



**Cynulliad Cenedlaethol Cymru
Y Pwyllgor Menter, Arloesi a Rhwydweithiau**

**The National Assembly for Wales
The Enterprise, Innovation and Networks Committee**

**Dydd Iau, 7 Rhagfyr 2006
Thursday, 7 December 2006**

Cynnwys
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynnddi 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 o'r Cynulliad yn bresennol: Christine Gwyther (Cadeirydd), Leighton Andrews, Alun Cairns, Andrew Davies (y Gweinidog dros Fenter, Arloesi a Rhwydweithiau), Janet Davies, Alun Ffred Jones, Carl Sargeant, Kirsty Williams, Tamsin Dunwoody.

Swyddogion yn bresennol: Tracey Burke, y Tim Strategaeth ac Adolygu; Dr Virginia Chambers, yr Adran Technoleg ac Arloesedd; Gwyn Griffiths, Cyngorydd Cyfreithiol i'r Pwyllgor; Alison Jones, Trafnidiaeth Cymru; Jonathan Jones, Croeso Cymru; Gareth Hall, Cyfarwyddwr, yr Adran Menter, Arloesi a Rhwydweithiau; Sharon Linnard, Gweithrediadau a Buddsoddi Cymru; James Price, y Grŵp Polisi a Strategaeth; Richard Rossington, y Grŵp Polisi a Strategaeth; Robin Shaw, Cyfarwyddwr, Trafnidiaeth Cymru.

Gwasanaeth Pwyllgor: Claire Morris, Clerc; Abigail Phillips, Dirprwy Glerc.

Assembly Members in attendance: Christine Gwyther (Chair), Leighton Andrews, Alun Cairns, Andrew Davies (Minister for Enterprise, Innovation and Networks), Janet Davies, Alun Ffred Jones, Carl Sargeant, Kirsty Williams, Tamsin Dunwoody.

Officials in attendance: Tracey Burke, Strategy and Review Team; Dr Virginia Chambers, Technology and Innovation Department; Gwyn Griffiths, Legal Adviser to the Committee; Alison Jones, Transport Wales; Jonathan Jones, Visit Wales; Gareth Hall, Director, the Department for Enterprise, Innovation and Networks; Sharon Linnard, Operations and Invest Wales; James Price, Policy and Strategy Group; Richard Rossington, Policy and Strategy Group; Robin Shaw, Director, Transport Wales.

Committee Service: Claire Morris, Clerk; Abigail Phillips, Deputy Clerk.

*Dechreuodd y cyfarfod am 9.04 a.m.
The meeting began at 9.04 a.m.*

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

[1] **Christine Gwyther:** I welcome you to the last meeting of the term of the Enterprise, Innovation and Networks Committee. The usual housekeeping rules apply. Please ensure that all mobile phones, BlackBerrys and pagers are switched off. We have had no apologies so far, so we will move straight on to business.

9.04 a.m.

Cofnodion Cyfarfodydd Blaenorol a Materion yn Codi Minutes of Previous Meetings and Matters Arising

[2] **Christine Gwyther:** We have two sets of minutes; the first of which are from the meeting on 9 November. Could I have Members' agreement on the minutes? I see that you agree, thank you. The second minutes are those of 22 November. Are those agreed as a true record? I see that they are. Are there any comments on the actions outstanding?

[3] **Janet Davies:** I have a point, Chair, from the first of those two meetings. There should have been a note from the Minister on deep coal mining, but I do not think that we have had that yet.

[4] **Christine Gwyther:** I think that that was missed off the action points, so it is something for us to pick up.

[5] **The Minister for Enterprise, Innovation and Networks (Andrew Davies):** We will provide that at the next meeting.

*Cadarnhawyd cofnodion y cyfarfodydd ar 9 Tachwedd a 22 Tachwedd.
The minutes of the meetings on 9 November and 22 November were ratified.*

9.05 a.m.

Adroddiad y Gweinidog The Minister's Report

[6] **Christine Gwyther:** We will have the oral update first, please, Minister.

[7] **Andrew Davies:** Colleagues will be aware, following the Chancellor's pre-budget statement yesterday, that he has commissioned several reports that have implications for my portfolio and those of other colleagues in Government. The breadth of what the Chancellor has commissioned over some time is breathtaking. We had the Eddington report last week on transport, the Leach report on skills was published yesterday, and there are two other reviews—one by Kate Barker on planning and the other was a report commissioned by the Chancellor from Andrew Gowers, the former editor of the *Financial Times*, on intellectual property. I know, for example, that Leighton Andrews will have a particular interest in this given his interest in the creative industries.

[8] It might be useful for me to bring a note to the committee about the implications of these reviews. They are all very serious pieces of work. We welcome the breadth of what the Chancellor has commissioned. The Eddington report was published last week. My initial view is that we support the broad thrust of what Rod Eddington has reported. The headline conclusion is that the UK has broadly the right transport network, providing the right connections in the right places. So, it means that the transport challenge is dealing with competing demands and overload, rather than around connectivity or distance. The key issue is improving the performance of the existing network by targeting investment in those underperforming areas that are critical to supporting economic growth. That is very much in line with the approach that we have taken as a Government and we very much welcome this report.

[9] We have a good relationship with Sir Rod Eddington from his previous role as chief executive of British Airways. We have established a very good relationship with British Airways and its three maintenance facilities in south Wales. Rod visited Wales this time last year and saw for himself what we are doing. When he rang me on Saturday to give me a personal update on the report, he was very complimentary about what we are doing in Wales. In fact, he saw Wales as a model for regional delivery in England. He thought that what we were doing was very much in line with his own recommendations. However, if it would be helpful, I could also provide a note on this report as well as all of the other reports that the Chancellor has commissioned, because we have a great deal of interest in those and, in many cases, they chime with our own thinking.

[10] **Christine Gwyther:** That would be useful, thank you very much indeed.

[11] Before we move into questions on the oral update and move on to the body of the report, Janet Davies has indicated that she would like to ask a question on DAB radio.

[12] **Janet Davies:** Minister, I have read in *The Guardian* and have heard on serious Radio 4 programmes that digital radios use considerably more electricity than analogue

radios. One quoted a figure that suggests that they use 20 times as much, while another suggested that it was 12 to 15 times as much. I do not know how accurate these reports are, but it seems that, if they are accurate, they will counter any savings from things like low-energy light bulbs, which we are all busy promoting at the moment. So, I am concerned about this. Could you come back to the committee with information on it? In addition, as this is being pursued very hard by the UK Government, it is regrettable if so much more electricity is used by it. I assume that it must have known.

9.10 a.m.

[13] **Andrew Davies:** I am more than happy to come back with a note on that. I know that Janet's question was specifically about radios—

[14] **Janet Davies:** It is the same for television, as well.

[15] **Andrew Davies:** But the key position would be the switchover from analogue to digital television, and Wales is one of the first parts of the UK where that will happen. I will come back with a note, but this is not a straightforward issue, particularly when it comes to televisions, because you are not necessarily comparing like with like. You could, for example, have an analogue television with a set-top box, and therefore two units. The argument would be that an integrated digital television, as one unit, could actually save on electricity. It is a complex area, and I will come back with a note for you, Janet, and for the committee.

[16] **Christine Gwyther:** On that point, Minister, a pilot scheme was undertaken in Llansteffan. It could be that there will be some—*[Inaudible.]*

[17] **Andrew Davies:** I will certainly do that.

[18] **Christine Gwyther:** Are there any questions on the oral update before we move on to the report?

[19] **Janet Davies:** On the Eddington report, the First Minister suggested in answer to a question—I think that it was last week, or perhaps it was on Tuesday—that if the really fast main lines for TGVs or magnetic-type trains are not installed in England, that might release money for rail infrastructure in Wales, which we would be really pleased about. Do you have any information about that, or will it be quite a long way down the line before you can report on it?

[20] **Andrew Davies:** The Eddington report was commissioned by the Chancellor and the Department for Transport, and the UK Government will therefore respond to it. However, I think that we would agree with the broad thrust of Sir Rod's recommendations with regard to investment. It also chimes with the views of the former chair and chief executive of the former Strategic Rail Authority, Richard Bowker, in that strategic investments in particular pinch points will have greater effect and will give a greater return on investment than large upgrades of whole lines, such as the West Coast line. In our case, for services affecting Wales, investment in the Reading area, with additional platforms and increased capacity there, would significantly improve the First Great Western franchise. Many of the problems that First Great Western is experiencing are problems in England rather than in Wales. That is not to say that significant investment is not happening in Wales, however; Network Rail's investment of £400 million in upgrading the signalling between Port Talbot and the Severn tunnel will considerably enhance performance on the main line.

[21] Certainly, when I talked to Sir Rod on Saturday, he said that he felt that investments in TGV and Maglev were not proven, and I think that we would support his broad thrust, namely that the existing structure is right and that it is about increasing capacity on the

existing infrastructure rather than investment in new infrastructure. It is too early to say what the implications for future investment by the UK Government will be at this stage, because it will have to respond to the report.

[22] **Christine Gwyther:** Is there anything else on the oral update before we move on to the report? I see that there is not. We will take items 1 to 11 first, on supporting enterprise.

[23] **Alun Ffred Jones:** On the second paragraph of item 6, the convergence programme, I understand that there has been a discussion and some developments with regard to the pattern of the strategic frameworks. However, I also understand—and I made this point yesterday, when questioning the First Minister—that you are contemplating or perhaps intending to put in place area groups based on the spatial plan's area groups. I presume that the membership of most of those will be made up of officials from your department, but do you intend to include representatives of local authorities on those groups, or any other bodies—private, public or otherwise? What is their nature? Do you have that information?

[24] **Christine Gwyther:** That question is starting to bubble up around the region.

[25] **Andrew Davies:** The groups are made up of a very broad base, including local authorities. My understanding is that some of these groups are chaired by local authority representatives, so we will take forward the whole development and implementation of this on the basis of partnership, whether with local government, the private sector or the voluntary sector. I have made that clear at all the meetings that I have had with, for example, the Welsh Local Government Association—and the First Minister and I had a meeting with the leader and the chief executive of the WLGA recently—representatives of the voluntary sector, whom I met recently, and the private sector. However, we can get you a more detailed note on this, if you wish.

[26] **Alun Ffred Jones:** I understand that perhaps things are just developing at the moment. Are they then taking the place of the local partnerships that were previously based on local authority areas? Is that how you see things?

[27] **Andrew Davies:** In many cases, the local partnerships that started as Objective 1 partnerships have evolved into wider regeneration partnerships, and it is up to each local authority to decide how to take that forward. In terms of the next programme, convergence, we have made it clear, and I think that everyone agrees, that we need to be more strategic and that there needs to be a more integrated approach based on the spatial plan. So, as we have said, we will be moving towards wider partnerships based on the spatial plan rather than on individual local authority partnerships.

[28] **Christine Gwyther:** Is there anything else on the convergence programme or on items 1 to 11?

[29] **Janet Davies:** On the structural funds progress, we will soon be coming to the end of this round of funds. I have had the report from the Objective 1 Programme Monitoring Committee, but are you happy that we will have everything committed but not too overcommitted, Minister? How is it looking for the end of the year?

[30] **Andrew Davies:** It is very positive. All the programme moneys have been committed. We have very challenging targets to reach in terms of expenditure, as opposed to commitment, with the N+2 targets. We have achieved them every year so far and we are confident that we will reach them again, both the N+2 and our expenditure targets. On commitment, all the programmes are committed and, to some extent, we have overcommitted on the margins to ensure that we spend all the money. The last thing that we want is not to spend the money and for it to return to the European Commission.

[31] **Christine Gwyther:** Thank you. Ffred is next and then Kirsty.

[32] **Alun Ffred Jones:** I want to go back to item 8.

[33] **Christine Gwyther:** Was your point on convergence, Kirsty?

[34] **Kirsty Williams:** No.

[35] **Christine Gwyther:** Okay, go ahead, Ffred.

[36] **Alun Ffred Jones:** On the Môn a Menai programme, there is reference here, as always, to Wylfa closing down and to the effect that that will have on the north of Anglesey. However, it should never be forgotten that Trawsfynydd is in the process of being decommissioned, and that 1,200 people are working on that site, many of them local contractors. When those works comes to an end, the effect will be exactly the same as what is happening at Wylfa and yet we never refer to that, although it has an effect on a wide area. I do not represent Trawsfynydd itself, but its workers come from all over north-west Wales, and we should be careful not to forget that. Of course, Wylfa closing is a huge blow and needs careful programming, but are you aware of the effect that the gradual run-down of work at Trawsfynydd will have over the next five years?

9.20 a.m.

[37] **Andrew Davies:** The positive point about Trawsfynydd is that a huge degree of expertise has been developed there in the whole area of nuclear decommissioning, which is still a relatively new science and activity. I recently met the head of the Trawsfynydd operation, who offered his assistance with Wylfa. The other point that we discussed with him was what the situation would be when the decommissioning work was run down at Trawsfynydd. The great deal of expertise and experience that has been developed at Trawsfynydd is transferable to Wylfa. As I said in response to the question from your party leader in Plenary yesterday, we want to look at what we can do to learn from that experience, in developing the skills base in the wider north-west Wales community.

[38] **Alun Ffred Jones:** Therefore, is the Môn a Menai programme targeted at the whole of that area, including Trawsfynydd?

[39] **Andrew Davies:** It is still early days and we hope to announce the programme board for Môn a Menai in the new year. One of the issues to consider is what challenges are facing us in the whole of north-west Wales. The initial focus has been on the decommissioning of Wylfa and the possible implications that that will have for Anglesey Aluminium Metal Ltd, but, as I have said on many occasions, there are other challenges in the area and we need to be aware of those. That might include Trawsfynydd. So, it is a very flexible programme, which looks at all the issues across the wider geographical area, and not just on the island of Anglesey.

[40] **Kirsty Williams:** On point 2, social enterprise tendering workshops, it is worthwhile to help social enterprises to get into public sector procurement, but, in my experience, many of these organisations are all too ready to do this. What they find is a lack of understanding and awareness on the procurer's side of what they can do to assist social enterprises in their area. Do you have any plans to do the opposite? So, rather than undertake workshops for those who could potentially supply services and goods, you could look at those people who are commissioning and procuring services and goods from the public sector, and see how they could develop their relationship with social enterprise. I know that you are familiar with the work of SIREN, Social Inclusion Reaching Employment Needs Ltd, which has wonderful

relationships with some local authorities, such as Caerphilly, but has difficulty in trying to engage with public sector procurement in other parts of Wales. Do you intend to do it the other way around?

[41] **Andrew Davies:** Certainly with the wider procurement initiative and the work that I have done as chair of the business procurement taskforce, I have tried to bring both sides together. The meet-the-buyer seminars and workshops that my department has been running are bringing the public sector and those who are providing services together, so that both sides can understand the context in which they are working. Sorry; I do not know whether it is down to the effects of global warming, but there seems to be a fly buzzing around me at the moment. Excuse me. Perhaps I could come back with a detailed note about what we can do in this area for you and for the committee.

[42] **Christine Gwyther:** Okay. Are there any more questions on paragraphs 1 to 11? I see that there are none. Next are paragraphs 12 to 23 on promoting innovation. On paragraph 17, on bioscience, it is good to see that Brian Gibbons is also talking to companies, in the spirit of joined-up Government. One of the winners of the MediWales innovation awards was Magstim, a company in my constituency. The important thing is that it is a high-tech company operating in a family-firm sort of way, employing local people. It has done that for some decades now, and it is a very positive role model.

[43] **Carl Sargeant:** Did you say up to paragraph 23?

[44] **Christine Gwyther:** Yes.

[45] **Carl Sargeant:** I have a point on paragraph 22 and the two-day visit of senior figures from the Japan Research Industries Association last November. I note that, during their visit, they visited Swansea, Glamorgan and Cardiff universities, as well as some technium centres. North Wales holds some great opportunities and currently hosts Japanese companies such as Toyota and Sharp; therefore, is there any concentration on the north of the country and was Bangor part of that visit? I note that the visit included the technium in St Asaph. Also, what are we doing with other institutions to develop relationships with education?

[46] **Andrew Davies:** I will come back with a note on that, but I know that we have been working with Sharp Electronics (UK) Ltd at its photovoltaic manufacturing centre in Wrexham, and that, following my department's lead, we have introduced it to the research that the University of Wales, Bangor is doing on solar panels and photovoltaic cells, funded by the Department of Trade and Industry. So, I know that that hook-up has been established, but I will come back with a note on the focus on north Wales in this regard.

[47] **Christine Gwyther:** The next section is paragraphs 24 to 30 on investing in networks.

[48] **Kirsty Williams:** First, on paragraph 25, and the new concessionary fare scheme for rural rail lines, could the Minister tell us when exactly is 'early 2007'? Also, my understanding is that the announcement stated that these concessions would run on the rural sections of the Heart of Wales line—could the Minister or Mr Shaw tell us exactly what that means? Will people be able to pay concessionary fares along the entire length of the line, or will the scheme only operate, for instance, between Llandrindod Wells and Knucklas, or will it run straight on to Llanelli, Swansea or Shrewsbury?

[49] I note that paragraph 26 is carefully worded, and that the Minister has made an 'offer of funding' to Network Rail. Could he tell us whether it has accepted that offer and whether that offer will still be available if the Office of Rail Regulation does not give permission for the Wrexham-London plans to go ahead?

[50] **Mr Shaw:** On paragraph 25 first, the pilot will be on the length of rail line that will be under community rail designation. That is part of the package, because it gives the community rail partnership flexibility on the fare structure. It removes the need to comply with the national fare structure and the regulated fare structure, so the concessionary fares will be available for the length covered by those community rail designations, and, as far as I am aware, that would mean the whole length of those rural lines, in that context. However, it will be for the community rail partnership to decide on the fare structure, and the question of where it will offer those fares, and what those fares will be. It will be part of that process.

[51] **Kirsty Williams:** When will that happen?

[52] **Mr Shaw:** The designations have not yet been made, so it will be a function of the timetable to set them up. There is a formal process to set up the partnership, and therefore I do not think that I can give you a definitive date, but we are going to take them forward as quickly as we can.

[53] **Kirsty Williams:** What about the Wrexham depot?

[54] **Mr Shaw:** Network Rail has agreed—and this was part of the negotiations and the discussions—that it will provide the new facility if it is required by the train operating companies. The first and primary need that was identified was for the Wrexham, Shrewsbury and Marylebone Railway. If the ORR does not accept the open-access arrangement, then we would obviously discuss with Network Rail, and the other train operators, whether they still want the facility to be created there. It would be available for all train operating companies, but we obviously need to be sure that there is a business case for it, and, at the moment, Arriva Trains Wales, for instance, which is the current operator, has indicated that it may use it and that it is considering that. However, we will have to wait and see, but the key thing, clearly, is the ORR's determination on the open-access application by WSMR.

9.30 a.m.

[55] **Leighton Andrews:** To follow up on the question that I asked in Plenary yesterday, do we have costings for the pilot scheme for concessionary rail travel? You have obviously decided to roll this out in rural areas—I understand that—and you gave a commitment yesterday that if the funding were there, depending on the pilots, other areas would not be excluded. I was keen for you to give that commitment, after one or two of the things that have been said, certainly not by you or your officials, but by one or two people in the regional passenger transport agencies who are involved in the launch of the scheme. Are you clear about the likely cost implications of this scheme, first, as a pilot scheme and, secondly, for further roll-out?

[56] **Andrew Davies:** The reason for introducing this pilot was that there has been considerable debate on the issue, particularly in rural areas where bus services are not as frequent or as successful as they are in more urban areas, where the free bus travel scheme has been very successful. We have had many requests for it to be considered in rural areas and that is why the pilot scheme has been undertaken. At the moment, we do not know what the financial implications would be if you were to extend free travel to all rail services across Wales, other than it would probably involve a considerable financial commitment. At the moment, as I said in my announcement, we are just looking at the Heart of Wales line, the Conwy Valley Railway, and other rural areas, as Robin said, where there are community rail partnerships. At this stage, that is all that we are looking at, so we do not have any firm figures for the extension of the scheme right across the network.

[57] **Leighton Andrews:** There surely must have been some modelling of the costs of this

scheme. What you are looking at is what additional, say, pensioners you might attract onto rail services who are not currently using them, and what substitution you might have in terms of those currently using buses who might switch to trains. I understand the issues in rural areas, but there are a number of Valleys areas where, frankly, the bus service is not up to scratch and there are some cases where the train service may be better. There is certainly a lot of pressure in Valleys areas for a similar scheme and I am surprised that there has not been any modelling of the figures.

[58] **Andrew Davies:** Maybe I can ask Robin to come in on this. What we do not want to do is to displace people who are using bus services so that they use rail. In broader terms, we are trying to get modal shift, so that people use their cars less and public transport more. What we would not want is modal shift whereby you would get people using rail instead of buses, particularly where we are already subsidising the existing bus services. That would not be the most efficient use of Government resources. Maybe Robin could come in now.

[59] **Mr Shaw:** Let us not lose sight of the fact that, within the regulated and available fares across the whole network, concessions are available for young people and elderly people. This pilot scheme, which is targeting the community rail partnerships, is focusing on trying to reduce the level of public subsidy, not to increase it. The point of a rail partnership is to try to make the rural lines more sustainable and, therefore, self-financing.

[60] The early work and early modelling have indicated that it is possible to provide concessionary fares in these areas without increasing the level of public subsidy because you increase the patronage and usage of the service, thereby creating a higher total ticket-fare revenue for that part of the network, which will allow concessionary fares to be given where appropriate, because they add to the pot and do not take away from it. That involves the pilots that are running in terms of the community rail partnerships. Whether the modelling work will turn into reality in terms of these partnerships will depend on how they are marketed and how successful they are. We will then review the pilot schemes to consider what the implications would be, if the scheme was rolled out. If you were to roll it out outside a community rail partnership, you would of course have to do so within the overall fare structure of the main railway, and the likelihood is that it would therefore be necessary to increase public levels of subsidy, which is not what this is about.

[61] **Leighton Andrews:** Chair, I would like to see the modelling that has been done for the two schemes. If it is designed, as Robin has just said, not to increase public subsidy, I would like to see whether it is achieving that objective, or on what basis the model that has been reached suggests that that can be achieved.

[62] **Christine Gwyther:** If we can have a commitment that we can see that in the new year, we would be grateful.

[63] **Andrew Davies:** Obviously, these are projections, because we do not know—

[64] **Leighton Andrews:** They are forecasts.

[65] **Andrew Davies:** You also have to bear in mind that we are already spending £140 million in terms of the annual subsidy for Arriva Trains Wales.

[66] **Christine Gwyther:** Yes, but let us not go down that road at the moment.

[67] **Janet Davies:** It is important that we get clarity and transparency on this. If we look at paragraph 30, I understand that the Carbon Trust gives advice to businesses on energy use and energy efficiency. Have you thought about funding it to give advice to businesses on transport and the efficiency of transport?

[68] **Andrew Davies:** I am not aware of any funding for that, but I will come back with a note on that.

[69] **Janet Davies:** Okay.

[70] **Christine Gwyther:** I thank you for your discipline, Janet, in not referring to the SuperJANET5 network that is mentioned in that paragraph. That was very grown-up of you.

[71] Are there any comments on paragraphs 31 to 32 on Visit Wales? I see that there are not. Obviously, it would be a dereliction of duty if I did not welcome the Bluestone announcement, but I do not think that you need me to go into that in detail again. Are there any other comments from Members? I see that there are not.

[72] Are there any comments on paragraphs 33 to 36 on International Business Wales?

[73] **Carl Sargeant:** I note that a decision on Project Galileo could be made as soon as this month. Can you give us any more detail on that project?

[74] **Andrew Davies:** At the moment, we understand that there will be a meeting of European transport ministers next week or the week after, and I understand that Stephen Ladyman, the Minister of State for Transport, will be making a presentation at that meeting and urging support for Cardiff, as the UK bid. We do not know what the outcome will be, and I understand that the Finnish presidency is hoping to get a resolution on this before its term of office ends. However, there are many competing bids. Certainly, the feedback that we received at the presentation that I led with my officials a few weeks ago was very positive, and I think that the Cardiff bid was seen as an excellent bid by the Finnish presidency.

[75] **Christine Gwyther:** Are there any comments on job gains, which are covered in paragraphs 37 to 39? I will start, Minister. On Colourprint UK Ltd, I am pleased to see this news for Pembroke Dock, particularly as the company that it took over from was in such dire straits three or four years ago. I worked quite extensively with the company, and it is good to see a company turning around with that sort of investment. If you are in the area, make sure that you visit the company.

[76] **Andrew Davies:** There is considerable investment in the wider Milford Haven area, including Pembroke Dock, and the energy technium centre at Cleddau Bridge will be open for business fairly soon. Considerable work is being done in that area, particularly given that the Milford Haven area will be the energy capital of the UK. We want to ensure that we maximise the investment, particularly through research and development in that sector.

[77] **Christine Gwyther:** I see that no other Members wish to comment on that. Finally, are there any comments on job losses, which are covered in paragraphs 40 to 41? I see that there are not. That was probably the briefest Minister's report that we have had in I do not know how many years.

9.39 a.m.

Rhestr o Is-ddeddfwriaeth Secondary Legislation Schedule

[78] **Christine Gwyther:** The only new addition to the schedule since we last discussed it is the Road Traffic (Permitted Parking Area and Special Parking Area) (County of Anglesey) Order 2007. If Members particularly wish to discuss that, we can do so. If no-one is crying

out for it, I suggest that we move on.

9.40 a.m.

Gwerthuso'r Grant Diogelwch Ffyrdd Blynyddol Evaluation of the Annual Road Safety Grant

[79] **Christine Gwyther:** There is a Members' research briefing to accompany this item. I welcome Alison Jones, who will take questions, with Robin, I guess. Minister, would you like to introduce this?

[80] **Andrew Davies:** This is a very important piece of work that looks at the evaluation of the annual road safety grant scheme. Since the local road safety grant was introduced in 2000, approximately £43 million has been allocated to local authorities across Wales, which is in addition to local councils' highway and traffic engineering budgets. The evaluation has shown that the schemes have been very effective. The 390 engineering schemes implemented between 2000 and 2005 that have been evaluated have resulted in the greatest reduction in the number of people killed or seriously injured. The greatest reductions came from the 20 mph zones, mini roundabouts, visibility improvements and traffic lights. The engineering schemes demonstrating an annual average reduction in personal injury collisions are 58 per cent, which equates to an annual average saving of 372 collisions. The consequent average reduction in KSI casualties was 90, which was a 65 per cent reduction. The collision reduction achieved by the evaluated schemes equates to a financial return to the wider society of over £32 million per year.

[81] A lot of the investment in the schemes has been on education and awareness-raising and there has been a wide range of education, training and publicity activities to improve road safety, especially targeting schoolchildren of pre-school and primary school age. This extensive work with primary school children undoubtedly helps to equip them to be safe on the roads when reaching secondary school age. However, only 7 per cent of that expenditure was allocated to secondary schools and it would be appropriate to encourage additional emphasis on reaching children in early secondary school and that is one of the key recommendations highlighted in the evaluation.

[82] For Wales as a whole, the KSI casualties reduced by 211 in 2005 when compared with 1,537 in 2004, and 15 per cent of that reduction can be attributed to the 2004-05 schemes funded from the road safety grant. The effect of the grant is likely to be significantly higher due to the additional impact of smaller engineering schemes—although, obviously, those have not been evaluated—and the contribution of the wider education, training and publicity interventions.

[83] The evaluation findings should and will be shared with local authorities in Wales to promote good practice and to commend them for their effective use of the grant. I do not know whether Alison or Robin want to add anything.

[84] **Mr Shaw:** Just to reiterate that it really is a very good news story. It shows the success of, and the spectacular return that we get for, the investment that we have put into this area.

[85] **Christine Gwyther:** It is wonderful news and I am sure that we are all very pleased with the results so far. The biggest reduction appears to be in the seriously injured category. Have you been able to pinpoint why that sector particularly has gone down so markedly?

[86] **Ms Jones:** That is the sector that we have specifically monitored because, as you are

probably aware, there are national casualty reduction targets and they largely relate to killed and seriously injured casualties. So, to make the evaluation manageable and meaningful, we have tried to do an evaluation that directly relates to those national casualty reduction targets, which is why we focused not just on the total personal injury collisions but also on the killed and seriously injured casualties resulting from them.

[87] **Janet Davies:** It is a good scheme, and it is good to see that it is having these results. I am sure that there is total cross-party agreement on something like this.

[88] I have questions on the 20 mph speed limits, which, as you say, have achieved a considerable reduction, and on the 20 mph speed limits near schools. First, is there consistency in local authority take-up? Do you find that some are perhaps more enthusiastic than others about this? There was an attempt last year to introduce a 20 mph speed limit in the village where I live. Unfortunately, on one not huge council estate, they also wanted to put in 49 speed bumps, on the grounds that this was the only way that they could monitor the 20 mph speed limit. However, if you have speed bumps, there are problems for ambulances; it never happened in the end, because the ambulance service was so concerned about its effect. Therefore, how do you resolve that issue?

[89] Secondly, is there a concentration on putting 20 mph speed limit zones outside schools? I have noticed that, wherever traffic cameras cover school entrances—even for 30 mph speed limit zones—the speed of traffic is much slower than it is perhaps, unfortunately, in other parts of 30 mph speed limit zones.

[90] **Andrew Davies:** On your first question on local authority take-up, there is wide variation. I do not have the figures to hand, but, from memory, I believe, for example, that Powys County Council has some of the highest proportions of 20 mph schemes, and other local authorities have relatively few. Robin has just passed me the figures. Powys, for example, has 64 20 mph zones, plus 13 advisory schemes. Conwy has none. Therefore, those are the two extremes. I have written to local authorities, particularly those that have few speed limit zones, making the point that they have a significant role to play in reducing accidents, particularly among young people. As I said, local authorities are responsible for this issue; given the evaluation that we have done, and given the clear evidence that this type of investment has a significant impact on reducing accidents and injuries, it is a worthwhile investment. However, it is the responsibility of local authorities.

[91] Robin and Alison may want to come in on this too.

[92] **Mr Shaw:** On speed humps, and the like, the whole concept of 20 mph zones is that they are self-enforcing; we cannot realistically expect a police presence to enforce it. It is a question of how you achieve compliance. Using traffic-calming measures is an effective way of achieving compliance. As you say, there are issues around that, particularly with the emergency services. That is why technologies such as speed cushions, as opposed to speed humps, were developed, because it allowed some vehicles, including ambulances, to travel through without being adversely affected. It is a question of coming up with a package of measures that is appropriate for the particular location, site, and area—there is not a prescriptive set that works everywhere. That must be part of a consultation process with residents and the emergency services. It is disappointing if a proposal has not gone through at all because of that consultation process—I would have hoped that a way could have been found to implement it that addressed those issues. We encourage local authorities to do that wherever they can.

[93] **Ms Jones:** On the schools issue, many authorities are focusing their attention on schools. I know that some authorities have introduced policies where they are looking to introduce 20 mph zones outside all their schools. Neath Port Talbot County Borough Council,

for example, has just done a large scheme this year, with, I believe, around 48 schemes outside schools. Many of those have been advisory, but, as Robin mentioned, those advisory schemes would be self-enforcing in any case, generally; so, they would have the effect of bringing down speeds.

9.50 a.m.

[94] It is also quite encouraging to see that the unitary authorities have done a fair amount of consultation on these schemes, and have worked with the local schools. They are generally accompanied by signs that have been designed by children. So, the schools have adopted the 20 mph limit. These seem to be quite effective.

[95] **Kirsty Williams:** I do not disagree with the scheme and the money being spent in this way, although I think that the final paragraph in the Minister's report saying—*[Inaudible.]*—slight scepticism, because there are still huge fluctuations year on year in casualty figures. Even the report itself states that some of these projects are not robustly evaluated. With some of the numbers of schemes in each local authority area—they are only doing one or two types of scheme—you cannot possibly get scientific information, as they are such small numbers. I am slightly concerned that we do not just turn around and say, 'This is absolutely fine', because I think that we are dealing with such a wide range of factors here that you cannot quite make that claim.

[96] I am particularly concerned to see such low expenditure on the secondary school age area, when all the casualty figures show that the children being hurt and killed are the 12 to 15-year-olds, predominantly. Of the casualties between birth and 16 years of age, 40 per cent fall in the category of 12 to 15-year-olds, but that is not where the money is being spent. The money is actually being spent on primary school children.

[97] We also have the issue of young driver casualties, of which we are all too well aware. We have to look at targeting more resources towards those young drivers or just prior to those young drivers starting out on their driving lessons, because we still have problems there.

[98] I am also concerned that, in some of the evaluations—although I cannot remember the paragraph—it draws comparisons, saying 'Things are getting great'. I think that it is paragraph 1.5.7, which refers to using 2004 as a benchmark. That is a bad year to use as a benchmark, because that was an unusually high year for casualties. Therefore, anything is going to look better compared with that particular year, rather than more of a mean average casualty rate, because that was a particularly difficult year.

[99] What evaluation has been done to ascertain what education programmes work best? There are many different approaches to education, so has evaluation been done of individual programmes to see which are more effective at delivering those messages?

[100] Also, there is evidence to show that many local authorities would like to employ lollipop patrols as well as some of the hard engineering methods, and that schools would like to have people on the roads. Is there any restriction on local authorities using some of this money to employ lollipop patrols?

[101] Finally, is there any way that we could look at trying to persuade some counties to use this money to tackle the issue of nuisance motorbike riders? They are a particular problem in all areas of rural Wales, where people come to ride irresponsibly on their motorcycles.

[102] **Christine Gwyther:** There was a huge range of questions there, and I think that there will be some follow-ups; but if you can make a start, we will then go into it.

[103] **Andrew Davies:** I will ask Robin and Alison to come in on the issue of the benchmarking. However, if you look in the longer term, you will see that there has been a significant reduction over many years in the numbers killed or seriously injured. The latest figures will be coming out next week and I would very much expect that there will be a continuing fall in the number of KSIs.

[104] On the focus of the educational work, one of the recommendations is that a local authority should endeavour to target more road safety initiatives for its children in the early years of secondary school. It is an issue that we will take up with local authorities. I do not know whether Tamsin, Robin or Alison wish to follow up on some of the other issues.

[105] **Tamsin Dunwoody:** On the last point about the secondary school issue, it is a key issue. You will be aware that only 7 per cent is spent by local authorities in their secondary areas, and, as you rightly said, younger teenagers and teenagers who have just passed their driving test are most at risk. It is not just drivers but also pedestrians, and there are clear indicators around the causes. So, the combination of education and enforcement is crucial, and one reason why we fund Pass Plus Cymru is to specifically target those young people who have just passed their driving test. The majority of young drivers are most at risk during their first year of driving, and in this way we hope to improve the driving skills of those in the most at risk category, while also reducing their insurance bills. Unfortunately, not all local authorities in Wales have taken up the scheme. Some authorities have not had any children attend at all. We fund the majority of the scheme, and the whole of the scheme in some cases. Some local authorities will fund part of the scheme, and it is completely paid for in other local authority areas. In other areas, the children will make some contribution.

[106] These are very effective tools for improving skills, and if they are not taken up by the local authorities, it places us in a difficult position. The Minister has written to each local authority to encourage take-up of the scheme, but that is just one indicator of the education that we are trying to do. It is about a whole approach from the police forces and the camera safety partnerships, as well as from the Assembly Government in terms of investing in significant levels of education, at the same time as engineering solutions and enforcement. Only if you have those three working together can you change the situation. The figures are considerably better, and are reducing. As the Minister said, we expect that next week's announcement will also be positive, but there is no room for complacency in this regard.

[107] **Christine Gwyther:** Why is there differential funding for different authorities? It seems that it would not encourage authorities to take up the scheme.

[108] **Tamsin Dunwoody:** Local authorities have the ability to use their own funding. You mentioned the issue of lollipop ladies, but they have the ability to put in funding for that. They also have the ability to take up and bid for grants such as the Safe Routes to School grants, but they do not necessarily do so. If they do not, then we have an issue with the amount of road safety schemes that are put in place. So, there will be a differential in terms of expenditure because there will be different requirements—an urban area has different road safety issues from an area that has predominantly motorways or rural B roads. Different levels of investment are required in different schemes. There is also a correlation between the number of accidents and deprivation—children who live in deprived areas are at a much greater risk as pedestrians, so we would expect there to be greater investment in those areas. So, it literally depends on the area, the sign-up from the local authority and our views in terms of what we see as a priority and investment with regard to the social end, as well as the engineering end.

[109] **Kirsty Williams:** On the issue of local authorities, the Assembly issues guidance to local authorities that 20 per cent of the grant should be used on education projects. My understanding is that not all local authorities spend 20 per cent on education. I am not saying

that it is the Government's fault, but how will the Government convince local authorities to shift spending towards the secondary school category when, at the moment, the Welsh Assembly Government cannot even persuade local authorities to follow its guidance with regard to a 20 per cent spend on education? So, we do not just have a problem of getting local authorities to shift within the education spend—we also have a problem convincing local authorities to spend the 20 per cent that the Assembly is advising them to spend on education. My concern is that there seems to be reluctance on behalf of some local authorities to engage in this particular education agenda. I do not know how you can get them to switch when some of them do not even spend what they should spend.

[110] **Andrew Davies:** Traditionally, we have a view as a Government that we can provide funding and advise local authorities, but, ultimately, it is up to local authorities to make their own decisions. It goes to the heart of the relationship between the Assembly Government and local authorities. Except in a few cases where there is a statutory duty, we cannot instruct local authorities to do things.

10.00 a.m.

[111] **Mr Shaw:** On resources, we must not lose sight of the fact that what we are talking about is a grant that we provide to local authorities that is in addition to the resources that they already commit to road safety, and in addition to the significant sums of money that the Department for Transport spends on education and training on a UK basis. On the latter, a colleague attended a meeting in London yesterday at which consideration and evaluation of the effectiveness of publicity to schoolchildren, and teenagers in particular, was on the agenda, and one of the recently trialled techniques is that, instead of spending money on television advertisements between programmes, a resource is now being used to ensure that, when teenagers log on to their computers, they see a pop-up road safety message. Evaluation of that already shows that it is a far more effective way to influence that group of teenage children than the television advertisement. So, we must not lose sight of the fact that an enormous amount of effort and resource is going in to that group of people, and it is not just about this grant that we are providing to local authorities.

[112] As to how we apportion the resource, the grant is apportioned according to a formula based on the population of each local authority and the level of pedestrian casualties, and the rationale behind that has been agreed with the Welsh Local Government Association. It does not preclude them from deciding, however, to put in additional resources from their existing funding.

[113] In terms of your question on lollipop people, they are normally funded from local authorities' ordinary resources, and, in my experience, it is not the resources that are a problem, but finding the people who are willing to do the job. That is the biggest problem that local authorities have in that regard.

[114] Returning to your question on the 20 per cent, I understand that, overall, of the grant that we allocate, 28 per cent is spent on education and training. Obviously, as you say, some authorities are spending more than 20 per cent, while others are spending less. However, overall, it is 28 per cent of the grant.

[115] **Christine Gwyther:** Do you have any follow-up questions, Kirsty?

[116] **Kirsty Williams:** No, that is fine.

[117] **Christine Gwyther:** Carl is next.

[118] **Carl Sargeant:** I think that we all have to welcome this document; it is a great

indicator of success. However, there is still a long way to go and, as the Deputy Minister said, it is about the package of effort that we put in across authorities.

[119] As Kirsty pointed out, the facts about secondary school pupils are concerning. There is television advertising that shows what a 16-year-old hears when he crosses the road listening to an iPod, and a wagon comes along and knocks him over—it is tragic, but the reality is that we have to be dynamic in our education system and how we engage with young people. There is also the issue of enforcement. We do not instruct local authorities to establish 20 mph zones, but there is clear evidence that a reduction in speed leads to a massive shift in relation to injury and deaths. We need to ensure that we reduce speed limits and have enforcement, and not just limits in an advisory capacity in and around school areas. As a Government, we should be pushing for mandatory 20 mph zones around schools. Is there a process or means by which that could be enforced and required of local authorities? That perhaps goes against the grain for some of my colleagues, but we need to consider this.

[120] **Andrew Davies:** Mandatory 20 mph limits outside schools have been, and are being, considered. This approach has been taken in some parts of the United Kingdom, but the jury is out as to whether it is the most effective way forward. My view is that it is about outcomes and not process, and in terms of the evaluation of this scheme, as Tamsin said, it is part of a wider package that includes the very successful Safe Routes to School scheme. Again, it is a matter of how you can be most effective in what you do, whether that is in investment in infrastructure or in education and awareness raising. However, all these matters have been, and are being, very actively considered.

[121] **Christine Gwyther:** Does anybody else have a comment on these issues?

[122] **Kirsty Williams:** On the point about having mandatory 20 mph zones outside schools, how would you do that where schools are located on trunk roads or for routes to school that make children walk along trunk roads? You cannot always engineer a safe route to school along trunk road pavements. How would that work?

[123] **Andrew Davies:** Exactly. That is my point. It is not clear that a mandatory 20 mph limit would be the most effective way of doing this. As I said, it has been tried elsewhere and the jury is still out. Our view is that you get a better outcome in terms of reducing accidents and injuries with the more flexible approach that has been adopted.

[124] **Carl Sargeant:** On that point, I agree with flexibility, but in my constituency we have a school on the main road that now has an advisory 20 mph zone. The reality is that, until someone is killed on that road outside the school, no-one will enforce the 20 mph zone. I accept that there are checks and balances, but I would rather err on the side of caution with regard to road safety than say that we should not impose a 20 mph zone because it is a trunk road. It is difficult, but we have to bite the bullet. In Government, we have to make tough decisions sometimes and I think that if it means slowing down traffic then that is what we need to do.

[125] **Kirsty Williams:** I do not want to get into a debate with Carl—I could not agree with him more—but I cannot even persuade the Minister and Deputy Minister to drop the speed limit from 50 mph to 40 mph on a route along which children walk every day, because that is the only way that they can get to their school. As it is a trunk road, they will not consider dropping the speed from 50 mph to 40 mph, let alone dropping it to 20 mph. What hope do we have of a 20 mph zone for those children who have to walk along a road that has traffic travelling at 50 mph, and often more? The wind pull of a large lorry travelling at speed past a four-year-old is frightening. So, I think that we have a long way to go, Carl, before they give us 20 mph zones, when they will not even drop the speed limit to 40 mph in that case. If the Minister would like to say that he will drop it to 40 mph, I would be very pleased.

[126] **Andrew Davies:** I will not comment on specific issues about which we have had extensive correspondence, but it is about outcomes. How do you reduce accidents and injuries in the most effective way? I think that the jury is out on whether mandatory speed limits are the most effective way of doing that. There may be other ways that we can do it through Safe Routes to School, such as having alternative routes that would prevent children from having to travel along main roads.

[127] **Christine Gwyther:** Thank you. That is it for this item. Thank you for your attendance, Tamsin. We will now break for 15 minutes.

*Gohiriwyd y cyfarfod rhwng 10.07 a.m. a 10.36 a.m.
The meeting adjourned between 10.07 a.m. and 10.36 a.m.*

Ymateb y Gweinidog i Adolygiad y Pwyllgor o Bolisi Gwyddoniaeth yng Nghymru The Minister's Response to the Committee's Review of Science Policy in Wales

[128] **Christine Gwyther:** For Members' information, on 23 November, the First Minister launched the Welsh Assembly Government's own strategic document, 'A Science Policy for Wales—the Welsh Assembly Government's Strategic Vision for Sciences, Engineering and Technology', and, on 18 October, the Welsh Assembly Government published its response to our review. Do you want to give us an oral update before we move on to questions, Minister?

[129] **Andrew Davies:** Not really. As the First Minister is the Minister with responsibility for science in the Welsh Assembly Government, he responded to the committee's report on 24 October. He gave a statement and took questions and, as you said, the Government has since published its science policy. My officials and I are here to answer any questions that Members may have.

[130] **Christine Gwyther:** We will go straight to questions, then. Janet is first, and then Alun.

[131] **Janet Davies:** I do not have any particular questions to ask, but it is somewhat distressing to find that so many of the committee's recommendations have been rejected, in whole or in part, particularly given the opinions that many leading scientists in Wales have expressed openly, and very vocally. It leaves me wondering why on earth we bothered to do this science policy review if the Government takes so little notice of it at the end of the day. That is all.

[132] **Christine Gwyther:** I see that you concur, Kirsty.

[133] **Kirsty Williams:** I do.

[134] **Christine Gwyther:** So do I. Does anyone disagree?

[135] **Alun Cairns:** No, but I have something else to say. It is worth noting the background to this, in that the former Economic Development and Transport Committee was quite keen to have a science policy review, although the Minister did not share the same enthusiasm for that at the outset. However, having gone through the review, which has a strong evidence base, with pretty universal support—although, granted, not in every area—for key, fundamental recommendations, such as that on having a chief scientific officer, I am aghast at and extremely frustrated and disappointed by the fact that the Minister has chosen to reject those recommendations. I would have thought that the Minister could have accepted that particular recommendation. I was very surprised by the reaction from the scientific community, because

it was extremely angry about this, and I think that the Minister has completely misjudged the situation in his response to that recommendation and to others. I am surprised by the people who have been watching this and by those who have been paying so much attention to it. That only goes to show the credibility that the review had among the scientific community.

10.40 a.m.

[136] The number of people who have called and contacted me in relation to this really encouraged me as to the weight and support of the report. For the Minister to reject the vast majority of it, specifically its key recommendations, is really surprising. So, perhaps my question should be addressed to you, Cadeirydd. Where do we go from here? On an all-party basis, through consensus and agreement—not all of us have had everything that we wanted—in this new Wales, we have made strong recommendations to the Minister, supported almost universally by the science community, and then the Minister has said, ‘Sorry, no’.

[137] **Christine Gwyther:** I would certainly like to see some of our key recommendations answered and bottomed out during this morning’s session. One recommendation was to have a scientific advisory panel. During one of the Plenary sessions, the First Minister said that he thought that that could be undertaken by the people who are already advising Ministers. I do not think that we have had a full explanation of that at all, and we would have to decide, once we had had that explanation, whether we were happy with it. However, we have still not received a full explanation and I wonder whether we can start to have that discussion this morning.

[138] On the chief science officer, I still believe that that was the right recommendation; in fact, I stand by all of the recommendations that we made, because they had universal support, not just from the scientific community, but also, importantly, from the business community. We made the point throughout our recommendations and throughout the whole review that we had to bring those two sectors together as well as the public sector if we were to achieve our scientific objectives. So, we need an answer this morning specifically on the point of where the Government will get its advice from, whether it can be seen to be independent and strong, and whether there will be a science capability among your advisers in which the science community and we can have faith.

[139] **Andrew Davies:** First of all, as I said, the First Minister is responsible for science and he responded on behalf of the Assembly Government to the committee’s report. That is why our initial response was from the First Minister, and not me. I have responsibility in some areas, particularly the innovation agenda and the application of science, technology, research and development in terms of commercialisation. We have a mix of academics and people from industry and business, including venture capital, looking at the application. So, the First Minister responded on behalf of the Assembly Government because many of the recommendations cover the whole of what the Assembly Government is doing.

[140] I have not been party to the conversations that Alun has had with academics in Wales, but, every six months, I chair a meeting of the vice-chancellors and principals of higher education institutions in Wales. Our last meeting was only two weeks ago and this matter did not come up then. There was no criticism from anyone in that room on this issue, though there was certainly the opportunity to raise it. I did not get an overwhelmingly negative response, which is how Alun’s response on this could be summed up.

[141] Yes, some of the report’s recommendations have been rejected, and some partially rejected, but a lot have also been accepted. On the recommendation of having a post of chief scientist, we have senior people in many of the Assembly Government departments who, effectively, have the function if not the designation of a chief scientific officer. There is the Chief Medical Officer for Wales, Dr Tony Jewell, in the health department; the Chief

Scientific Adviser in health, Dr Owen Crawley; the Chief Environmental Scientific Adviser, Dr Havard Prosser, in environment, planning and countryside; Dr Ron Loveland in my department is director of Energy Wales; and Angela Evans is the Chief Social Research Officer. There are others in different departments, particularly on health and social sciences. We also have access to Sir David King, the Chief Scientific Adviser to the UK Government, who works in the Department of Trade and Industry, although he is able to advise all Government departments, including us.

[142] We also have some serious academic expertise on my ministerial advisory group. For example, the chair, Richard Parry-Jones is a visiting professor at both Loughborough and Cambridge universities. We also have Professor Robin Williams, a former vice-chancellor of Swansea University, who is a distinguished scientist in his own right and a fellow of the Royal Society. So, we have a range of very high-level scientific expertise inside and outside Government that we can call upon.

[143] Coming back to the science and technology advisory council, from my perspective, it is again about the application of science and the commercialisation of that research for economic and commercial benefit. As I said, many of my points on the previous position of the chief scientific officer or adviser hold true for the recommendation on the science and technology advisory council. I am not sure whether Richard Rossington, Virginia Chambers or James want to add to anything that I have said in broad terms.

[144] **Mr Price:** I will just add to what the Minister said. The main reasons for the majority of the rejections were related to the two elements that have been identified: the chief scientific officer and the committee. If you look at the science policy and the debate that has been going on, you will see that we have not rejected those because they are intrinsically bad ideas, but on the basis that form needs to follow function. The science policy is the beginning of that, and we now need to go through a period of investigative work to ensure that the co-ordination and use of science fits both in terms of informing policy or funding science in the Assembly Government. To that end, in the past month, DEIN has been asked to co-ordinate a review of how the Assembly Government uses science at an official level. We will look to appoint some kind of science co-ordinator, on a one-year basis initially, who will have to have the credibility to pull scientists together on this from across the Assembly Government. However, that is not the same as appointing a full-time scientific adviser without scoping the requirement for it.

[145] **Christine Gwyther:** I will now bring Members in, but I draw your attention to our recommendation 4, which is that the Welsh Assembly Government,

[146] ‘should establish an industry-led science and technology advisory council to include the Chief scientist, business leaders from inside and outside Wales, senior scientists and engineers from the higher education sector and relevant institutions’.

[147] That was very carefully thought-out so that it embraced all the sectors that we thought needed to come in to a group that would advise on science policy. However, it was rejected, and the wording of the Government’s rejection is that,

[148] ‘This request again is a substitute for a science policy, not a science policy’.

[149] That is a fairly damning rejection, in my view, which has led to our concern that the Welsh Assembly Government does not want to listen to people from outside its own circle when it comes to science policy. That was the very point of our science review in the first place, namely that it needed to broaden the expertise that we brought into Government. I want to bring Members in at this point.

10.50 a.m.

[150] **Kirsty Williams:** I do not want to go over all the ground that Janet covered, but I am very concerned that the Minister seems to be distancing himself in some way and keeps mentioning that he is not in charge of science, and that it is the First Minister who is in charge of science, and perhaps, on reflection, the First Minister should have been asked to come here today to explain to the committee why he, as the science Minister, has given such short shrift to the hard work of committee Members and the time that the committee has spent on this, as well as to all the people who came to give evidence. The First Minister needs to realise that these are not just the whimsical views of some politicians sitting here; they are also the views of all the people who took the time and trouble to work with us to develop the report. So, perhaps on reflection, we should scrap this discussion this morning and we should get the First Minister to come to this committee to speak to us about it.

[151] Secondly, I just cannot quite get my head around this idea that you need the science policy first, and then, once you have it, you might think about appointing a chief scientific officer. It seems to me that, surely to goodness, if that policy is to be any good, you need the advice at the beginning. You do not need to establish the policy, and decide what you want it to be, and then appoint a chief scientific officer. Surely, one of the primary roles of the chief scientific officer would be to give advice on the development of that policy? Perhaps I am missing something.

[152] Andrew has said that he has not heard the kind of complaints that we have heard. He must be deliberately sticking his head in the sand, because everybody who has read anything following the publication of the Government's response to the report knows that there has been a huge amount of criticism from all fields about the way in which the report has been dealt with. He has also said that such criticism did not come up during his meeting with the vice-chancellors. Maybe the reason why our science departments are doing so blinking badly is because science is so low on their agenda that they do not want to talk about it. Maybe that is why our universities are not performing as they should be in terms of science, and that is just another reason why we should have a chief scientific officer who can go after these vice-chancellors to say that science is important to the Welsh Assembly Government and that it should be further up their agenda.

[153] **Andrew Davies:** I am not trying to distance myself from the First Minister at all. All that I am saying is that I have specific responsibilities in my portfolio, but science covers a range of portfolios, for example, Jane Davidson's, as Minister for Education, Lifelong Learning and Skills, and Brian Gibbons's, as Minister for Health and Social Services, and there are others who also have an interest in this area. All that I am saying is that the First Minister leads on this, and he was responding on behalf of the Government.

[154] In terms of the engagement with external bodies, including universities and business, there has been extensive consultation on the development of our science policy, and there has been overwhelming support for our approach, which is to focus on those areas where we have particular strengths. Given that higher education is the ultimate global activity, we cannot be all things to all people. There was broad agreement about the areas of concentration of research excellence, and, again, we were able to call upon a wide range of external advice, from the universities themselves, as well as other scientific bodies and some charitable trusts, such as the Wellcome Trust, and others. I think that we have been successful in engaging external bodies, for example, IBM, which has investment in the Institute of Life Science at Swansea University. The point that I was trying to make is that my particular focus is on the commercialisation of knowledge, and that goes back to the previous economic development committee, when there was a discussion, as I am sure the Chair will remember, about the priorities. This touches on the point that I made earlier about road safety. I am focused on outcomes—I am not really that interested in process—and I am interested in the added value

that we will bring to our activities. I remember making the point to the previous economic development committee that, from my perspective, it is about the added value, or the commercialisation, of that knowledge, and so, for me, the previous focus was on the innovation action plan, 'Wales for Innovation'. It is about what we can do as a Government, working in collaboration with others, to ensure that we can turn that excellent research and those clever ideas into effective, profitable and dynamic companies that are providing goods and services that add value to the Welsh economy. So, we are, and have been, able to draw on that external advice, and to engage with external partners. Maybe Virginia would like to come in at this point.

[155] **Dr Chambers:** I would like to add something because I first got involved with this committee and this review when I was working in the Welsh Development Agency. Since that time, my team has transferred to the EIN department and we have taken with us a lot of expertise, including 16 PhDs, and a wide a range of scientific backgrounds. Although we may not have a science and technology advisory council as such, through our daily work, we have been working with sector-specific and technology-specific groups. We have advisers that work with us and they are from the public and private sectors, academia and the key charitable organisations. I have just listed a few of the advisory groups that are working with us, to advise us on what we should be doing for our customers and for Wales. We have groups in terms of biosciences, nanotechnology and optoelectronics, and we are looking at security, visualisations and information and communications technology. There is a lot going on in terms of advice that is more specialised than that which you might get from a general technology advisory council. We are currently putting a business plan together for the innovation team for next year, and we have built into it, and taken account of, some of the priorities of the science policy. We are doing more work with the universities and making sure that more businesses in Wales engage in the new science developments.

[156] **Christine Gwyther:** I will just respond to that. Again, this comes back to recommendation 4. We are not disagreeing with any of the work that is going on—in fact, we welcome it—but I think that it would have been so much more appropriate if, in response to our review, the Government had explained the work that is going on and how it intends to focus it. At the moment, there does not appear to be a specific science focus. During our many discussions, I think that we started calling it a 'scientific and technology advisory group', but because of the unfortunate acronym—STAG—we changed it to 'advisory council' during one of our backroom discussions. We continue to press for more focus on science when it comes to ministerial advice. We still want a chief scientist to draw that expertise together, because in terms of the way in which you describe it at the moment, it could well be diluted among other priorities that are being pushed from other areas. I will bring Members in to see whether they want to amplify that point or put their own emphasis.

[157] **Janet Davies:** What puzzles me is that, although it is very good that you are meeting these people and getting advice from them, at the end of the day, the people who appeared before the review committee expressed unhappiness time and again about the development and focus, as the Chair said, of science policy. There are two options there, and one is that they were completely unsuitable people to come before the committee as they did not know what was going on. I do not think that any of us would want to say that. I am assuming that if they came before the committee, in that role, they were aware of what was going on. If they were aware, and they were so unhappy, why have the recommendations that were developed out of their evidence been rejected in several cases?

[158] The second point that I want to make—taking up Kirsty's issue about whether the First Minister should come here—I think that this committee should relate to the Ministers who have responsibility for and are leading on the various activities of the committee. If it is science policy and it is the responsibility of the First Minister, he should come here. If it is economic inactivity and the Minister for Education and Lifelong Learning is leading on that,

she should come here. Perhaps we need to consider how we relate to Ministers.

[159] **Christine Gwyther:** That is clearly a point for me. On the economic inactivity issue, I must apologise because, in my ignorance, I thought that our Minister was leading on it. I think that we all did, and that was how we got into that position. If we were to have a future discussion on economic inactivity, I would expect a report from Jane Davidson as well. That is all that I want to say on that because I think that part of that question was aimed at me. I am also happy to invite the First Minister to come to address the committee. We will now move on.

11.00 a.m.

[160] **Alun Cairns:** I will press the Minister further, because, in his response to the initial questions, he said that the First Minister was responsible for science, although he is responsible for some elements. Where does the Minister stand on the Assembly Government's response? Is he at one with the First Minister or does he not quite agree with everything that the First Minister said? One response, from one of the officials in relation to co-ordinators being appointed, answers the concerns that we have. There is an awful lot going on, which is something that I am sure that every committee members supports, but there is no-one there offering that direction, leading it and prioritising issues.

[161] Mrs Chambers mentioned a list of people who attended the meeting and the Minister mentioned the vice-chancellors, but all of those people have competing priorities. There needs to be someone who will give advice to the Minister and who will make a judgment on which angles should or should not be pursued, but we do not have a chief scientific officer to do that. One response from the Minister and the First Minister was that Sir David King, as the chief scientific adviser to the UK Government, is able to help and support. That may be the case, but I tabled questions to the First Minister to find out how often he has met Sir David King over the last 12 months, and the answer was that he had met him once. I asked for the notes and the minutes of the meeting, but there are not any. So, as far as I know, it may have been at a cocktail party or something that he met Sir David King. That is the sort of relationship that we have with the chief scientific adviser at the UK level, so, at the very least, we need someone to drive the agenda and to be able to reconcile the priorities that have been pressed by all of these different interested parties. If you speak to chemists, they will call for one side, and if you speak to engineers, they will call for another, so there is a need for someone to reconcile the different priorities, and to decide on the direction of our policy. That is the sort of issue that we were looking at, but, sadly, the Minister has rejected it.

[162] **Andrew Davies:** I stand full square behind the First Minister's response. He speaks on behalf of the Government, and there was extensive consultation within the Government on the response. To reiterate, I do not know what conversations or meetings that you have had with scientists or academics, but in the meeting that I had last week or the week before, with virtually all the vice-chancellors and principals of higher-education institutions—there were one or two missing—this was an agenda item. The issue of having a chief scientific officer or an advisory council did not come up. In fact, one of the vice-chancellors of one of our research-led universities, Dr David Grant, who is vice-chancellor of Cardiff University, said that he thought that our science policy was a very good document. However, as I said, the issue of having a chief scientific officer or an advisory council did not come up, and none of the principals or vice-chancellors raised it as an issue. Having chaired these meetings for the past four or five years, I know that, if vice-chancellors or principals have issues about Government policy, they are certainly not backward in coming forward on those issues. It was a very constructive meeting, and the representatives of the sector, almost without exception, were complimentary about the way in which we are going in terms of the science policy. There was a lot more discussion about the convergence programme and the fact that we have responded to higher education's comments about the shape of the convergence programme,

and, in particular, that we were going to have a separate research and development priority within the European convergence programme. So, when I have talked to the sector and to business, and, in particular, to those industries and businesses that are involved in technology and research and development, this has not come up as an issue. They ask what we are doing as a Government in terms of adding value to what they are doing, which is exactly what James, Virginia and I have just said, as has Richard Rossington.

[163] **Alun Cairns:** That says an awful lot to me about the relationship between the Minister and the vice-chancellors and principals of the universities. The opposition parties have a pretty good relationship with them, given the demands that we have been making for better funding for higher education. If I was a Minister and this question was not raised with me, I would be pretty worried about that relationship.

[164] **Andrew Davies:** I have an excellent relationship with the higher education sector. As I said, I meet people from the sector individually and collectively. The sector was given the opportunity to raise this matter under this item on the agenda and it was not raised. Given the opportunity, the representatives chose not to raise it; in fact they were complimentary about our science policy.

[165] **Christine Gwyther:** Given the opportunity during our evidence sessions, they have been more than happy to raise it over the last 18 months, which is where we got our recommendations from, Minister. We did not pluck them out of the air. There was unexpected unanimity across the various sectors on the recommendations that we came up with and there was unprecedented unanimity in this committee, which has, in itself, provoked some surprise out there, but which has also been welcomed.

[166] We have probably gone as far as we can on this issue, unless there are particular questions that Members want to raise. If Members wish me to invite the First Minister to a future meeting, I am happy to do so. I thank you for your answers, Minister.

11.06 a.m.

Adolygiad Hanner Blwyddyn yr Adran Menter, Arloesi a Rhwydweithiau The Department for Enterprise, Innovation and Networks' Half-yearly Review

[167] **Christine Gwyther:** Again, we have an MRS briefing—Members may have had a chance to look at it—to accompany this item. We will have a quick turnaround of officials. Minister, do you want to introduce the paper? We will then have questions and answers—well, we will have questions anyway.

[168] **Andrew Davies:** I am joined by several members of my senior management team. Gareth is director, Robin is director of transport, Sharon Linnard is chief operating officer of my department and is also responsible for Invest Wales, Jonathan Jones is director of Visit Wales, and Tracey Burke is part of the policy and strategy group and is responsible for taking forward this element of the report.

[169] This is the first half-year review of performance in my new department and covers the period from 1 April to 30 September this year. The background is that there have been major changes with the merger of the Welsh Development Agency and the Wales Tourist Board into my department and it is fair to say that those changes have affected all parts of the department and this is a major period of transition and transformation.

[170] Right from the beginning, following the extensive consultation that I had with business interests and the users of our services—which was getting on for 100 meetings prior

to the merger—we designed the department to be focused on the needs of business and the users of our services. So, it has been a major period of change and transition but, despite that, the overall picture is, as is demonstrated in this half-yearly report, good. It shows substantial progress and it is testament to the priority that has been placed on delivering business as usual or better since the merger earlier this year.

[171] I pay tribute not just to my senior management team but to all members of my department. Between 1,500 and 1,600 people work in the Department for Enterprise, Innovation and Networks and there is a huge amount of commitment, not just to managing the change in the department and the merger but also to continuing to deliver to our customers.

11.10 a.m.

[172] Three of this report's four headline targets are being forecast to exceed their annual objectives and the fourth will only just fall short of it. This review is not intended as an in-depth analysis of individual projects that are currently taking place, but rather to provide the committee with an overview of the position that has been reached at 30 September. It should be noted that, although forecasts are as robust as they can be, there are, inevitably, variations, variables and fluctuations that may affect the overall outturn by the end of the year. Given this, I would, nevertheless, commend the report to the committee, and my team or I are more than happy to take questions on it.

[173] **Alun Cairns:** I have a factual question to start off with. The Minister will be aware of information of which we are not aware in terms of future investments and ongoing projects, which might come into fruition in the next six months. However, there seems to be a staggering difference between the year-to-date at the six-month stage, and the forecast outturn. So, can the Minister offer us some information on that, so that we can make a judgment? The most important figure is the one on private sector investment, because that is what will lead to improved productivity, value-added and all the other things that we talk about. Actual year-to-date is £97,000, whereas the forecast outturn is £451,000. On actual year-to-date, which should be six months, I would imagine that, if you doubled it up for the next six months—if past performance is an indication of future performance—it would bring us closer to £200,000. However, the Minister expects to double up on that again. So, can the Minister offer an explanation on that, before I come back with some more substantial comments?

[174] **Andrew Davies:** I will ask Gareth to come in on the detail, but this is not unusual. I recall—as, I am sure, does the Chair—that, prior to the merger, for example, when the WDA gave its reviews and reports, it was not unusual for this situation to occur with half-year figures. In nearly every case, the outturn confirmed the actual forecast. However, it is not unusual at this time of reporting, in terms of the year, for this position to arise.

[175] **Mr Hall:** To reinforce that point, history tells us that the delivery of outputs is not at a 45 degree angle—there is a skew towards the second half of the year. However, I can assure Members that, when we do the half-year review, we not only audit the year-to-date outputs, but we reforecast for the following six months. So, we take stock, and we reforecast the expected outcome for the second six months of the year. If there was going to be any reduction in the forecast outturns, we would have flagged it up in the report.

[176] I make no apologies for having the full set of the management team here, because one thing that committee members highlighted to us this time last year was that they wanted full transparency pre-merger and post-merger. All the senior managers around this table have met with their teams, they have gone through the outputs to date with a fine-toothed comb, and they have gone through a robust questioning of what the likely outturn will be for the balance of the year.

[177] **Alun Cairns:** It is quite rich to make a claim that year-to-date is £97 million of private sector investment—it is quoted as £97,000—but that, by the end of the year, we will still expect to make £451,000. Is this forecast based on the evidence of projects that are being worked on, which you expect to take place, or have you taken a fall-off from that figure, or is it a case of, ‘well, it is election year, so we had better quote that we are going to do that well, because, otherwise, the Minister will get a kicking’?

[178] **Mr Hall:** No; we deal in facts, and we only record those facts when the projects are completed. We do not report quarterly or incrementally—the vast majority of outputs are recorded when that project is secured and delivered, and, again, almost by definition, that tends to happen in the tail end of the financial year.

[179] **Andrew Davies:** Alun may be referring to practice that was followed by his party when it was in Government, but we are focused. As Members will be aware, we announced some time ago that we were moving from a position in reporting on inward investment, for example, where we would not be adopting the UK practice of counting the jobs when they were announced; we would be counting the jobs once they had actually been delivered. So, this is about outturns and outcomes; it is about when jobs and projects are delivered, not when they are announced. The difference can be stark. That brings us back to the point that Gareth made: previous practice was to count investment and jobs when the project was announced. We have moved to a situation of only counting them when investment and jobs have been delivered. That is why, for example, we are confident that the outturn will be significantly different from the half-year performance.

[180] **Christine Gwyther:** We will be able to judge that in six months’ time.

[181] **Alun Cairns:** To close, I do not want to repeat the point, but every party supported the change to count jobs when they are actually created, but do not forget that the Minister has completely reorganised the departments. This is the test for the Minister. The Welsh Development Agency has gone, and it is now his department that is responsible. It is not a good story, is it, Minister, that you have a target of £480 million worth of private sector investment but that all you have achieved to date is £97 million worth of private sector investment? That is the annual target, and we are nowhere near achieving it. Granted, we are looking at forecasts and we are working on facts wherever we can, but it is hard to believe, bearing in mind that there has been such a reorganisation, that, in the first six months of this year, you are way off where we should be, even allowing for a broad change of growth in the last six months. It is a dreadful performance, and the Minister should be worried about it; I am worried about it, as I am worried about the economy.

[182] **Andrew Davies:** It is no different from when the WDA used to report; the situation was exactly the same. When you looked at the end-of-year outturn, you would see that the targets had been reached or exceeded. By all means, at the end of the year, you can judge me on the end-of-year outturn. That is what the targets are all about—they are end-of-year targets, not six-monthly targets.

[183] **Christine Gwyther:** Thank you. Did you have a question, Janet?

[184] **Janet Davies:** Not on this issue, Chair; my question is on something else.

[185] **Christine Gwyther:** Does anyone else have a question on this issue? I am sorry, Alun Ffred; you did indicate that you had a question, but I got distracted.

[186] **Alun Ffred Jones:** Mae’r wybodaeth **Alun Ffred Jones:** This information is very hon yn ddefnyddiol iawn ac yr wyf yn useful and I am grateful for it. A general

ddiolchgar amdani. Mae cwestiwn cyffredinol yn codi: ar ôl Mai 2007, sut y byddwn, fel pwyllgor, yn derbyn gwybodaeth ddefnyddiol dan y drefn newydd? Yr wyf yn ofni y bydd yn anos i Aelodau cyffredin gael gafael ar ffeithiau sy'n dod, yn aml iawn, drwy adroddiad y Gweinidog. Nid cwestiwn ar gyfer y bore yma yw hwnnw, ond ar gyfer trafodaeth arall.

[187] O ran y ffigurau hyn, mae'r Gweinidog yn hapus iawn gyda'r mwyafrif, ond mae rhai nad ydynt, efallai, yn ymddangos mor bwysig, megis y rhai sydd o dan y pennawd 'Regeneration Packages', sy'n dangos cynnydd isel iawn o ran adfywio, er enghraifft, a grwpiau cymunedol sydd wedi'u helpu.

[188] Serch hynny, dau bwynt cyffredinol sydd gennyf ynglŷn â ffigurau swyddi. Yn yr ardal yr wyf yn ei hadnabod orau, sef Gwynedd, mae diweithdra wedi syrthio; mae lefel y rhai sy'n economaidd anweithredol wedi syrthio hefyd. Yr ydym wedi tynnu llawer o bobl o fod yn ddi-waith ond nid yw hynny'n cael ei ddangos yn y ffigurau GVA. Mae astudiaethau diweddar yn dangos bod llawer iawn o'r swyddi sydd wedi'u creu yn rhai rhan amser neu'n rhai sydd â chyflogau isel. Er bod hynny, efallai, yn well na pheidio â gweithio, nid yw, yn y pen draw, yn dangos y cynnydd y dymunem ei weld. A yw'r adran yn gwneud gwaith o gwbl ar farnu ansawdd y swyddi sy'n cael eu creu, ac a ydynt yn amser llawn neu'n rhan amser? Heb hynny, credaf fod y ffigurau'n ddiffygiol.

11.20 a.m.

[189] Ynghlwm â hynny, o ran twristiaeth, sy'n amlwg yn bwysig ar yr arfordir ac yng Ngwynedd yn arbennig, a yw'r adran yn dadansoddi'r math o swyddi sydd yn y diwydiant? Hynny yw, faint o'r swyddi sy'n dymhorol a beth yw'r cyflogau? Os yw'r wybodaeth honno ar gael, byddwn yn ddiolchgar o'i derbyn.

[190] **Andrew Davies:** On reporting, I made it clear before the merger that there would be, if anything, greater transparency and a greater ability for the Assembly, whether through the committee or in other ways, to scrutinise my activities as a Minister and my department's activities. We are the first department within Government to publish its business plan in such an open and transparent way. The plan came before the committee recently, and the reporting today is part of that process of scrutiny. If colleagues feel that it is not sufficient, we will

question arises: after May 2007, how will we, as a committee, obtain information that is useful under the new regime? I fear that it will be more difficult for backbench Members to access facts that are often provided in the Minister's report. That is not a question for today; it is something to discuss at a later date.

In terms of these figures, the Minister is very content with the majority, but there are some figures that may not appear as important, such as those under the heading 'Regeneration Packages', which show a very low level of increase in terms of regeneration, for example, and community groups that have been assisted.

However, I have two general points to make on the employment figures. In the area that I know best, Gwynedd, unemployment has decreased; the number of people who are economically inactive has also decreased. We have drawn many people from being unemployed but that is not reflected in the GVA figures. Recent studies show that a great deal of the jobs that have been created are either part-time jobs or ones that attract a low wage. Although that may be better than being unemployed, it does not show the kind of growth that we would like to see. Does the department undertake any work at all on analysing the quality of the jobs created, and whether they are full-time or part-time jobs? Without that, I believe that these figures are deficient.

In line with that, in terms of tourism, which is obviously important along the coast and particularly in Gwynedd, does the department analyse the types of jobs in the industry? That is, how many jobs are seasonal and what are the wages? If that information is available, I would be grateful for it.

review that, but I made a public commitment before and after the merger to this.

[191] In terms of the value of jobs, a major priority identified in ‘Wales: A Vibrant Economy’ is the need to create not only more jobs but better-paid and higher value jobs. That is the whole thrust of our economic policies, and that is for the whole of Government, not just for my department.

[192] In terms of added value, if you look at the longer period, certainly since the Assembly was set up, west Wales and the Valleys has had a higher increase in the growth of average weekly earnings than the non-Objective 1 area of east Wales, and it has also had higher growth than the UK average, so the gap has narrowed. The same is true for gross domestic household income.

[193] Sharon, James or Tracey may wish to come in on this issue, but in specific programme areas, for example, in our financial assistance to companies, we are putting greater emphasis through regional selective assistance on higher value jobs. That was done through the refresh of the regional selective assistance programme, on which I reported to committee some time ago. There is greater emphasis on innovation and research and development, for example, and our principles as a Government. In terms of the work that Ian Williams is doing through International Business Wales, it is about refocusing our activities and putting more emphasis on higher value activities, particularly companies and inward investors. Perhaps there is an opportunity for my team to come in on this. I do not know who wants to come in first.

[194] **Ms Burke:** For all of our activities that hope to create added value, we make an assessment at the beginning of the process about the quality of jobs that we hope to assist to create from our activities. That is tracked through a value-added measurement tool. At the moment, we do not collect information about the quality of the jobs that are actually created. We are looking at that, and at the moment we have agreed on a methodology. We are talking to our external stakeholders about how to collect the information, because it needs to come from businesses themselves. So, that work is in hand and we are just looking at the best way of recording and reporting the information.

[195] **Mr Price:** Just to add to what Tracey said, for two or three years, before we undertake a project, we have been looking at the value that that project might add. The value added is split between the profits that the company will earn and the wages that the company will pay. So, we implicitly and explicitly take into account the quality of jobs, and we have been trying to drive that upwards. The Minister has said that the quality of jobs that we are winning in terms of international activities is improving, and there is evidence of that. Going forward, we intend to introduce a new mechanism where we will monitor the performance of the businesses that we work with, which, again, hopefully, will be on value added, which is the mixture of profits and wages. The reason for taking that value-added measure is that ‘WAVE’ talks about more and better jobs, and we think that that is the most appropriate way of measuring that over time. Hopefully, over the next financial year, we will begin to pilot that measure for a proportion of our activities and then ramp it up over the next financial years. So, we take that on board absolutely, and it is true to say that we are probably ahead of the rest of the UK in terms of measuring these types of activities.

[196] **Andrew Davies:** We will be coming to the committee with a report on some of the changes that have been brought forward in my department. A considerable amount of work has been done, which Tracey alluded to, with stakeholders. At the time of the merger, I said that I wanted my department to be the model for the new Welsh public service, and that we aim to be transparent in how we do business. Obviously, in terms of reporting, this today is part of that process. Also, there is the matter of how we assess our activities and the value that we add in what we do as the department, and we have been working with business

organisations to develop key performance indicators. I will be flagging that up and coming with all that work in the new year. Once again, I think that it will add to the report given today in terms of outcomes on targets.

[197] To echo what James said, to the best of my knowledge, we are the first part of the UK to benchmark our performance. We are not aware of any other Government department that is doing it in such a way. One of the problems that we are finding is that, when I made the statement that we wanted to be best in class, we had to do the work ourselves, because there were no internationally-agreed benchmarks for performance as a public sector. I think that, again, we are at the forefront of innovation in this area.

[198] **Kirsty Williams:** I take the point that this is the first one, but in future reports, would it be possible to look at having some kind of regional breakdown? The figures are totals—for the jobs and investments—so would it be possible in future reports to have some kind of regional breakdown?

[199] **Christine Gwyther:** I am sure that it is possible.

[200] **Andrew Davies:** Yes. It depends on what the regions are, of course. To take the south-east of Wales, you could have regional out-turns, as you are dealing with a region, certainly in terms of my department's regional structures. However, you are dealing with a region that has huge contrasts, with some of the most prosperous parts of Wales, such as Cardiff and some parts of the M4 belt, along with some of the poorer regions. So, regional breakdowns may not be that helpful. In the past, we have tried to compare the Objective 1 areas and the other areas, and the other alternative is to give a breakdown on a sub-regional or local-authority basis.

[201] **Kirsty Williams:** I am suggesting this not because I want to catch the Government out, but because there has been a general feeling that, moving everything in-house to the Assembly may mean that some of the regional foci may be lost. I am not saying that that has happened, but if we are in the business of being transparent and really looking at how the department is performing across Wales, it would be useful for Members to have that breakdown. I take it that we would have to take some of the figures with a warning about what they would and would not include, but for us to do justice to the fact that we are looking at your department's performance across the whole of Wales, those kinds of figures would be useful to us. I am not trying to catch the Government out; we just need to know.

[202] **Christine Gwyther:** It is a point that has been made during the last eight years.

[203] **Kirsty Williams:** Absolutely.

[204] **Christine Gwyther:** I would hate to see that approach diluted now.

[205] **Ms Burke:** It is absent from this report, but I think that, in previous years, we have given much more of a regional flavour to the report in terms of some of the achievements in the various areas of Wales and some of the areas where our activities are behind what we forecast. That is not in this report, but we have put it in before. So, there could be more narrative and more about what we are doing.

11.30 a.m.

[206] **Christine Gwyther:** Yes, but that could involve cherry-picking the good bits. We want to see tables of achievements throughout the regions. If we then want to go to sub-regional level, we can do that as well. To start, we would want to see all of the things that you have put in here already, the outputs, only we would want to see them regionally as well.

[207] **Mr Price:** Tracey and I have been quickly talking about what may or may not be possible, because there is an element of what is possible for some of this. We need to take into account things such as commuting, for example. So, some of the projects and jobs on which we might report in south-east Wales may technically be benefiting people in mid Wales. There are also issues with pan-Wales programmes. However, you have raised a real issue and it is one that we should take away and explore.

[208] **Kirsty Williams:** I take your point that some of the figures will have to be read with a wider understanding of their context, but we are not silly people; we are capable of understanding that wider context. It is a little condescending to say, 'We had better not give you the figures as you may not read them right'.

[209] **Christine Gwyther:** I do not think that that was meant to be condescending, so do not be sensitive when it is not required.

[210] **Kirsty Williams:** We are capable of reading figures in context.

[211] **Leighton Andrews:** I apologise for going out when I did, but I did not think that my coughing would help the Minister's presentation. This report is okay, but it is a bit thin. On the other hand, the main thing that everyone wants to know six months after a merger is that it is working, so I suppose that that is the key element. I would like to focus my comments on the next report, because it is how we go forward with this that is important. Reporting back on KPIs is critical and we have a decent breakdown on that. One of the qualities of the work that was done for 'Wales: A Vibrant Economy' was in the analysis; the analytical quality of 'WAVE' is very strong. I would like to see far more analysis of the department's performance when we come to look at the 12-monthly report, which I would guess would be released sometime around July.

[212] Many of the areas where you have substantial sums invested are summarised here in two or three lines and there are few indications of projects on the go and so on. That does not really help us to look at detail. I notice that tourism is summed up in about six lines here. The Wales Tourist Board would have produced a fairly full and quantified report, which would have allowed us to have gone into that in some detail. If the department is reporting annually, I would expect to see a lot more detail on tourism in that report. I would like to make a plea for a proper analytical, thorough report, which gives us a sense of what is going on through the department and some measurable commentary in respect of KPIs.

[213] **Andrew Davies:** As I said earlier, it is an opportunity for the committee to say whether or not it is happy about the targets and the way that it is presented. This is the first report and we will obviously take those comments on board. As I said in my introduction, my department, to the best of my knowledge, is the first to publish a business plan in such a transparent and detailed way. At the end of the year, we will be reporting on outturns in terms of the achievements in the business plan. However, if colleagues want more detail at this stage, whether on tourism or any of the other points, we will take those points on board.

[214] Similarly, with KPIs, the work is innovative and groundbreaking. It is still early days, but the department is willing to be held to account on those key performance indicators, which range from macroeconomic targets through to customer service satisfaction surveys. Again, in Wales, we are the first part of the public sector that is doing that work.

[215] In terms of the ongoing change, I think that it is only today that a letter has gone out from Gareth, as the director of my department, to all staff of the Department for Enterprise, Innovation and Networks talking about the way forward. I have always made it very clear that the merger did not happen and finish in April this year. That is an ongoing process, and the

letter that Gareth has sent today to all staff in the department indicates a clear direction for the department. There has been extensive consultation through a series of roadshows across Wales. Gareth and the senior management team have all been involved in those, and there is now consensus on the way forward. Once again, we will be willing to report on that in the new year.

[216] **Christine Gwyther:** Thank you, Minister. We have said from the very start of the merger discussions and preparations that we wanted as much detail as we had from the Wales Tourist Board and the Welsh Development Agency previously, if not more. You clearly have the personnel to provide that detail, and, if we are to scrutinise effectively, the detail must be appropriate and adequate. Coming back to Ffred's point, part of what I hope will be our legacy paper to the next committee, whatever structure it may take after May, will be that we continue to provide effective scrutiny of the department by these mechanisms—that is, regular reports to whichever committee has responsibility. At the moment, this reads as a very helpful series of introductions, but there should be a chapter attached to each of them. I am sure that officials understand that, because they have provided that in the past.

[217] Is everyone happy with that? I see that you are. That concludes the formal meeting. All that remains for me to do is wish you a happy Christmas and a successful and peaceful new year. We will be holding a private meeting following this meeting, with coffee and mince pies, so that we can discuss what we are going to do in the spring term.

[218] **Andrew Davies:** Chair, it has just been brought to my attention—and this may be an early Christmas present for some passengers in Wales—that First Great Western has today announced some changes to its new timetable, which kicks in next week. These are late changes, and I said in response to questions yesterday in Plenary that I hoped that First Great Western would consider changes at the eleventh hour. Changes have been made to the Severn Tunnel Junction services. The Cardiff to Bristol Temple Meads and Portsmouth Harbour services will now stop at Severn Tunnel Junction at 6.54 a.m. and 7.54 a.m. as well as some other changes. I am grateful that First Great Western has responded to pressure. Clearly, this affects some of the proposed changes to the timetable, and we will continue to maintain pressure on it with regard to other services also.

[219] **Christine Gwyther:** Thank you, Minister. That brings the meeting to an end.

*Daeth y cyfarfod i ben am 11.38 a.m.
The meeting ended at 11.38 a.m.*