ailffocysu hynny o ran strategaeth ehangach. Soniasoch hefyd am hyblygrwydd arian cydgyfeiriant. A fyddwch yn ailedrych ar symud y rhaglen cydgyfeiriant oddi wrth strategaeth Lisbon tuag at geisio sicrhau bod busnesau'n goroesi'r dirywiad economaidd, neu a yw hynny'n rhywbeth ehangach i chi a'ch hadran?

You mentioned the Lisbon agenda with regard to creating jobs and increasing employment and said that you are looking to refocus that in terms of a wider strategy. You also mentioned the flexibility of convergence funding. Will you be looking again at moving the convergence programme away from the Lisbon agenda towards trying to ensure that businesses survive the current economic climate, or is that something for you and your department more widely?

[99] O safbwynt taliadau, mae'n dda o beth bod Llywodraeth y Cynulliad yn talu o fewn 5.89 diwrnod. Soniasoch bod Cymdeithas Llywodraeth Leol Cymru wedi adrodd yn yr uwch-gynhadledd ynglŷn â thaliadau llywodraeth leol. Yr wyf wedi siarad gyda sawl sefydliad, gan gynnwys Ffederasiwn Cenedlaethol yr Adeiladwyr, sydd wedi sôn am y pryder nad yw'r taliadau

With regard to payments, it is good that the Assembly Government pays within 5.89 days. You mentioned that the Welsh Local Government Association had reported on local government payments at the summit. I have spoken to several organisations, including the National Federation of Builders, that have mentioned concerns that those payments are not being passed on to

hynny'n cael eu trosglwyddo i isgcontractwyr ar y rheng flaen. A fu unrhyw drafodaeth yn yr uwchgynhadledd ynglŷn ag ymrwymiadau o ran taliadau, a sicrhau eu bod yn cael eu trosglwyddo i'r isgcontractwyr? Mae'n amlwg bod y prif ffigurau yn dda o ran cael y nifer o ddiwrnodau i lawr, ond mae'n bwysig bod hynny'n cael eu trosglwyddo i'r isgcontractwyr.

[100] Yr wyf hefyd wedi bod yn siarad ag undebau llafur dros y misoedd diwethaf, a nododd bryder ynghylch y sôn bod Llywodraeth San Steffan am gwtogi'r gyllideb ar gyfer canolfannau gwaith. A oes unrhyw wirionedd i hynny, ac, os felly, beth fydd yr effaith ar y rheng flaen o ran cwtogi nifer y staff mewn canolfannau gwaith? Mae'n amlwg nad eich penderfyniad chi yw hwn—penderfyniad San Steffan ydyw—ond yr oeddwn am holi a oeddech yn ymwybodol o'r problemau.

[101] Yn olaf, fel y cydnabu Jenny, mae rhan helaethaf y mecanwaith sylfaenol i ysgogi'r economi gyda Llywodraeth San Steffan, felly sut mae'r cydweithio yn digwydd rhwng Llywodraeth Cymru a Llywodraeth San Steffan yn y maes hwn?

[102] **Y Dirprwy Brif Weinidog:** Diolch yn fawr am y cwestiynau, Nerys. Y bwriad dydd Llun yw cael trafodaeth gyda'r Comisiwn Ewropeaidd ynglŷn â chodi lefel yr ymyrraeth. Mae'n rhaid inni gydnabod mai'r rheswm am hynny yw bod rhai prosiectau yn ei chael hi'n anodd i gael arian cyfatebol o'r sector preifat. Ar draws y rhaglenni, os cofiaf yn iawn, daw oddeutu 30 y cant o arian cyfatebol o'r sector preifat. Disgwyliwn y bydd hynny'n is oherwydd y dirwasgiad. Yn naturiol, os cewch chi drafferth i gael arian cyfatebol, a bod prosiect mewn perygl, byddech yn ceisio codi'r lefel ymyrraeth.

[103] Nid ydym wedi cael y cyfarfod ym Mrwsel eto, ond cawn ar ddeall y bydd Comisiwn Ewrop yn dymuno egluro i ni na allwn godi lefel yr ymyrraeth yn gyffredinol; byddwn yn gorfod gwneud yr achos o blaid codi lefel yr ymyrraeth os ydym yn ymwybodol o broblemau penodol oherwydd y dirwasgiad.

subcontractors on the front line. Were there any discussions at the summit about commitments on payments, and ensuring that they are passed on to subcontractors? The headline figures are obviously good with regard to getting the number of days down, but it is important that that is passed on to subcontractors.

I have also been talking to trade unions over the last few months, and they raised concerns about the rumour that the Westminster Government is going to cut the budget for job centres. Is there any truth behind that rumour at present, and, if so, what will be the impact on the front line in terms of reducing the number of staff in job centres? This is obviously not your decision—it is Westminster's decision—but I wanted to ask whether you were aware of the problems.

Finally, as Jenny acknowledged, most of the fundamental mechanism for stimulating the economy lies with the Westminster Government, so how is the Welsh Assembly Government working with the Westminster Government in this area?

The Deputy First Minister: Thank you for your questions, Nerys. The aim on Monday is to have a discussion with the European Commission about raising the intervention level. We must acknowledge that that is because some projects are finding it difficult to get match funding from the private sector. Across the programmes, if I remember correctly, some 30 per cent of match funding is coming from the private sector. We expect that that will be less due to the recession. Naturally, if you find it difficult to secure match funding, and the project is at risk, you try to raise the level of intervention.

We have not had the meeting in Brussels yet, but we understand that the European Commission will wish to make it clear to us that we will not be able to raise the intervention level across the board; we will have to make the case for increasing the intervention level where we were aware of specific problems caused by the recession.

[104] Mae'n anodd dweud yn bendant i ba lefel y bydd yn codi heb inni gael y drafodaeth, ond byddwn yn sicr eisiau ei gweld yn codi o'i safle ar hyn o bryd. Mae hefyd yn anodd inni roi sicrwydd am yr amserlen, oherwydd bydd hynny hefyd yn dibynnu ar y trafodaethau. Yn ddiddorol, y gred fel arfer yw bod penderfyniadau'n digwydd yn araf iawn ym Mrwsel, ond gwn am drafodaethau diweddar am newid y rheolau ar gymorth gan y wladwriaeth a daeth y penderfyniad yn ôl gan Gomisiwn Ewrop o fewn wythnos, sy'n dipyn o record, yn sicr o'm rhan i. Mawr obeithiaf y cawn ymateb tebyg i'n cais ni.

It is hard to say with any certainty to what level it will reach without having had the discussion, but we will certainly want to see it lifted from its current position. It is also difficult to give any kind of assurance on the timetable, because that will also depend on our discussions. Interestingly, general consensus is that decisions are made slowly in Brussels, but I know of recent discussions on changing state aid rules in which a decision came back from the European Commission within a week, which is quite a feat, certainly as far as I am concerned. I very much hope that we get a similar response to our request.

[105] Cyfeiriasoch at agenda Lisbon i greu swyddi a chynyddu cyfleoedd gwaith, a bu ichi ofyn sut ydym yn helpu cwmnïau sydd mewn perygl o fynd i'r wal. Yr ydym yn edrych i ba raddau y gallwn ddefnyddio arian cydgyfeiriant. Yr ydym eisoes wedi ei ddefnyddio ar gyfer y cynlluniau ReAct a ProAct, sy'n helpu cwmnïau sy'n cael trafferthion yn y sefyllfa bresennol, ac felly mae modd inni ddefnyddio arian Ewropeaidd ar gyfer hynny. Nid ydym eisiau ailedrych ar y fframwaith strategol oni bai bod angen inni wneud hynny, ond, yn naturiol, yr ydym yn ei adolygu yn gyson.

You referred to the Lisbon agenda of creating jobs and increasing employment opportunities, and you asked how we are helping companies that are in danger of going under. We are looking at the extent to which we can use convergence funding. We have already used it for the ReAct and ProAct schemes, which are of assistance to companies that find themselves in difficulties in the current climate, and so we can use European funding for that. We do not want to revisit the strategic framework unless there is a need for us to do so, but, naturally, we will keep that under review.

[106] Gwnaethoch bwynt diddorol am yr isgcontractwyr, sef ein bod yn talu'r prif gcontractwr ond sut mae sicrhau bod yr isgcontractwr yn cael ei dalu mewn pryd gan y prif gcontractwr. Mae hwnnw'n bwynt diddorol, a gofynnaf i Gareth ymateb iddo.

You made an interesting point about the sub-contractors, namely that we pay the main contractor but how can we ensure that sub-contractors are paid in a timely fashion by the main contractor. That is an interesting point, and I ask Gareth to respond to it.

[107] **Mr Hall:** Several initiatives are being taken on the procurement front. First, there is a lot of work to try to streamline the accessibility of Government contracts, particularly for small businesses. We are looking to introduce just one set of pre-qualification registration requirements, because, up to now, businesses have had to pre-qualify for every tendering process. We are looking to have that on a single website. The Assembly Government has been leading the way on regionalising contracts, rather than having national contracts. That, again, allows more Welsh businesses to compete. You have to appreciate that we cannot show preference to Welsh businesses, but we can give them a higher profile and more information, and we can use the Flexible Support for Business fund to make them more competitive. There was a conference last week where all of the relationship managers met with Value Wales to get up-to-date understanding—

[108] **The Deputy First Minister:** Value Wales is the body responsible for procurement within the Assembly Government.

[109] **Mr Hall:** Yes, so those two parts of the organisation came together, and our people who are out there meeting businesses now have a better understanding of the contracts that

are available, how to register on www.buy4wales.com and www.sell2wales.com and how to use the xchangewales system.

[110] We are also looking to introduce social clauses in Government contracts, to allow us to take on apprentices and use local labour and supply chains. One proposal that has come from our dialogue with businesses, the Home Builders Federation and the Federation of Small Businesses is that clauses be put into a main contractor's contract stating a timescale within which they must pay the sub-contractors. So, that cascades right down, almost to the one or two-person bands that are involved in the whole process of procurement. That is particularly the case when it comes to civil engineering and construction contracts.

[111] **The Deputy First Minister:** It might be useful to say that we have seen the advantage of social clauses in the contract that was let to build the Church Village bypass. That refers to the need to employ people who have been economically inactive and to ensure that they receive proper training. I think that, through the use of social clauses, we can help the local economy as well.

10.40 a.m.

[112] **Nerys Evans:** Yr oedd dau bwynt ychwanegol am y canolfannau gwaith ac am gydweithio â San Steffan.

Nerys Evans: There were two additional points about the job centres and co-operating with Westminster.

[113] **Y Dirprwy Brif Weinidog:** Hyd y deallaf, mae Llywodraeth San Steffan wedi gwyrddroi'r penderfyniad i gau canolfannau gwaith, ac mae wedi penderfynu cadw'r staff a oedd yn eu rhedeg. Dyna'r wybodaeth sydd gennyf i, ond os ydych yn gwybod yn wahanol i hynny, Nerys, gadewch imi wybod.

The Deputy First Minister: My understanding is that the Westminster Government has reversed the decision to close job centres and has decided to keep the staff who were running them. That is the information that I have been given. If you know differently, Nerys, please let me know.

[114] Yn ail, cynhelir trafodaethau eithaf rheolaidd rhwng y Llywodraeth hon a Llywodraeth San Steffan. Yr ydym am sicrhau bod y pethau sy'n digwydd yn San Steffan yn cyrraedd cwmnïau yng Nghymru. Mae pob un o'r cynlluniau y mae'r Adran Busnes, Menter a Diwygio Rheoleiddio wedi eu cyhoeddi yn ddiweddar ar gael i gwmnïau yng Nghymru. Yr hyn nad ydym yn ei wybod hyd yma—ac yr wyf wedi gofyn i'm swyddogion edrych mewn i hyn—yw sawl cwmni o Gymru sydd wedi elwa o'r cynlluniau hynny. Yr wyf am fonitro hynny yn ofalus iawn. Yr wyf hefyd mewn trafodaethau â Paul Murphy i sicrhau ein bod yn cael ein cyfran o'r arian a'r cynlluniau sydd ar gael, ac i wneud yn siŵr bod cwmnïau o Gymru yn gwybod eu bod ar gael. Os yw'r pwyllgor yn dymuno cael diweddariad am hynny, byddaf yn hapus i'w ddarparu.

Secondly, quite regular discussions are held between this Government and the Westminster Government. We want to ensure that the things that are going on in Westminster reach companies in Wales. Every scheme that the Department for Business, Enterprise and Regulatory Reform has announced recently is available to companies in Wales. What we do not know at this point—and I have asked my officials to look in to this—is how many companies from Wales have benefited from those schemes. I want to monitor that very closely. I am also in discussions with Paul Murphy to ensure that we receive our share of the money and the schemes that are available, and to ensure that Welsh companies know that they are available. If the committee would like an update on that, I would be happy to provide one.

[115] **Andrew R.T. Davies:** First, I identify with David's opening sentiments. Our best

wishes go to your family at this time.

[116] I will open with what Nerys closed on, namely the relationship between the Welsh Assembly Government and Westminster. This is the first severe downturn since devolution. Although the Welsh Assembly Government has had to face local dilemmas such as the closure of the Llanwern steel works, this is the first time that devolution and the communication between the two institutions has really been tested on a whole-Wales, whole-UK and whole-world basis. As a relatively new Minister, have you been surprised by how the devolution settlement works when trying to address head on the problems of this economic downturn? What initiatives do you see that devolution—that is, the Welsh Assembly Government—has brought to the mix? Will those initiatives be more helpful than those during the recessions that we faced before devolution in addressing the financial situation and getting money in to businesses' pockets? At the Federation of Small Businesses dinner last night, that was the concern of virtually everyone to whom I spoke.

[117] You highlighted in earlier evidence to the committee that you will be putting pressure on the banks. Being a cynic, and having been involved in the agriculture sector during its 10-year recession, I must say that we have heard Government saying time and again that it will put pressure on the supermarkets to do x, y and z. I would be interested to hear you expand on what you believe that pressure from the Welsh Assembly Government could amount to. I have certainly seen the word 'pressure' used many times in the agriculture sector, almost as a comfort blanket, but then no-one can really identify what sort of pressure is to be exerted to try to free up the system.

[118] I welcome the summits, particularly the way in which your department has responded to them by feeding back information to Members and to the wider public. I would be very interested to know how you constituted the summits, that is, how you brought people together. Jenny highlighted the need to have a list of all those who attended them, and I am grateful that you have indicated that you will make such a list available.

[119] I have received extensive representations from the higher education sector and particularly the further education sector, because they have not been represented at those summits at all. I heard you indicate the importance of HE on several occasions in your evidence today, although you did not mention FE at all. I am led to believe that no body has represented those sectors at the summits. How can you correlate the evidence that you have given us today on the importance of these sectors in training our workforce with the fact that you have not included them in the summits, which are an important plank of your policy, given that you see them as the conduit for developing the strategy that will get us out of this recession?

[120] On convergence funding, representatives of the FE sector inform me that they have not received one farthing—their words—of convergence funding. I appreciate that it takes time to prime that funding and to put it in place, but I am aware that the rural development plan would have had to go through a similar process of accreditation and certification at Brussels, and yet many of its projects were being worked up in anticipation of its approval, and a lot of the money has since flowed as was described in the rural development plan. Why is it that convergence funding has yet to deliver one farthing to the FE sector two years after its inception? It is vital that the FE sector benefits from it.

[121] I welcome the ProAct initiative and the speed with which it has been brought out, but the FE sector tells me that it has had very limited input into its creation, and yet surely it is to be one of the key providers of the scheme. Although it is to be welcomed that the scheme has been established so quickly and that a headline figure of £38 million has been made available from convergence funding, we need a joined-up approach to ensure that, in years to come, we do not find ourselves looking back lamenting rather than lauding its successes. Could you

explain why the education sector has again been frozen out of the development of the ProAct scheme?

[122] Briefly, in the summary of the fourth summit, I note that there is a page on business rates that says there are no further developments to report. However, that is one sector that the Welsh Assembly Government could tackle aggressively, so I would be interested to hear why the page on business rates is just a big, blank space.

[123] **The Deputy First Minister:** Thank you for those questions, and I will try to deal with them as quickly as I can.

[124] The four main announcements made by the UK Government that we think Welsh businesses should be able to benefit from are on the working capital scheme, the enterprise finance guarantee scheme, the capital for enterprise fund, and help for the automotive sector. These are all announcements by the Department for Business, Enterprise and Regulatory Reform that have UK-wide reach.

[125] One of the benefits of devolution has been the speed with which we can respond. We have been able to set up our own summits, and I think that we are the only devolved administration to do so; we were certainly the first. They have been recognised as an example of a devolved administration responding quickly to circumstances. We have also been able to introduce schemes that have not been introduced in other parts of the UK, such as ProAct. That shows that we can do something substantial. There will be other initiatives that we will introduce before long that will also be made-in-Wales solutions. None of that would have been possible before devolution, and we can pay tribute to the inventiveness of this administration, if I may say so, for the way in which we have done it and for the speed with which it has all happened.

[126] You asked about the pressure on the banks. The reality is that we are in a recession, and the big issue that has come out of virtually all the summits, and was highlighted particularly at the last one, is the lack of liquidity. The only institutions that can improve that situation in the short term are the high-street banks; let us be honest about that. Therefore, we must work with them. It is not just pressure in the sense of me writing a letter asking the banks to please lend more money; it is about working with them to draw up programmes that will release that liquidity, and we will be working very hard with them to do so. There will be meetings in the next few days with representatives of the banks. I have already held meetings with lending institutions, and the whole purpose is for the Welsh Assembly Government to work with the banks to improve the situation. So, it is not just outward pressure; it is about working more closely with them.

10.50 a.m.

[127] You made a number of points about the FE sector and the summits, so I will preface my remarks by saying that there have been a number of meetings with the further education sector directly as a result of the economic downturn. John Griffiths and I have had meetings with Fforwm, which is the FE body that looks after the colleges. We made it clear from the outset that it should be involved in all the training programmes that we are providing. Fifty percent of the ProAct money—we have £48 million, so we are talking about £24 million—will be directly related to training, and FE colleges should be getting involved. It is a different way of delivering training to what FE institutions have traditionally done—*[Interruption.]* Let me just finish and then you can come back. We have made it clear to them that we want them to be involved in ReAct and ProAct, and some of the colleges have already been in touch, saying that they want to get involved and asking for information on how they can do that, and we will work very hard to ensure that they become involved. I would urge all the colleges out there to come forward with their plans.

[128] I do not accept this notion that they have been frozen out. We are in a recession, and businesses are telling us that they want a policy proposal that comes from the manufacturing sector and a fund that will help them to keep their workforce, so that they do not have to make them redundant. They are saying ‘Will you help us?’, and that is what ProAct is about. I discussed this with the FE sector at the very early stages of looking at ProAct, so I do not accept that it has been frozen out.

[129] **Andrew R.T. Davies:** I will read what Fforwm has said word for word. It says that, had the FE sector been at the table at the economic summits, it would have been able to explain to what extent a fund such as ProAct would work from the training-provider perspective and might have been able to influence the structure and funding of these programmes in order to help bring about the desired outcome. It is not me saying that; Fforwm said it. That flies in the face of what you have told the committee.

[130] **The Deputy First Minister:** We have to understand what the summits are about. They are not about the detail of how schemes are implemented. Ideas come forward at these summits. In the first summit, a range of ideas were brought forward principally as a result of discussions between the Confederation of British Industry and Wales Trades Union Congress. They asked us to look at seven areas. As soon as we came out of the summit, we set up a reference group, to which all stakeholders were invited and at which the detail of each of these proposals was looked at. The detail is worked out through the reference group. The reference group has work streams, which include DCELLS, my department and all the other departments, so everybody is clearly involved at that detailed level. You do not turn up at the summit and give ideas about the detail of schemes; you talk about the headlines. The work is then done in each department. If Fforwm feels, for some reason, that it has not been part of that, I will be happy to have a look at this, but presence at the summit would not have made that much difference to the detail of the scheme.

[131] **Gareth Jones:** I have to ask the question: does Fforwm now become involved in the scheme? Is it aware of its—

[132] **The Deputy First Minister:** Yes.

[133] **Gareth Jones:** So it is involved?

[134] **The Deputy First Minister:** If there is a feeling that there is a misunderstanding or whatever, I will go back, speak to John Griffiths and see how, together, we can get it even more involved. I can give that assurance.

[135] On convergence funding, I do not have the figures on the commitment and the spend with me, but if there is a request that I provide information about the schemes that include FE that have been approved by WEFO, I will be happy to make that available to the committee.

[136] On business rates, the reason there was nothing in the fourth summit was that we made the announcement on business rates in the third summit. The announcement was that, in the current financial year, the business rate fund of support for business has gone up from £14 million to £21 million, and the UK Government has reintroduced the scheme for empty property rates, and that means that 70 per cent of Welsh businesses now qualify for empty property rate relief. As nothing had happened since the third summit, there was nothing more for us to say.

[137] It is important for us to recognise that, in the current circumstances, and bearing in mind the fact that our budget is limited, we have to decide our priorities. The priority for us has been ProAct and ReAct and doing what we can to help businesses that are in survival

mode. I understand that Andrew's preference is for some of the resources to be used to enhance the business rates, but the reality is that the priorities that we have decided on are helping us to maintain our skills base through this recession so that, when it comes, we are able to take advantage of the upturn.

[138] **Gareth Jones:** Andrew, do you want to come back? I see that you do not. David is next, and then Jenny, on this specific point.

[139] **David Melding:** On this point about business rates, I welcome the Deputy First Minister's candour in stating his priorities.

[140] Do you accept that business rates represent the third largest cost to most businesses, after taxation and wage bills? In their direct representations to us in the opposition, business organisations tell us that they need help with business rates. That would really help them in this current financial situation. Has this issue been raised at the summits, or was it absent from them? You are right to say that there has been a modest improvement in the scheme, but it is nothing like the extent of the Scottish model, for instance. We are not exactly coming here with a counsel of perfection, telling you to have a much more generous business rates relief scheme, as though you could just wish it out of the sky. Why not follow the Scottish example, which has tried to help businesses directly with this large cost?

[141] **The Deputy First Minister:** Of course the issue has been raised. It was certainly raised at the first summit, and we told businesses then, and subsequently, that if we were to introduce it on the scale that they are asking for, it would cost us an extra £40 million. Businesses agreed with us at that juncture when we said that we would prefer the UK Government to introduce a UK-wide scheme, for which there would be a Barnett consequential, which would allow us to do it. We said that about business rates and empty properties. On the latter, the UK Government did introduce a scheme, but on business rates per se, it did not.

[142] The issue for us to look at internally, as an administration, is if we have £40 million, what would be the best use for that money. We decided that, as things currently stand, we would prefer that money to be put into schemes that assist our skills base and promote training. That is the decision that we have taken, and I do not think that it is intended at this stage to revisit that decision. The question being asked of us now, David, is whether we can in any way not introduce—what do they call it? It is not the accelerator.

[143] **Ms Burke:** It is the multiplier.

[144] **The Deputy First Minister:** That cost would be substantial. I could, therefore, put the question back to you, by asking: if you prefer me to do that, what should I not be doing to meet that cost? I think that that is a fair assessment of where we are.

[145] **Jenny Randerson:** Earlier on, I talked to you about the problem that much of your help for businesses is not available in large parts of Wales—they are outside the appropriate structural funds area. The business rates scheme could help businesses throughout Wales. I urge you to look at the matter again, because I receive a constant stream of inquiries from businesses about the issue of business rates. Many of these businesses do not want the kind of help that ProAct offers; it is not appropriate for the size of their business or the skills of their employees and so on. They want some assistance. They do not want to go into debt. So, they are not looking for a loan if they can possibly avoid it.

11.00 a.m.

[146] You say that you cannot afford £40 million, which I understand, but can you look

again at schemes that might be less expensive and more flexible, and would assist businesses wherever they are in Wales? It is a plea, not a question, really.

[147] **The Deputy First Minister:** I cannot give you any promises on that front, because it is not currently part of the discussions that we are having. It is a fair point. It is one of a range of options that we considered at the time. We looked at that quite carefully. We felt that, if we had money available, we would use it in a different way. This is what we have done. The enhancement to the business rate relief scheme affects businesses of a rateable value of up to, I think, £6,500 or £7,000—we can confirm the figure in writing to ensure that I give the right information to the committee. In the subsequent summits, this has not been raised, as such. Gareth, am I right in saying that?

[148] **Mr Hall:** That is why we deliberately left that column in.

[149] **The Deputy First Minister:** I would be interested—

[150] **David Melding:** Perhaps they have given up.

[151] **The Deputy First Minister:** They may have. There has been a general agreement that if the Westminster Government introduced a scheme, we would use any Barnett consequential. The committee may wish to make a recommendation on that.

[152] The rateable value limit is £6,500.

[153] **Gareth Jones:** I would like us to move on from the business rates. Huw Lewis has the final question.

[154] **Huw Lewis:** First, I apologise, Chair, for my late arrival. I am afraid that I have a sick baby at home, which is causing some domestic chaos.

[155] I welcome unequivocally the idea and structure of economic summits as a response to this economic downturn. It is a form of social partnership governance that I have advocated and supported for a very long time and it is a positive development. Within that, I would like to ask some questions concerning the capital investment infrastructure, which, of course, is a key weapon in the Government's armoury for providing an economic boost. It featured in the first and second summits as a key item of discussion. Why are your update papers on those economic summits curiously silent on the issue of the trunk road programme and your priorities within it? I understand that you have around £90 million per annum for infrastructure improvements in our trunk road system. Is it not the case that you have switched priorities, compared with the previous Minister holding your portfolio, from making improvements along the A465 and A40 to improving the A470? That is, north-south links as opposed to east-west links.

[156] Deputy First Minister, can you explain why, in a time of economic crisis, when you had the opportunity to continue to connect the northern Valleys and west Wales, the businesses and communities in those areas, with markets—a fast link with the English midlands and, the other way, all the way to Ireland—to provide that economic boost, you chose instead to spend the money on a programme that, as far as I can see, has far less economic worth? Or, could you explain why it has more economic worth in terms of the trunk road programme? Perhaps you can explain why straightening sections of the A470 will somehow provide a greater boost to the economy than continuing the dualling of the A465, for example. Have you not taken £90 million of capital infrastructure investment away from the part of Wales that needs that investment the most and, simultaneously, undermined the Heads of the Valleys regeneration programme in which communities in that region of Wales had invested so much hope?

[157] **The Deputy First Minister:** I deny that; your statement is totally false. It has nothing to do with the summits and it has nothing whatsoever to do with meeting the challenges of the economic recession. The idea of the economic summits is to bring together both sides of industry, to bring all sectors together and to bring forward discussions with all of the stakeholders. The programme was not primarily involved in bringing forward major infrastructure projects, because, as I think Huw will be aware, it is unlikely that local companies will be able to bid as the prime contractors for those projects. It was agreed across Government that the £23 million brought forward this year would be spent on small projects including, for example, school refurbishments, energy efficiency and social housing grants, and which would get people back to work quickly. Major infrastructure projects, particularly road programmes, take years to complete. Some of them cannot be done within the current financial year or the next financial year—we cannot bring forward such major projects.

[158] I repeat the point—because Huw has brought it up—that there has been no deferment whatsoever on the building of the A465 since I have been Minister. I have kept entirely to the programme that I was given when I became a Minister. I delayed announcing the trunk road forward programme until I could be satisfied that the A465 kept to the programme that I inherited. I have kept to the letter on that issue, and I reject any allegations to the contrary.

[159] **Huw Lewis:** This comes down to simple points. The Minister is, of course, right to say that such major trunk road programmes take years, but it is within his power to prioritise when they happen, in terms of which happens first and second, and so on. I have maps in my possession from 2005 that show that your department was planning work on sections of the A465 to begin this year and next year. The latest maps under your stewardship show start dates post 2011; beyond the purview of the One Wales Government. I have a very simple question: why have you prioritised the £90 million a year, which will be spent over the next three years on the trunk road programme, to be spent elsewhere and not on the A465 corridor?

[160] **The Deputy First Minister:** I deny that I have done that. I inherited the programme when I became a Minister in July 2007. I asked my officials for details of every road programme that I had, together with the timescales, and I made it clear that there were two priorities. The first priority was the ‘One Wales’ agreement to improve roads from north to south, which is primarily but not exclusively about the A470, and the Heads of the Valleys road. I made it clear that when I made the trunk road forward programme announcement, neither of those projects would be prejudiced in any shape or form. I delayed the introduction of the trunk road forward programme until I could be satisfied that I could keep the programmes to the timescales that I inherited, and I have done so.

[161] **Gareth Jones:** There we are. The points have been made, and we have had the response from the Minister.

[162] **The Deputy First Minister:** I very much deprecate the fact that Huw is using the opportunity to ask questions about the economic recession to repeat things that I have consistently told him will happen.

[163] **Huw Lewis:** Chair, this is an important issue. It is in point 4 in the Minister’s paper.

[164] **Gareth Jones:** I understand that this is a very important and emotive issue. Having listened to Huw making the point, it is reasonable to consider, particularly in a recession, the economic significance for sustaining these communities, and I understand why the question has been asked in that context. However, as a committee, we are looking at a specific issue. That is not to say that the issue that Huw raised is not important, but we have had a response from the Minister, and we will have to leave that point there, as it were.

[165] We will bring matters to a close. I thank the Minister and his officials for joining us this morning. I wish to make one or two observations, having listened carefully to this interesting question-and-answer session.

11.10 a.m.

[166] You touched briefly upon social clauses, and in Conwy, for example, stock transfer has taken place and something in the order of £90 million will be spent on upgrading social housing. My understanding is that the social enterprise model is being utilised quite effectively there. I have not read much about this model, which could be of great significance as we all seek the light at the end of the tunnel. That model has a proven track record and could be worth while in the situation that we find ourselves in. I ask you to look at that and to publicise it and its potential more. That is my take on that point.

[167] I also understand fully—and Gareth has referred to this on previous occasions—that the Government has moved from business potential mode to business survival mode. However, I ask you to consider that survival should equate to sustainability, because that will be the test of our investment. It is about sustainability rather than short-term survival, and I think that the social enterprise model would help in that regard. The green jobs strategy that you have mentioned should also be tested for its sustainability. All these points should be highlighted, and this paves the way forward.

[168] We call this an economic recession, but, in my humble opinion, it is a financial crisis with economic and social consequences for Wales. That is why we have the advice and guidance for employers and their workforce, which is highly commendable, but, in this information, we have possibly not touched upon the key to all this, which is cash flow, as we have heard this morning. I am not saying that that information is not available elsewhere, but if I were an employer—and this pertains to the relationship with the workforce—the cash flow issue would be my concern, as it is the concern of the Federation of Small Businesses, which we met last night. Can you make public that information and deal with the misinterpretation that exists about Finance Wales and its role? People think, ‘We can do this, and we can do that’. Can you clarify to the people of Wales what this drying-up of funding means and what kind of guidance you can provide, because that is their real concern and where a lot of confusion lies? I ask you to ponder and consider those two points.

[169] **The Deputy First Minister:** You raised important points. I would like to reflect on the contracts that will be used in the stock transfer. That is outside my department’s responsibilities, but the Government as a whole needs to give a corporate response to the crisis, as we have provided in the documents, so I would like to reflect on that. Your point about finance is important. We are beginning to have a much stronger dialogue with the banks. I would be happy to give you supplementary information about the precise role of Finance Wales, because that will inform your discussions substantially. The lack of liquidity is the big issue at present, and this will be addressed in ‘Weathering the Storm’, which will be published by my department. The document will contain some information about what Finance Wales can do, and, when we have concluded our discussions with the banks about any new policy initiatives that we want to bring forward, we would like to share them with the committee at the appropriate time.

[170] **Gareth Jones:** Ar y nodyn hwnnw, **Gareth Jones:** On that note, I thank you very diolch yn fawr i chi am eich presenoldeb y much for joining us this morning. bore yma.

11.15 a.m.

**Adroddiad Drafft y Pwyllgor—‘Plismona’r Ffyrdd yng Nghymru—Y
Maniffesto, 2009’
Draft Committee Report—‘Road Policing in Wales—Y Maniffesto, 2009’**

- [171] **Gareth Jones:** Cynhaliwyd y sesiwn graffu ar 29 Ionawr 2009. Mae'r adroddiad ger ein bron yn awr. Yr ydym wedi ceisio crynhoi prif bwyntiau'r dystiolaeth a archwiliwyd a chynigiwn argymhellion drafft i Gymdeithas Prif Swyddogion yr Heddlu yng Nghymru a Llywodraeth y Cynulliad. Estynnaf wahoddiad felly am sylwadau am, neu ddiwygiadau yr hoffech eu gwneud i, fersiwn ddrafft 'Y Maniffesto'.
- [172] **Gareth Jones:** The scrutiny session was held on 29 January 2009. We have the report before us now. We have attempted to summarise the main points of the evidence examined and propose draft recommendations to the Association of Chief Police Officers in Wales and the Assembly Government. I therefore invite any comments on, or amendments that you wish to make to, the draft version of 'Y Maniffesto'.
- [172] Gwelaf fod bodlonrwydd. A hoffech chi ychwanegu unrhyw beth, Kath?
- [172] **Gareth Jones:** I see that you are all content. Do you wish to add anything, Kath?
- [173] **Dr Jenkins:** Nid oes gennyf ddim i'w ychwanegu.
- [173] **Dr Jenkins:** I have nothing to add.
- [174] **Gareth Jones:** Diolch yn fawr. Dyna ddiwedd y cyfarfod.
- [174] **Gareth Jones:** Thank you. That concludes the meeting.

*Daeth y cyfarfod i ben am 11.16 a.m.
The meeting ended at 11.16 a.m.*