



**Cynulliad Cenedlaethol Cymru
Y Pwyllgor ar Faterion Ewropeaidd ac Allanol**

**The National Assembly for Wales
The Committee on European and External Affairs**

**Dydd Mercher, 27 Medi 2006
Wednesday, 27 September 2006**

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

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau o'r Cynulliad yn bresennol: Jeff Cuthbert (Cadeirydd), Nick Bourne, Rosemary Butler, Janet Davies, Michael German, Christine Gwyther, Ieuan Wyn Jones, Jonathan Morgan, Rhodri Morgan (y Prif Weinidog), Rhodri Glyn Thomas.

Swyddogion yn bresennol: Philip Bird, yr Is-adran Materion Ewropeaidd ac Allanol; Anna Daniel, Swyddfa Brwsel; Gary Davies, yr Is-adran Materion Ewropeaidd ac Allanol; O. Gwyn Griffiths, Cyngorydd Cyfreithiol i'r Pwyllgor; Damien O'Brien, Swyddfa Cyllid Ewropeaidd Cymru; Cathy Presland, Swyddfa Cyllid Ewropeaidd Cymru; Neil Thomas, Pennaeth, yr Is-adran Materion Ewropeaidd ac Allanol.

Eraill yn bresennol: Martin Davidson, Dirprwy Gyfarwyddwr Cyffredinol, y Cyngor Prydeinig; Rose D'Sa, aelod o Bwyllgor Economaidd a Chymdeithasol Ewrop; Andy Egan, Arweinydd Tim, DFID Partneriaeth Ysgolion Fyd-eang; Dr Kevin Higgins, Cyfarwyddwr, Cyngor Prydeinig Cymru; Andy Klom, Pennaeth Swyddfa'r Comisiwn Ewropeaidd yng Nghymru; Sue Ling, Adran Gwasanaethau Ewropeaidd, y Cyngor Prydeinig; Andrew Templeton, Cyngor Prydeinig Cymru; Ian Thomson, Cyfarwyddwr, Canolfan Wybodaeth Europe Direct De Cymru.

Gwasanaeth Pwyllgor: Chris Reading, Clerc; Abigail Phillips, Dirprwy Glerc.

Assembly Members in attendance: Jeff Cuthbert (Chair), Nick Bourne, Rosemary Butler, Janet Davies, Michael German, Christine Gwyther, Ieuan Wyn Jones, Jonathan Morgan, Rhodri Morgan (the First Minister), Rhodri Glyn Thomas.

Officials in attendance: Philip Bird, European and External Affairs Division; Anna Daniel, Brussels Office; Gary Davies, European and External Affairs Division; O. Gwyn Griffiths, Legal Adviser to the Committee; Damien O'Brien, Welsh European Funding Office; Cathy Presland, Welsh European Funding Office; Neil Thomas, Head of Division, European and External Affairs Division.

Others in attendance: Martin Davidson, Deputy Director General, British Council; Rose D'Sa, member of the European Economic and Social Committee; Andy Egan, Team Leader, DFID Global Schools Partnership; Dr Kevin Higgins, Director, the British Council Wales; Andy Klom, Head of European Commission Office in Wales; Sue Ling, European Services Department, the British Council; Andrew Templeton, British Council Wales; Ian Thomson, Director, South Wales Europe Direct Information Centre.

Committee Service: Chris Reading, Clerk; Abigail Phillips, Deputy Clerk.

*Dechreuodd y cyfarfod am 9.03 a.m.
The meeting began at 9.03 a.m.*

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

[1] **Mr Reading:** I welcome everyone to the meeting. Sandy Mewies is indisposed and sends her apologies, so, in accordance with Standing Order No. 8.20, the committee needs to appoint a temporary Chair for the purposes of this meeting. Jeff Cuthbert has kindly indicated that he is prepared to serve as temporary Chair. Are all Members content with that? I see that you are. I will, therefore, hand over to the Chair.

*Penodwyd Jeff Cuthber yn gadeirydd dros dro.
Jeff Cuthbert was appointed temporary chair.*

[2] **Jeff Cuthbert:** Thank you for your confidence in me; we shall see how we go. I welcome Members, the standing invitees and the public. I remind you of the availability of headsets for simultaneous translation and sound amplification. Translation is available on channel 1 and amplification on channel 0. The ushers will assist members of the public who have any problems with the headsets. If Members or presenters experience any difficulties, they should inform the deputy clerk.

[3] I ask everyone to switch off mobile phones, BlackBerrys and any other electronic devices apart from pacemakers, presumably. If there is an emergency, an alarm will sound, and everyone should follow the ushers' instructions. The assembly point is at the rear of the Pierhead building.

[4] We have received apologies, as the clerk has indicated, from Sandy Mewies; I am sure that you would all want to wish her a speedy recovery. I believe that a card has been sent and I hope that she will be back, and in fully operational mode, in time for our next meeting. We have also received apologies from Members of the European Parliament, Jonathan Evans, Jill Evans, Glenys Kinnock and Eluned Morgan. No other apologies have been received.

[5] You should all have received European brief number 14 from the Members' research service. It includes a summary of the EU business considered by other committees since our last meeting and an update on the Lisbon strategy, the working times directive, the services directive and the Doha trade negotiations. Jenny Randerson, the Chair of the Committee on Standing Orders, has recently written to the Chair to inform her that specific provision will be made in the Standing Orders for the third Assembly for a Committee on European and External Affairs. The Committee on Standing Orders has asked Members of this committee to outline what they consider should be the functions of a new Committee on European and External Affairs. It would like a response by 16 October. It will not be possible for us to meet again to consider a response, so provided that you are content, the clerk will circulate a copy of this Standing Order via e-mail and invite suggestions for modifications or additions.

[6] **Ieuan Wyn Jones:** I suspect that there may be different views on that. I am not sure that circulating a letter will arrive at anything like an agreed view. I am a bit worried about that method of dealing with such an important issue. It is crucial that we have a meeting. I cannot see any other way of doing it. It is too important to be left to a circulated letter. That is my view.

[7] **Jeff Cuthbert:** I take your point on that. Does anyone else have an opinion on this?

[8] **Nick Bourne:** I agree with Ieuan. I take it that there is unanimity on the need for a Committee on European and External Affairs. I think that that is certainly the case. I suspect that there may be a need for a discussion on the function. The timescale is a little tight for 16 October. Perhaps a holding response could be sent saying that, although there may be unanimity on the committee for the need for such a committee, we can test that in a discussion around the table on the role of the committee in the next Assembly, which will almost necessarily change from what it is now.

[9] **Jeff Cuthbert:** The clerk tells me that we are due to meet one week after 16 October, so, perhaps if we play for a bit of time, we can collate those responses and see where we are. If there is a difference of opinion, then I hope that people, and other committees, will be agreeable to that. However, I take your point that important differences could be raised and we would not want to just sweep it away. We will try to work that way. Is that agreed? I see that it is.

9.08 a.m.

**Cofnodion y Cyfarfod Blaenorol a Materion yn Codi
Minutes of the Previous Meeting and Matters Arising**

[10] **Jeff Cuthbert:** Is everyone content that the minutes are an accurate record? I see that you are.

[11] A number of items on the summary of outstanding actions, which is included, will be dealt with by the First Minister in his report. Would anyone like to raise anything else from the actions from the last meeting? I see that they would not.

*Cadarnhawyd cofnodion y cyfarfod blaenorol.
The minutes of the previous meeting were ratified.*

**Adroddiad y Prif Weinidog
First Minister's Report**

[12] **The First Minister:** I will refer briefly to my visit to Northern Ireland for meetings with business leaders and my address to the Assembly. This was in the context of the run-up to the difficult six to eight week period prior to the deadline set by Peter Hain, the Secretary of State for Wales and Northern Ireland, beyond which, if no agreement has been reached to re-constitute the Northern Ireland Assembly, it will be dissolved. It has no Executive—it has not had one for two years or so—but it has functioned in terms of backbench services, so that the money available to political parties for group meetings and group support, and the money available to run constituency offices, has continued. However, the Secretary of State felt that it was time to set a deadline—quite some time ago—of 24 November. The purpose of having Jack McConnell initially, then me, to address them was to indicate that it is not that bad to have a functioning Executive and it means that you can do things and you get out of this mindset, perhaps, that it is easier to have the Secretary of State doing everything, and you can then blame him for everything going wrong, as distinct from doing it yourself, as it were, through democratic means. You do not then have anyone else to blame, but at least you mature and grow-up politically.

9.10 a.m.

[13] The exchange of views with the business community was also interesting. Northern Ireland, with the loss of its shipyards, has faced many of the same reconversion problems that we have, in terms of the loss of mines and steel jobs. I do not know what impact that will have, or how it will play in the huge tension over whether that deadline will be met. Ian Paisley, who I sat next to at the lunch, is hugely engaging and is good company, especially when you start talking to him about his early days as a young theological student in Barry, and the wonderful time that he had in the war years. However, whether he can shift his position to being able to form an Executive, of which there would be Sinn Fein members, is in the lap of the gods. I have nothing to offer on that—I just do not know, because no-one else knows; perhaps he does not even know himself.

[14] China has been important, as it should be, over the past few weeks, including last night—that item was too late to include in the handling brief. Next door to us here at the Senedd, at the Atradius building, an all-day seminar was organised by three or four different bodies—the Institute of Credit Management, the Hong Kong Trade Development Council, and the China-Britain Trade Council. The aim was to encourage Chinese people in business—and when we say 'Chinese' we mean mainland China, plus Taiwan and Hong Kong—with interests in Britain, to come to Wales to see what we have to offer, and to meet up with Welsh business at the Atradius headquarters.

[15] Europe has played a major part, some of which is covered in my First Minister's report, and some is not. I visited Brussels on 13 September, and met Commissioner Hübner, who has responsibility for the European regional development fund, and Commissioner Špidla, the former Czech premier, who has responsibility for the European social fund—I believe that his title is Commissioner for Employment, Social Affairs and Equal Opportunities. We were trying to strike the right balance between the twin peaks of the ERDF, which tends to be oriented towards the hard infrastructure, and the ESF, which is the reverse of that—it is totally concentrated on training, and so on. That has a bearing on how we spend Objective 1, under its new name, and Objectives 2 and 3, under their new names, from 1 January.

[16] We ran through our wish to shift about 5 per cent of the priorities, if you like, towards more of the soft infrastructure to support innovation, training, and skills-related and enterprise activities, rather than pouring concrete into hard infrastructure. Some people have the impression that that means that we do not want to spend any money on hard infrastructure, but we are talking about a 5 per cent shift—it is significant, but it is a change of emphasis, not a sudden lurch. We wanted to talk to both commissioners about that. They were complimentary about how we were doing things, although I did not know then—because they did not introduce the subject—about the contract of confidence issue. That is coming in through the joint work of their audit services and our audit services, although it does not cover the European social fund, because they do not seem to want to go down this road—I am not sure why.

[17] However, on the European regional development fund, a notable event took place on Monday in Warsaw, where Danuta Hübner was able to say—for the first time ever, I believe, as regards any part of the European Union—that the European Commission was able to lift its audit-trail burden of paperwork on Wales regarding how we administer European regional funds. It does not mean that we relax our guard as an internal audit service; what the commission is saying is, 'We put our faith in the strength and consistency of your audit function'. Therefore, we must continue to audit strongly, but it lifts its double counting of that by the way that it does its second audit, if you like. However, it is a wonderful vote of confidence in our civil servants who are doing the auditing at the Welsh European Funding Office. It does not apply to the social fund, but it is a huge feather in the cap of our internal audit service people, and the trust that has been put in them, with this contract of confidence. It is an independent authentication of effective auditing, and it does have benefits then because we can be a bit more flexible, but we have to have very strong but flexible auditing systems, because there is trust in them.

[18] During my visit to County Kildare in the Irish Republic over the weekend, I did not see any of the play, but I did see how the Irish coped with the freakish weather that hit them in the run-up to the Ryder Cup. I also saw how they had packaged central Ireland—County Kildare and Dublin—ready for the Ryder Cup. I think that it fair to say that Ireland does this kind of thing very well in terms of organisation and coping when they are hit by plan A going awry, when a car park gets flooded by six inches of water by a huge rainstorm, and then they find another one overnight, even if they have to get up at 3 a.m. to do it. A tree fell across the ninth hole just before the tournament started; well, they never stopped smiling and they sorted it. They have set the bar very high for us in four years' time, but I am confident that we can do it, in terms of leaving a very good impression. I hope that we do not have the freakish weather, but it does remind you that you have to have a plan B as well as a plan A with a game that is as open to the elements and where your transport arrangements are as open to the elements as well. We will look to ensure that, whatever Ireland did, we will do it, with another 5 to 10 per cent on top. Logistically, we are much better placed, because their event was out in the sticks. It was not far from Dublin, but it is not like the Celtic Manor Resort, which is next to the M4 and a mainline railway.

[19] I should mention the reappointment of members of the European Economic and Social Committee. Brian Curtis has not joined us this morning, but Rose D'Sa certainly has, and so I congratulate her in person, and I am sure that the committee will join me in congratulating Brian as well. Rose has received a further honour, in that she has been presented with a medal of honour as a member who has served the committee for eight years or more. It was presented by Anne-Marie Sigmund, the outgoing president, at a reception on 13 September, which, I am sure, Rose enjoyed very much. They have also been joined, through a different route, by a third EcoSoC member from Wales, namely Tom Jones, whom we all know—not because he is the most famous Tom Jones that has ever been; it is Tom Jones from the Wales Council for Voluntary Action, who is a farmer from mid Wales who has come in through the voluntary-sector route. So, we now have three Welsh representatives on the committee.

[20] One last point to mention is the press coverage of Bulgaria and Romania, which has been getting a little bit obsessive over the last few days, especially overnight. The European foreign ministers have the final decision on this, and they will take their decision in October. The commission has confirmed its longstanding position, namely that it believes that it has managed to get sufficient commitments on the elimination of organised crime and proposals to eliminate child trafficking, and on continuing progress as to the appalling conditions in Romania's orphanages and so forth, to have Romania come in on 1 January. The dossiers, as it were, show that sufficient progress has been made. It is possible that the European foreign ministers will take a different view, but probably not. I discussed this matter with Commissioner Speigler in particular, and he said that people in Britain have to remember that, because of the early beginnings of this business of whatever has happened with the Poles, the Hungarians and Latvians and so on, perhaps we have to do something different as regards the Bulgarians and Romanians. He said that you have to remember that, before entry to the EU, hundreds of thousands of Romanians have already left Romania to work in 'western Europe', but very few have gone to the UK. I am not quite sure why; maybe it is because of the lack of sunshine or traditional ties of the sort that I cannot quite latch on to myself in my mind. With regard to their countries of choice, I think that he said that there are 300,000 Romanians in Spain already, with huge numbers also in France and Italy. You can understand why they choose Italy as a destination, for geographical reasons. It was not the case for Bulgarians so much, but he said that Britain would not appear to be the nation of choice, but anything can happen in the future. Certainly, prior to EU entry, there has been an enormous amount of labour migration, from Romania in particular, which is three times the size of Bulgaria. In general, however, people have gone to southern European countries, such as Spain, Italy and France. We will have to see what happens. The British Government has hinted that it thinks that there should be more restrictions, but we will have to see whether that disappears if suitable assurances are given over the next few weeks and months leading up to the European foreign ministers' council meeting, which will give the final say-so on confirming or otherwise the 1 January date.

9.20 a.m.

[21] **Jeff Cuthbert:** Thank you, First Minister. Just before we go on to questions—and I can see Mike indicating—I will take advantage of my position as Chair to ask a little bit more on Northern Ireland. I was privileged to be part of our delegation at the British-Irish Inter-Parliamentary Body meeting in, I think, early May in Killarney. I certainly found that representatives from Northern Ireland were very keen to talk to us about things such as our experience of Objective 1 and how it has been used, and schemes such as Communities First, which they feel could well be relevant to them in some form. Perhaps more significantly, that conference was addressed by the Democratic Unionist Party. Peter Robinson spoke—Dr Ian Paisley was not there—and his speech was positive. He stressed that the unionists—and as I understand it, that was the first time that the unionists had addressed that conference on Irish soil—were keen to make devolution work and that they, as the largest party, had the most to

gain. So, were you able to get a feel, in terms of the Democratic Unionist Party, that they wanted it to succeed or not?

[22] **The First Minister:** I did not have enough contact with members of the DUP to discuss whether Paisley senior has different views from the rest of the DUP. I have certainly heard that view expressed by Official Unionist Party members, but that is not very fair because they are both fishing in the same pool and they do not really like each other because, obviously, the Official Unionist Party, or the Ulster Unionist Party, or whatever it was called at the time, was the dominant party to represent in a protestant majority in Northern Ireland, but it is not now, so it feels displaced. However, those members certainly seemed to take the view of saying, 'Well, it is only Paisley senior who is holding this up and that is because he has this very fixed position that he cannot retreat from. The other members of the DUP probably would go along with it. How can we allow one man to veto progress towards the Assembly?'. However, that is an Official Unionist Party view; I could not really comment on the dynamics within the DUP.

[23] **Michael German:** I will ask you, First Minister, about state aid and the proposed assisted area map for Wales. We know that you made a submission and that it was received by the Department of Trade and Industry in July. We saw the proposals that were there; that has been sent round to us. I understand that the UK has not yet submitted its map to the commission, which indicates, presumably, that the UK has not yet concluded its negotiations internally. Can you say whether there is still ongoing negotiation between Wales and the UK, whether that negotiation is looking any more favourable and whether you anticipate any changes to the map, which we saw before July?

[24] I have a second issue on state aid relating to the framework on state aid for research and development. I understand that the commission has made some changes to the way in which it looks at state aid for research and development, which may be of assistance, but, in terms of our techniums and the way in which they operate, do you have any more information on when that is likely to emerge? Both of those things are crucial to business in Wales.

[25] **The First Minister:** I cannot answer the second question; I do not know whether Damien or Jeff can. Perhaps we had better to write to you on the research and development side. We will have to do a note, I am afraid.

[26] I can give you a definite maybe answer on the first question, in the sense that negotiations are indeed continuing. The UK has not concluded its position. It is still talking to the Scots and to us. It is anxious to proceed to a final conclusion, but we are not quite there yet. When we are there, as it were, Alistair Darling or the next Minister down, the Minister of State, Margaret Hodge, will make the last request for signing off and approval from Brussels. We do not anticipate a big problem, but you will be aware of the previous problem that afflicted us in Wales, particularly in the early negotiations, where the European Commission essentially said 'no' to the Welsh map. We have been trying to work around that ever since, to maximise the Welsh share and to try to achieve the objectives that were in the map that the European Commission did not like. Negotiations are, I suppose, on the last lap—they are perhaps even in the finishing strait—but you should expect a parliamentary statement by Alistair Darling at some point in the next couple of weeks.

[27] **Michael German:** Will he be smiling when he makes the statement?

[28] **The First Minister:** Until it happens, it has not happened, so I do not want to anticipate the final conclusions as yet. It is a pity, in a way, that I cannot tell you more, but when you are in the final stage of negotiations it is a bit tricky to say something—you might find that you have egg on your face if it does not happen. So, I would rather wait until it does happen.

[29] **Nick Bourne:** I have quite a few points. A couple of points relate to developments in the European Parliament, and perhaps an official can help on this if the First Minister is not aware of it. There is a question mark about the modulation policy that is of concern to farmers; there is an issue about the 20 per cent modulation being questioned at a European level. Is there any news on that?

[30] The second point is on the registration, evaluation and authorisation of chemicals directive, which many companies in Wales are concerned about. I hear that there may be some movement on that at parliament level to alter the directive.

[31] Thirdly, the growth figures and the comparisons with the United States and Japan are interesting, but are we not fighting old battles, in a sense? Can we also shove in figures for China and India for the future? The figures for the US and Japan are interesting, but it might be more sobering to have figures for China, Brazil and India for comparison.

[32] On Croatia and Turkey, I am hearing that there are question marks, not regarding Croatia or Turkey specifically, but people are now saying that a European Union of 27 countries is enough. What is the latest on that?

[33] I have some questions on convergence, but I will come to those when we look at that paper later.

[34] **The First Minister:** I cannot answer the first two questions, and I do not know whether any of the officials here have sufficient expertise to deploy on modulation or any impending changes—I am not aware of any, but that does not mean that there are not any. Likewise for REACH, I cannot update you on that, but we will try to explore that. Perhaps you could prepare a more specific note for us about your particular concerns, and we could try to take that up.

[35] You make an interesting point about the new giants in the world economy, such as China and India, with their pretty consistent annual growth rates of 9 per cent. If you add that up over a seven-year period, it makes an enormous difference and compound interest kicks in big time. That includes the difficult environmental consequences of building one new coal-fired power station per week in India and China in order to not have to switch the lights off in the afternoon, given the enormous amount of industrial demand that they have. We tend to still think in terms of the old giants—the EU, Japan and the USA. Perhaps we should look into that, because Brazil, China and India are highly significant countries, especially now that the boot is on the other foot. We are in a world where commodity prices are high and getting higher for the first time since the end of the Korean war—that was when the last significant commodity boom took place. We are short of resources, and clever scientists and inventors have not found a way of making the same amount of product from fewer resources, and that has tended to depress prices for resources for the first time since 1953. So, it is a very different ball game now, with copper, tin, nickel, coal, oil and gas being in short supply. You do not know for how long they will be in short supply; if China and India carry on growing as they are now, where will the copper, tin, nickel, steel, iron and so forth come from? Perhaps iron ore is the one exception to that because I think that there is one iron mine in Brazil that can satisfy the world's requirements for the next 150 years, or some ridiculous figure like that. Iron is not in short supply, but almost everything else is. So, perhaps we will look at that in terms of giving us a better picture of where the balance is really changing to test the relevance of merely looking at what the minor shifts between the USA, Japan and the EU tell us.

9.30 a.m.

[36] To argue against that slightly, one of the biggest issues facing European and Japanese governments is whether there will be a major slowdown in the USA next year. I discussed this matter briefly with Governor Ernie Fletcher of Kentucky. That name may not be familiar to you, but he is the host of the 2008 Ryder Cup at the Valhalla Golf Club in Louisville, Kentucky, which some of you may have been to, although I have not. I asked him, ‘Ernie, is it right that there is going to be a serious housing slowdown next year that will tip the American economy into recession, which could impact on us?’. He said, ‘No, it is not; they will knock the froth of the coffee with high interest rates. There is too much speculation going on in the housing market for high priced houses, but for basic housing, including first-time-buyer and middle-ranking housing, it is okay. It is just the millionaire’s houses that are coming off the boil’. I do not know whether he is right, but there is a lot of talk that a slowdown in the world economy will be caused by the US economy slowing down. That would lead to fewer imports into the US and less strength in the world economy than there has been for the past four years, because the US has put interest rates up from 1.5 per cent to 5.5 per cent in about 48 upward shifts over the past four years. Governor Fletcher of Kentucky says that that is rubbish, and that it will just mean a minor adjustment. There is a school of thought that says that it will be a soft landing, not a hard one; however, if there is a hard landing in the US housing market and economy, it will undoubtedly impact on the rest of the world.

[37] As for Croatia and Turkey, people will say, ‘Okay, let us get past Bulgaria and Romania first, whether on 1 January 2007 or 2008, with or without labour market movement restrictions to the UK’. That would mean an extra 30 million people, which will take us to 480 million. Croatia is obviously very small, with a population similar to ours of some 3 million, but Turkey is definitely not, with a population of some 90 million—and rising rapidly. That would mean another 100 million people, probably at a level of poverty that is half that of Romania, which, in turn, is half that of Poland, which is one fifth of the average in the rest of the UK in wage terms. However, they are very competitive in terms of clothing supply.

[38] If you talk to the Peacock Group, one of the bigger retail groups in the UK, which is based in Cardiff, it will tell you that it could not operate without Romania and Turkey, because that is where all its clothes are made. Why is that? It is only a 48-hour trip in a truck to Romania and Turkey and, as they are providing low-cost fashion wear, there is no point in having it made in China, as it would take too long to be shipped over. What appeared to be fashionable when you ordered it would be out of fashion by the time it arrived here, but that does not happen with Romania and Turkey. Likewise, it sends clothing back to Romania and Turkey, because the group has shops there. There is already a strong connection with that part of the world, especially in terms of the retail and clothing sector in the UK. However, is that enough to reassure people?

[39] You then get to another issue, particularly with Turkey, with the Pope having said what he has said. In south Germany, when I went to the last meeting of REGLEG, the conference of European regions with legislative power, the prime minister of Bavaria, Stoiber—the one who lost the internal battle in the Christian Democratic Union/Christian Social Union side to Angela Merkel, in their equivalent of the primaries—took it as read that Turkey would never become a member of the EU on account of the fact that its people are not Bavarians, Catholics, Christians or Europeans and so on. However, some people may say that not being Bavarian is not the least of the virtues of the Turks. There will be different views on this matter right across the EU. There are certainly parts of the EU where they are now taking a strong fixed view on this: ‘Turkey? Never. It is not Christian and is not part of our heritage and traditions’. The British Government has led the fight to say, ‘That is not a reason to exclude Turkey, and the strategic implications of saying to the Turks that they are not fit to join the EU would be very serious indeed’. I support that.

[40] I have one last point on EU expansion. Even 24 hours in Dublin, which was all that I

had, was enough to recognise Ireland's dependency on the 100,000 people who have been coming in consistently every year. I had thought that net immigration was more balanced, with Irish people returning to Ireland, but it is not; it consists overwhelmingly of A8 immigrants. The hospitality sector and the huge building boom that is going on in Ireland are totally dependent on that immigration. You cannot get Irish navvies in Ireland; the construction industry is totally dependent on Poles and other A8 immigrants.

[41] **Jeff Cuthbert:** Does anyone else have questions for the First Minister?

[42] **Rosemary Butler:** Just a small one. It is on the European Association of Regional and Local Authorities for Lifelong Learning conference, mentioned on page 5. There is to be a joint Scottish-Welsh conference, and I wondered where it was going to be held.

[43] **The First Minister:** Could we put this to Jane Davidson? Is she coming over later, or have I got that wrong?

[44] **Rosemary Butler:** It does not matter.

[45] **The First Minister:** I will try to find out what the proposed location is.

[46] **Rosemary Butler:** Okay, thank you.

[47] **Dr D'Sa:** Before I put my question to the First Minister, I will take the opportunity to thank him for his kind remarks earlier. I am grateful for his support and I am sure that my colleagues, Brian Curtis and a new colleague, Tom Jones, will be similarly pleased by it. My question relates to the last item under the heading 'European News', which falls on page 4 and deals with Polish shipyards. It struck me as a slightly odd item to include in the report and I wondered what its purpose was. I am not aware of any parallel for shipyards or state aid in Wales, so I assume that the purpose of including it is the reference to the repayment or the possibility of repayment of aid. In this connection, the note mentions that the Polish shipyards are struggling to survive, so, presumably, any repayment might jeopardise their future, with consequences for unemployment. Just by way of a comment, it seems to me that the commission has the opportunity to allow Poland to present a new restructuring plan or a new business plan thereby giving the shipyards more time perhaps in which to comply. So, it might not necessarily come to the repayment of the aid. Do you have any other comments to make on that short item?

[48] **The First Minister:** You are certainly right that the relevance of the comment about shipyards to a country like Wales, which hardly ever had any shipyards, relates to how a country looks at symbolic industries—as shipyards are for Northern Ireland, the north-east of England and for those on the Baltic coast in Poland. They are hugely symbolic, with the added issue of the Lenin shipyard in Gdansk being the birthplace of the solidarity movement and so on. It is difficult to say, 'It is just business; if it is not making a profit, shut it'. In the old days, Harland and Wolff shipyard in Belfast would have been seen in exactly the same way—at least by the Protestant side of the community in Northern Ireland. If Harland and Wolff were to close, Northern Ireland would close; if the Lenin shipyard in Gdansk were to close, Poland would close or whatever. People see it in that symbolic way.

[49] The issue then becomes a matter of enforcement for the EU. It is fair to say that, psychologically, governments at state or regional level—our equivalent—and sometimes national governments, feel obliged to test the water by trying something out and then getting stopped by the EU. In Britain, on the other hand, we would test the water with the EU first and ask, 'Would it be lawful for us to do this?'. The EU would refer the matter to the Competition Directorate-General lawyers, and, if they said 'no', we would say, 'Oh, we cannot do it then'. In France, as you will remember happened recently over assistance to

Alstom, the electrical engineering manufacturers, there was a huge crisis of loss-making companies, and it was said, 'Right, we are not going to close these electrical engineering works; we are going to merge these two companies and put in £500 million-worth of assistance'. That was done and then got stopped by the EU afterwards, but it was done first and questions were asked afterwards. France tried to deal with the consequences in some big stand-off with Brussels. That is not the British way of doing things. Perhaps this is another example of the differences, and how we play according to the rules of cricket—well, I do not know about the rules of cricket, as there is a hearing today about them. However, we play according to what we think of as the above-board rules of cricket, with no cheating and with advance clearance required.

[50] Other countries will simply blast it and say, 'Okay, if they are going to stop us, let them stop us, but, politically, we must be seen to be intervening to the maximum extent possible, even to the extent of doing things that we know will probably be stopped afterwards'.

[51] You can understand the emotion involved with the Polish shipyards, but it is the difference between the British way of doing things—which some people complain about, saying that we should take a chance more often—and the way of doing things on mainland Europe, where they would probably take that chance.

[52] **Jeff Cuthbert:** Are there any other questions? I see that there are none. In that case we will move on to item 4 on the agenda.

9.40 a.m.

Y Cynllun Gweithredol ar gyfer Cyllid Cydgyfeirio (WEFO) Operational Plan for Convergence Funding (WEFO)

[53] **Jeff Cuthbert:** Damien O'Brien and Cathy Presland are here. I will ask Cathy to present the report and then we will take questions.

[54] **Mr O'Brien:** Perhaps I could present the report.

[55] **Jeff Cuthbert:** By all means; it is just that my note said that Cathy was doing it. You will have read the paper and noticed that there are 14 questions in annex B that we are meant to consider now. Clearly, there will be no time for us to consider all those questions, but perhaps we can look at their broad approach.

[56] **Mr O'Brien:** I will be very brief, because I think that the paper sets out the overall context for this consultation, which was launched on 28 July. We have been working with partners on these plans since last September and we are currently involved in a round of public consultation events. The Welsh European Funding Office has organised four consultation events, which were well attended. We had an event last week in Tredegar, at which there were more than 150 people. We have another event in Llandudno on Friday with 100 plus attending that. In addition, the various sectors and some regions are organising events. We have been involved in events with Business Wales, local government, and the voluntary sector. We also have an event organised with the Trades Union Congress.

[57] Programmes are very closely aligned with Welsh Assembly Government policies, and focus on achieving the twin Lisbon goals of growth and jobs. As the First Minister mentioned earlier, there is some switch of emphasis within the programmes, in the sense that we are focusing more on the identified Lisbon priorities, but still within a balanced programme, to support economic development in the region.

[58] There is a strong focus on people, and we are proposing to increase the proportion of resources in the programme allocated to the European social fund. So, there is a stronger focus on employment and skills. The committee has previously had the opportunity to consider the broad framework of priorities in the context of the discussion on the Welsh chapter of the national strategic reference framework. Clearly, the consultation documents go into more detail, including on issues of implementation. We look forward to hearing the committee's views on these proposals.

[59] **Jeff Cuthbert:** Thank you, Damien. Cathy, is there anything that you want to add at this point?

[60] **Ms Presland:** Not at this point, thank you.

[61] **Ieuan Wyn Jones:** Diolch yn fawr am y cyflwyniad. Gwn fod nifer o gwestiynau'n codi ond mae dau beth yr hoffem eu codi ar hyn o bryd, gan obeithio y bydd cyfle i gael un neu ddau o gwestiynau yn nes ymlaen, efallai, gan ddibynnu ar yr amser.

Ieuan Wyn Jones: Thank you for the presentation. I know that a number of questions arise, but there are two specific points that I would like to raise at this point in the hope that there will be an opportunity for me to ask one or two questions later, time allowing.

[62] Un peth y bŵm yn gwranddo'n ofalus iawn arno oedd y Prif Weinidog, yn ei gyflwyniad, yn dweud bod angen—yn ei farn ef—symud rhywfaint o arian i gronfa gymdeithasol Ewrop, a hynny ar draul isadeiledd trafnidiaeth. Cyfeiriodd at drafnidiaeth fel llwyth o goncrit a theimlais nad dyna'r disgrifiad gorau efallai. Nid oes rhaid i drafnidiaeth fod yn ffyrdd, er y teimlwn bod angen gwella cysylltiadau ffyrdd er mwyn hybu'r economi mewn rhai ardaloedd, yn arbennig rhwng y de a'r gogledd.

One thing that I listened very carefully to during the First Minister's introduction, was his statement that, in his view, some moneys need to be shifted to the European social fund and that at the expense of transport infrastructure. He talked about transport as a load of concrete, which was perhaps not the best description, I felt. Transport does not necessarily have to be roads, although we feel that road links need to be improved in order to boost the economy in some areas, particularly between north and south Wales.

[63] Yr oeddwn hefyd yn meddwl y byddai'n bwysig, yn y cyd-destun hwn, sôn am yr angen i ddatblygu *freight* a rheilffyrdd. Un o'r pethau mawr sydd wedi digwydd, yn sicr, yn yr 20 mlynedd diwethaf—ac yr wyf yn gwybod hynny oherwydd gwaith yn fy etholaeth—yw bod nifer y lorïau sy'n teithio ar hyd ffyrdd y gogledd a'r de wedi codi'n sylweddol, ac yr ydym wedi colli ein capasiti bron yn llwyr ar gyfer cludo nwyddau ar y rheilffyrdd.

I also thought that it was important, in this context, to touch upon the need for developing freight and railways. Certainly, one of the greatest developments of the last 20 years—of which I am aware due to my constituency workload—has been the significant increase in the number of lorries travelling along roads in north and south Wales. We have virtually lost all our capacity in terms of rail freight.

[64] Nid wyf yn hollol siŵr pam nad oes unrhyw beth sylweddol am hynny, ar y naill llaw er mwyn lleihau trafnidiaeth ar y ffyrdd, ac ar y llaw arall i wneud cyfraniad sylweddol i'r amgylchedd. Nid wyf yn siŵr pam fod newid pwyslais wedi bod gan y Llywodraeth, oherwydd yn wreiddiol fy

I am not quite sure why we cannot make some progress on this, on the one hand to decrease the transport on roads, and on the other to make a substantial contribution to the environment. I am not sure why there has been a shift in emphasis by the Government, because, originally, I understood that the

nealltwriaeth oedd fod y Llywodraeth yn ffafrio rhyw ychydig o wariant ychwanegol ar ffyrdd a rheilffyrdd. Erbyn hyn mae hynny wedi newid a hoffwn wybod pam fod hynny wedi digwydd.

Government favoured some additional expenditure on roads and railways. That has now changed and I would like to know why that has happened.

[65] Mae fy ail bwynt yn ymwneud â thai. Deallaf bellach fod gwariant ar dai wedi cael ei gynnwys fel rhywbeth sydd yn gymwys ar gyfer gwariant o dan y gronfa. A oes unrhyw ystyriaeth wedi cael ei roi nid yn unig i wella tai ond hefyd i fuddsoddi mewn rhaglen effeithlonrwydd ynni? Mae costau sylweddol yn wynebu nifer o bobl er mwyn sicrhau bod eu tai yn effeithlon o safbwynt ynni, a sicrhau bod tai newydd hefyd yn effeithlon o ran ynni. Yr ydym wedi clywed fod y Llywodraeth yn Llundain yn sôn y byddai'n rhaid gwella effeithlonrwydd ynni tai newydd gan 40 y cant, sydd yn uchel iawn. I ba gyfeiriad y mae'r Llywodraeth yn mynd a pha sylwadau sydd ganddi ar y ddau bwynt hynny?

My second point is on housing. I understand that expenditure on housing has now been included as something that would qualify for expenditure under the fund. Has consideration been given not only to improving housing but to investing in an energy efficiency programme? A number of people face quite considerable costs to ensure that their houses are energy efficient, and that new houses are also energy efficient. We have also heard that the Government in London has mentioned that the energy efficiency of new houses must be improved by 40 per cent, which is very high. In which direction is the Government moving, and what comments does it have on those two points?

[66] **Ms Presland:** I will respond to that. There are three points there. The first one is a very straightforward question on the funding of housing within the European regional development fund. It is an addition that is confined to the newer member states, those who acceded to the union in 2004, so it is not a facility for the old member states to make expenditure on housing. We can, however, spend on energy efficiency, both in terms of the supply of energy—and you will see in the document an emphasis on renewable energy—and the demand for energy. That is trying to tackle an increased supply of renewable energy, but also strongly emphasises the demand side in enterprises, and domestically, in order to reduce the use of energy and try to increase energy efficiency. I hope that that is explained in the document; we would welcome comments. In terms of the overall balance of expenditure for the ERDF programme, we set out in the document proposals for the broad allocations between the priorities. We are proposing to have three main priorities for the ERDF. The first is to promote the knowledge economy through research, development and innovation, and you will see that we are proposing some increase to this priority. It is at the heart of the Lisbon agenda and the Government's economic development strategy.

[67] Our second priority is to create an attractive business environment, which includes expenditure on transport. The emphasis is on sustainable transport in particular, and although we do talk about road transport, rail and public transport and other means are a key part of this theme. That would also include the environmental infrastructure, so the energy investments that I have talked about, as well as some of the other measures that we would like to take to tackle and respond to the challenges of climate change. We are proposing a broadly stable proportion of spend on this priority.

[68] We expect to see some reduction in the priority that we call 'building sustainable communities', which includes both physical regeneration and community economic development, and where we would see some decrease in expenditure is around some of the more social aspects of the current programme. We want the new programme to very much focus on providing a long-term economic return on the investment. There is a shift here and we are proposing to more strictly focus the kinds of expenditure and projects that we undertake. We are seeking comments as part of the consultation on this broad allocation that I

have outlined. Also, within each of the priorities that we identify a number of key themes, and we would be very interested, as part of the response, to get consultees' views on how the allocation should be made to the themes, that is, within the priorities.

9.50 a.m.

[69] **Jeff Cuthbert:** Ieuan, do you want to come back on anything?

[70] **Ieuan Wyn Jones:** I am still not clear why there has been the shift, because, initially, there were indications that transport would figure in the programme to a larger extent than it currently does. I am not quite sure why that has changed. To put it in its simplest context, the First Minister referred to a 5 per cent shift into ESF, which is fine, because that is a Government priority, but I am not clear what gains or what suffers as a result.

[71] **Ms Presland:** You are right; we are proposing a small reduction. Overall, the European resource that we get for this programme will be an allocation of the same order or possibly slightly increased. If we move money into the ESF, there will be a reduction in the ERDF. We do not propose, in the document, a great deal of detail on where that expenditure will be. For example, we do not have figures on transport; that is a matter for further consideration. As I said, the main reduction that we highlight in the document is on the ERDF priority 3, so that we have much more clearly targeted interventions for regeneration. Those would be clearly focused on the economic returns that we could get from physical regeneration and providing business sites and premises, linked to community economic development, to try to provide some coherence in that area. It will be clearly focused on the economic projects rather than on some of the social projects that we have undertaken with structural funds.

[72] On expenditure on transport, we have not said exactly what that will be. We propose a broadly stable approach, that is, a similar expenditure on business infrastructure in general. That priority contains several different themes and there are still decisions to be made on how that expenditure will be split between those themes. We will listen carefully to your comments today.

[73] **Michael German:** I have two points. First, following up on Ieuan's question, as you indicated in the documents, the priority that includes transport is broadly stable, which, in my view, means that it remains the same. If you look at the Lisbon agenda, moving people to the jobs and the products to the market are important features, and Wales has suffered enormously from not having a fully integrated public transport system and rail network. Since you have decided that that priority will be broadly stable, then there will not be an increased investment in transport. So, we will not have anything more than at present. If that is not the case, then please reassure me. I suspect that you will say that you can move things back and forth within that priority, but, if you do, something else has got to give. I think that we should give more priority to transport. That emerged yesterday in the Heads of the Valleys strategy: we all agreed that it was a good idea to invest more in that transport network.

[74] My other point relates to the method of delivering the programme. The document refers to three methods of delivery: bottom-up projects, framework projects and commissioned projects. Could you give me an indication of the percentage that you think will come via each? I am sure that the First Minister is aware of the considerable concern among local authorities in Wales that the role that they have previously played in trying to regenerate and to work at a local level is threatened by this approach. You might not use the word 'threatened', but they may feel that their role is being diminished. Is that a deliberate policy and do you think that it is better in terms of providing an impact from the European money?

[75] **Mr O'Brien:** I will address your second point. That issue has engaged people

extensively in the consultation events that we are holding. It is important to put this in the context of the lessons that we feel that we have learned from the current programmes, which are borne out by the evaluations that have been undertaken. Those evaluations suggest that, while the current programmes are having a significant impact, we could strengthen that by being more joined up. If we encourage projects to work together in a way that supported the headline objectives of the programmes. That is behind our thinking on strategic frameworks. We see strategic frameworks as planning instruments, not financial instruments. Projects will remain the currency of the system, as they do now. We are trying to encourage projects that are serving a broadly common purpose to cluster together under frameworks, so that they can have more impact collectively. However, projects remain the currency of the system. Projects will be large and small and will come forward from the partners that currently deliver projects. We are also clear that these strategic frameworks will need to be developed in partnership. Partnership remains a requirement of the structural fund programmes. We are required to develop, implement and monitor the programmes in partnership. However, we do this not just because we are required to do so, but because evidence shows that this works when it comes to the development and implementation of structural fund programmes. So, that is the answer to your question on the percentages of delivery.

[76] I do not think that commissioning will happen very much. It is something that WEFO needs to hold in reserve, because we are under a legal obligation to implement these programmes. If we find that projects are not coming forward to address particular parts of the programme, we have to hold in reserve the option of commissioning. However, we have not had to do that much under the current programmes and we would not anticipate having to do it much under future programmes. We anticipate that, in time, most projects will come in through strategic frameworks. If there is not a strategic framework for a particular project, then it will come in in the normal way. We want to move to a situation whereby, as a first port of call, projects should explore whether there would be value added to what they are proposing to do through collaboration with others in the context of these strategic frameworks. We think that that is likely to have more of an impact than if they pursue issues on their own. There are a lot of projects under the current programmes: there are over 1,700 in Objective 1 and just over 3,000 overall. Some of those projects are probably more about supporting activities that could be part of a bigger project than projects in their own right. Part of this filtering process will be to discuss with people who have ideas of how they can contribute to the new programmes about whether what they are proposing is a project in its own right or whether it is an area of activity that can become part of a larger project. So, over time, we would expect the balance to shift in favour of projects coming in through strategic frameworks.

[77] **Ms Presland:** I will just pick up the transport point. You made a convincing argument. We are having the consultation event and the public consultation will run until 6 October. We are genuinely interested in people's views on the content of the programme, but particularly on the financial allocations and how we might want to balance the programme within the priorities. Those are the responses that we are hoping to hear from the public and from interested organisations.

[78] **Michael German:** Will a motion to approve this document come to Plenary? It is so important that it I think that it should. Is it the Government's intention to bring it to the Assembly for approval?

[79] **The First Minister:** I do not know. I will have to get back to the Business Minister on that. We will have to circulate to the three opposition leaders, perhaps, what the intention is. I have a funny feeling that I may have said something on this point when I gave my speech last week. I think that I said that it was not scheduled at this moment. In other words, I described what the work programme was over the next six months; I believe that I said that there are extremely strategic issues, which are not included in this, which we will have to

consider—I was not saying that it was a promise, and that there will be an opportunity for debate, but I cannot imagine that we would not want to have an opportunity for debate.

10.00 a.m.

[80] I will add one thing about the difficulty of trying to get this right. Everyone accepts that, in the present Objective 1 programme—now winding down to its last three months—there were too many projects; I believe that everyone accepts that we should have fewer projects in the next one. Therefore, we should be more co-ordinated and more strategic. The problem then is when you consider what the word ‘strategic’ means to different people, because it means different things to different people. If you are a highways engineer in a local authority, you may already know what you mean by ‘strategic’, namely a large highway doing a strategic highway job. We do not necessarily mean the same thing by ‘strategic’, but we must accept that we will want to get an agreed approach with local government. However, undoubtedly, there will not be complete agreement on the definition of ‘strategic’.

[81] ‘Strategic’ to us means directly providing more jobs, which we have every reason to suppose will be sustainable jobs in the future in west Wales and the Valleys; that is in line with the Lisbon agenda and with sustainability. Therefore, a large highway may be strategic in the strictly transport sense, but it may not be able to demonstrate a close link with jobs; it may be able to make generalised promises about an indirect link with jobs, but, under the Lisbon agenda, it is pushing everyone. We are well-signed-up to the Lisbon agenda, even before it was written, if you like. It notes that, the more directly related with jobs a project is—considering the sustainability and quality of those jobs—the higher up the priority list it should be. So, we are trying to ensure that we move forward with the key partners—local government is a key partner, but it is not the only one—but with this differing definition of what ‘strategic’ is, although some people see it as a threat. ‘Strategic’ does not mean more governmental—it means more job-oriented to us, although others may have different views. However, we want to get agreement with local government and other partners.

[82] **Jeff Cuthbert:** The final meeting of the Objective 1 programme monitoring committee is in about three weeks’ time, in Ynys Môn. I daresay that some of this will be reflected on at that meeting.

[83] **Jonathan Morgan:** I wish to explore some of the issues raised in ESF priority 3, relating to public services. I was not entirely sure how this differed to the themes and priorities in the current programme, and what you intend to achieve by doing what you have set out here. It seemed fairly mainstream stuff, as though it was already being done by Government, or was already being planned to be done by Government, particularly effective collaboration in public services, and building capacity to deliver those public services. I was not entirely sure what you wanted to achieve there. I can understand the need to raise the skills levels, perhaps, of certain key individuals in public services, but, beyond that, I was not sure what you wanted to do.

[84] **Mr O’Brien:** This is genuinely a new area of structural funds policy. This is the first time that convergence regions only have the opportunity to use structural funds to support strategic investments and public services. There is an opportunity here to take forward actions in the ‘Making the Connections’ agenda. The commission has been clear that it does not want to support ad hoc projects, but it is interested in supporting strategies for public service reform. This comes as a recognition that efficient public services contribute to economic development. However, we do not envisage this being a large priority within the new ESF programme—we do not see it as absorbing a significant amount of resource—but we feel that it sends an important signal to public sector organisations and workers that they have a contribution to make to economic development.

[85] We want to invest in key skills in the public sector. We are particularly keen—and this came out of last year’s Wales Audit Office report—on picking up this issue of the skills to lead regeneration programmes and projects. There is evidence that, in some local authority areas, there is a real shortage of people with the right skills mix to lead those programmes. We have an opportunity to address that through this priority. We also have the opportunity to take forward the shared services agenda, where there are efficiencies in working together to make public services more customer-focused.

[86] Thirdly, we have an opportunity to work with other member states in pursuing this agenda. I know that, when the First Minister had his meeting with Mr Špidla, this issue was raised and the commission has warmly welcomed the interest that Wales is showing in this area.

[87] **Jeff Cuthbert:** Cathy, do you want to add anything?

[88] **Ms Presland:** No, thanks.

[89] **Nick Bourne:** To pick up the transport theme again, the first question is probably to Cathy or Damien, but there is a political dimension that Rhodri might want to pick up on as well. Underlining the importance of this is the evidence from other countries, in terms of nation building, culturally and economically, and certainly, from speaking to business leaders and businesses that are interested in coming in to Objective 1 areas, that this is vital. I appreciate that this is work in progress and that it is out for consultation, but, from going around Wales and speaking to people, I cannot stress how important this matter is.

[90] The second point is related to the first point, and it picks up on an issue that we have touched on many times. To be fair to the First Minister, he has not said that he will never approach the Treasury; he has said that he may at some stage. In relation to match funding in this area, we are, presumably, looking at Treasury money, as I suppose we are on ESF priority 3. We are not talking about business partners here; we are talking about straight public sector, where we will need public money to match this, and not from the Barnett block. At what stage will an approach be made to the Treasury? I appreciate that you will not want to show your hand, but what, generally, are you thinking of doing in relation to match funds for some of the moneys that we will need here?

[91] **The First Minister:** It is still too early to say, in the sense that, until we have an agreed programme with intervention rates—and I do not know when we might be likely to have agreed intervention rates—you cannot start drawing conclusions as to where this will impose significant budgetary pressures. You cannot go to the Treasury with a general plea; you can only go to the Treasury, as we did in 2000, with a specific plea, saying that it is not affordable to participate in this programme because it would mean taking money out of health and education. That is what we said, successfully, in 2000. We have not had that particular problem this time, because of the change in the way European receipts are counted by the Treasury. However, you have to be specific. If you present a case to the Treasury, you know that it will initially come back and brush it aside, saying, ‘You cannot do that’, and so on. So, it has to be absolutely nailed down, and it is too early to do that until you know the intervention rates and other aspects that would lead you to be able to draw a proper conclusion. We are not there yet on intervention rates, are we?

[92] **Ms Presland:** No.

[93] **Mr O’Brien:** When we submit our plans to the commission, hopefully at the end of November, we will have to propose intervention rates. We will then enter a genuine period of negotiation on those intervention rates and other aspects of the programme.

[94] **Nick Bourne:** How long is that?

[95] **Mr O'Brien:** The regulations allow for four months. This is the first time that the commission has been given a time limit to complete its negotiations. We, therefore, hope that we can make speedy progress, but we have to propose a set of intervention rates, taking account of our experience under the current programmes, and we need to make our case for that level of EU funding. However, that will take some time to play through.

10.10 a.m.

[96] **Nick Bourne:** I will come back briefly, if I may. I cannot help feeling that this is a bit of a chicken-and-egg situation, because the type of programme that you are going to want will be slightly determined by the level of support that you get from the Treasury. So, are we not going into this a little blind? I appreciate the dilemma that you are in, but it is a slightly circular route.

[97] **The First Minister:** It could be, but I do not think that we are looking at this and saying, 'Oh well, we are not going to get Treasury support, therefore, that is not affordable, so do not put it forward to the European Commission'. We are trying to get the best possible programme and we will then test the intervention-rate issue and other budgetary-pressure issues. It would then be in our mind to see whether it was reasonable to draw a conclusion that such-and-such a programme with such-and-such a set of intervention rates, and certain other aspects covered, would give you the problem that we had in 2000, namely pressure on health and education budgets, which we cannot contemplate, or the non-completion of the second round of Objective 1. But, we are not there yet. I could not say that to the Treasury today; I would be brushed aside. If you are going to make an approach to the Treasury, it is important to ensure that it is at the right time and with the right degree of detail. If such a calculation emerged that would lead us to say, 'Well, that would be the awful choice', which we said in 2000, you might then have a chance with the Treasury. However, you do not have a chance if you say, 'Well, we think that we might have a bit of a problem in 2008 or 2009'. You would not contemplate going to the Treasury with a half-baked case.

[98] **Nick Bourne:** No; I am looking at the tactics of it in terms of the fact that there will be much more pressure this time around on budgets than there was in 2000, I suspect.

[99] **The First Minister:** Yes, but, even so, you still have to be at a level of mathematics, not a level of general theory, if I can put it like that.

[100] **Christine Gwyther:** On that point, some public sector bodies are planning for using convergence funding and are not talking about Treasury and match funding; they are already making their own arrangements. I was talking to Carmarthenshire County Council officials last week about their housing regeneration plans and they hope—obviously, this is also a plug—that they will be using convergence funding for an ambitious apprentice scheme so that they can get their house-building skills back up in that region. No-one spoke to me about Treasury match funding, so I do not think that we need to get too bogged down in that at the moment.

[101] As far as commissioning is concerned, I do not think that you need to get too worried about that either, because the public, private, voluntary and community sectors are all champing at the bit to get at convergence funding. However, there are still some myths that appear to be going through the rumour mill. One is still, unfortunately, that private match funding does not count in terms of work put in, and the other is that voluntary hours put in do not count as match funding. Can we have a definitive response on that today?

[102] I welcome the more strategic approach and, although it has to be job-creation related,

as you said, First Minister, I think that we need to let people know that it can also still be about capacity building and skill upgrading and all those other soft measures, because there could be a perception that, if you are not creating a job, convergence does not want you. We have to kill that myth before it takes off.

[103] **The First Minister:** To deal with the first point, following an instant consultation with Damien here, we can be quite definitive that private sector match funding will be allowed; it is a member state option and the UK will definitely be a member state that will opt into, not out of, private sector match funding. What was the other question?

[104] **Jeff Cuthbert:** It was on the voluntary sector.

[105] **The First Minister:** The voluntary sector will definitely be able to count hours as match funding. Generally speaking, in terms of a training centre to improve the building skills available in order to participate in major refurbishment programmes over a 10-to-12-year period in terms of local authority housing, with or without stock transfer, that would be an ideal project for exactly the kind of soft infrastructure that we are talking about.

[106] On your other point about soft infrastructure and capacity building, I do not think that that is excluded, is it?

[107] **Mr O'Brien:** No.

[108] **Christine Gwyther:** The point needs to be made, because the perception is that if you are not creating a job you will not get any help. We need to put that to rest.

[109] **The First Minister:** If I could respond to that, during any transition period from one seven-year phase to a second seven-year phase, myths will emerge from the consultation and the difficult transition period. We must accept that we must perhaps go to considerable lengths to kill the myths that emerge. You cannot say that it is because the public are ill-informed. Until recently, private sector match funding—

[110] **Christine Gwyther:** We are informing them.

[111] **The First Minister:** We have to do the informing, but you cannot blame them, because people had the correct impression that private sector match funding was on the way out; it was, and then there was a lot of pressure and it was reinstated, but as a member state option. We and the Dutch were the only ones doing it in significant amounts, especially in Wales, and we were very keen to be able to continue to do it.

[112] **Jeff Cuthbert:** Christine, do you want to come back on that?

[113] **Christine Gwyther:** No, thank you, Chair.

[114] **Jeff Cuthbert:** Okay. Do you want to come in, Rose?

[115] **Dr D'Sa:** I think that the First Minister has answered in full the point that I was going to make, which also related to private sector match funding and paragraph 24 of the brief. You may recall, First Minister, that at a previous meeting, our papers were showing some difference in relation to programme funding and project funding. I asked at that time for reassurance to be given that, if we had the option of including private sector co-financing, it would cover the programme level and the project level. I thought that failure to cover both aspects might lead to some problems in the practical application of funds. I get the impression from your remarks that that is all taken care of.

[116] **The First Minister:** Damien says that you are definitely right.

[117] **Mr O'Brien:** The regulations clearly provide, as the First Minister said, the ability for member states to decide whether they want to include private sector funding, so it is very much the status quo, as it is on whether volunteer time can be used as eligible match funding. The programmes in Wales have been particularly successful at leveraging in private sector match funding, and we would anticipate that that will continue into the new programmes.

[118] **Janet Davies:** Improving skills must be part of this. We listened to the Heads of the Valleys strategy debate yesterday, but the most difficult issue is the low levels of literacy in some areas. If schemes were put forward, would that be an acceptable area in which to use convergence funds? This is the really difficult issue to tackle.

[119] **The First Minister:** Basic literacy and numeracy skills are the basis of pretty much every training activity, and you will not get very far in getting your skills as a bricklayer, office worker, plumber or electrician if there is no literacy and numeracy there as a basis. So, national vocational qualification level 1 is the type of programme that is reaching that, and going well beyond it. You cannot reach level 2 or 3 unless you have level 1. So, I cannot see any reason why that would not have been a very high priority.

[120] **Mr O'Brien:** It is a key focus of the European structural funds programme, and the Leitch review is indicating that the most effective investment of public sector funds is in addressing the skills base, and ensuring that people have the literacy, numeracy, and information and communication technology skills.

[121] **Janet Davies:** The real problem with that, if you will forgive for me a moment, Chair, is the schools level, and I am not sure whether convergence funds can help with that level, because by the time someone gets to the age of 16, if they are not literate and numerate, they have missed the boat to a large extent, and so it should be tackled at a much younger age.

10.20 a.m.

[122] **The First Minister:** The point that you make is absolutely right, but whether that is a job for Objective 1 is a different matter. Putting right the problems of the socially excluded, the educationally excluded, the educationally self-excluded, or whatever it is that causes the UK as a whole, and Wales, to have a much higher proportion than most continental mainland countries of children at 11 years of age who have not mastered the basics of literacy and numeracy, is a job for the school system. It is a high priority for us and there is the whole issue of the roll-out of the three-to-seven learn-through-play curriculum. There is an irony in the fact that we start formal education earlier than most continental countries, but we finish up with a higher proportion of children at nine, 10 and 11 years of age who have not mastered the basics of reading, writing and adding up. That is for the school system and education policy to consider.

[123] We are talking about a high proportion of today's workforce, and 75 per cent of the workforce in 10 years' time, which will be made up of today's workforce because only a certain number of people will retire, not having those skills. If those people came out of the school system 10, 20 or 30 years ago without basic literacy and numeracy skills, how do you put that right? I would not want to say that we should be asking for Objective 1 money to be put into providing good education; we have to provide good education because we have to do so, and we want to see to what extent we can not have a long tail of people emerging from the education system at 11 years of age who cannot read or write.

[124] **Jeff Cuthbert:** No-one else has indicated that they want to ask questions, so I propose that we conclude this item. There are 14 questions attached to the paper and clearly

we cannot deal with those here, although individual submissions can be made in response to any of them. However, I would like to ask whether the committee is broadly content with the strategy and the focus of the priorities.

[125] **Michael German:** I will reserve my position.

[126] **Jeff Cuthbert:** Okay, so I see that you and a few other people want to reserve their position at the moment.

[127] **Michael German:** I think that you have a majority in favour of reserving their position.

[128] **Jeff Cuthbert:** In that case, we cannot—

[129] **Rosemary Butler:** I have just one small point to make. We have the questions here, and obviously this is an abbreviated version, but we have questions worded as, ‘Do you agree with whatever?’, and the answer could just be ‘no’. Is there an ‘if not, why not’ part in the full version of the questions, otherwise the answers could be just ‘yes’ or ‘no’?

[130] **Christine Gwyther:** We did not answer the questions quite as they are written when we discussed this in the Enterprise, Innovation and Networks Committee the other day. The clerk has gone through the transcript and she is going to produce a report from that, because, clearly, there are some views, although they are all qualified, that will be useful to the consultation, so we do not want ‘yes’ and ‘no’ answers, as Rosemary said.

[131] **Jeff Cuthbert:** So, we could go through the transcript and try to lift out the relevant pieces. I accept that there is clearly not a consensus, at this stage, on being broadly content. We will have to accept that.

[132] **Christine Gwyther:** I do not think that it is a question that you can ask of a committee at this stage.

[133] **Jeff Cuthbert:** Thank you. We are a little ahead of time. Given that the tea and coffee will be ready at 10.30 a.m., I propose, as Anna is here, that we move along the agenda and take item 7 now. Do you agree to do that to save a bit of time at the end? I see that you do.

10.24 a.m.

Sybsidiaredd: yr Ail Brawf, Ystyried y Gwahoddiad Subsidiarity: Second Test Phase, Consider Invitation

[134] **Jeff Cuthbert:** Anna, could you introduce the item, please?

[135] **Ms Daniel:** There is no paper for this item, because we are still waiting for information from the Committee of the Regions on this. Its purpose is to invite the committee to consider whether it wants to participate in the second test phase of the Committee of the Regions’ subsidiarity monitoring test. If you recall, the committee participated in the first pilot test of the Committee of the Regions’ subsidiarity monitoring network in November 2005 and submitted its comments on it. Since then, the Committee of the Regions has looked at the results from all the participating regions and it has come forward with a few recommendations about how to improve things, but it wants to move on now to hold a second test phase. In January, the committee agreed that, if it were to participate again in a second test, it would set up a sub-committee to consider the issue, rather than doing so in the full

committee. The second test of the Committee of the Regions will involve more actors from across Europe. It should also provide more support to regions in terms of making decisions. The second test will also allow the regions to build up their capacity in terms of analysing subsidiarity and ensuring that it is being well monitored at the regional level as well as the national level.

[136] If you recall, subsidiarity is about checking whether something should be undertaken at the European level or whether it can be effectively and sufficiently achieved if measures are taken at the national or regional level. That is the purpose of the test; it is not to decide on whether we agree with the policy content, although that has an impact on whether or not it complies with the principle of subsidiarity.

[137] As I said, we have not yet received the documents from the Committee of the Regions. We have been invited to participate, but the actual documents for the test should arrive by the end of this week or the beginning of next week. There will then be a six-week period in which the committee can give its response, if it decides to participate. The subject that has been chosen for consideration this time around—if you recall, last time it was to do with air quality—is education, and two documents in particular that have been published this month by the European Commission will be considered. One is the European qualifications framework, and, in fact, you have a paper to note on that from the Welsh Assembly Government among your set of papers today, which is a handy coincidence. The second paper is on equality of access to education and training systems in the EU. So, those are two areas that impact on the devolved competencies of the Assembly, but the question today is whether the committee wishes to participate in the second test and whether it wishes to do that through a sub-committee, as agreed back in January.

[138] **Jeff Cuthbert:** Are there any questions before we consider the key issues?

[139] **Michael German:** Roughly, how much time will this involve in terms of activity for officials and Members?

[140] **Jeff Cuthbert:** Do we have any feel for that?

[141] **Ms Daniel:** The last time round, we prepared two or three papers on the different documents and the considerations. It obviously takes some time to pull those together and then it would be a matter of bringing together Members for an hour or so to consider the documents and to bring about a conclusion on the matter.

[142] **Jeff Cuthbert:** So, it is not an onerous responsibility.

[143] **Rosemary Butler:** I propose that we take part in this second phase, particularly given the two topics—qualifications and access to education. We are moving rapidly ahead in Wales on these particular topics, so I propose that we do it.

[144] **Jeff Cuthbert:** Okay, so Rosemary is proposing that we take part and form a sub-committee. The suggestion that I have here is that there could be four Members on this committee. Are we broadly in agreement with that as a principle? I see that that is the case. Does having four people sound reasonable? As a member of the Education, Lifelong Learning and Skills Committee, and given the subject area, I am keen to be a part of it, but it is for someone else to nominate me.

[145] **Jonathan Morgan:** I nominate Jeff.

[146] **Michael German:** Perhaps this is not the best method of determining nominations. Perhaps you should circulate a note and ask for nominations.

[147] **Jeff Cuthbert:** There is a pretty tight deadline, as I understand it.

[148] **Mr Reading:** Briefly, with my anorak hat on, in terms of procedural issues, Standing Orders allow for committees, including this committee, to set up sub-committees for specific reasons, but you have to give a reason, give a deadline by which the sub-committee will cease to function and nominate Members. The problem is that, if we do not have much time to do that in this committee meeting, our next is not until 25 October.

10.30 a.m.

[149] **Rosemary Butler:** I thought that a working group was slightly different from a sub-committee. In a working group, we can move things through much more quickly.

[150] **Mr Reading:** Yes, perhaps that is the way to proceed, if Members are happy to do that.

[151] **Jeff Cuthbert:** Yes, an ad hoc sub-committee. Let us move forward in the most practical way.

[152] **Mr Reading:** Anna, the deadline for responding to the Committee of the Regions is towards the end of October, I would think.

[153] **Ms Daniel:** It will be mid November, I believe, in six weeks' time.

[154] **Mr Reading:** So, it is pretty quick.

[155] **Jeff Cuthbert:** Can we do it through the mechanism of a working group, then?

[156] **Mr Reading:** I think that a working group would work, and then its recommendations should be ratified by the full committee on 25 October. We could aim for that.

[157] **Rosemary Butler:** The other way is to have a working group and notify all members of the committee, so that anyone could come to it, rather than going through the business of, 'I nominate you' and ensuring that we have party balance. If all committee members were aware of it, then they could all turn up to that meeting if they chose to do so.

[158] **Jeff Cuthbert:** Okay, we will do it that way. I will certainly turn up—subject to other commitments. Let us do it on that basis. If you are able to pull documents together and co-ordinate through Chris, we can let people know the most convenient time and place to review them.

[159] That concludes item 7. I suggest that we take a coffee break now. We will resume no later than 10.50 a.m..

*Gohiriwyd y cyfarfod rhwng 10.31 a.m. a 10.53 a.m.
The meeting adjourned between 10.31 a.m. and 10.53 a.m.*

Y Diweddaraf gan Aelodau Pwyllgor y Rhanbarthau Update from Members of the Committee of the Regions

[160] **Jeff Cuthbert:** I have been asked by Janet if we could bring forward item 8, the update from members of the Committee of the Regions, so that she can go. I see no problem

with that, if the committee agrees. I see that you do.

[161] Could you give us an update then, please?

[162] **Janet Davies:** I will go first. My update is shorter than Rosemary's as she is a full member. Nothing has happened over the summer, but I have a meeting on 20 October of the Commission for Economic and Social Policy. It is discussing opinions on a roadmap for gender equality on implementing the social services part of the Lisbon programme. What is very important—though it does not sound terribly interesting—is a directive to improve the effectiveness of review procedures concerning the award of public contracts. That might make it a lot easier to bring in other factors when looking at public contracts, and that would benefit many parts of Wales. In the afternoon, there is a structured dialogue with the commissioner for economic and monetary affairs. That is all that I have to report.

[163] **Rosemary Butler:** As Janet said, there has not been anything over the summer, but there is a plenary on 11 and 12 October. It coincides with the open days in Brussels of the different delegations from the Committee of the Regions. Welsh local government tends to go. It is usually a very busy week. It will be an interesting meeting, because they will have a statement by Mr Borrell, the president of the European Parliament. The commissioner for enlargement will also be at the meeting and the enlargement package generally will be discussed. There is also an item called the western Balkans and the road to the EU—it sounds like *The Road to Wigan Pier*, does it not? That will be an interesting debate. There is also a debate on biomass and the action plan, the strategy for biofuels, as well as a range of other things. The one that I think will be particularly interesting is on the establishment of a European globalisation adjustment fund. There will also be a debate on the situation of unaccompanied minors in the migration process, and the suggested role of regional and local authorities. I think that that could affect us. We talked earlier about the new countries coming in, where one of the major issues is street children. I have heard anecdotal evidence that, in order to sort out problems with orphanages, children are just being turned out onto the streets. So, you have street children but no orphanage problem. That will come back here, in relation to the unaccompanied minors report. So, that is just an update.

[164] **Jeff Cuthbert:** Are there any questions or comments? I see that there are none. In that case, thank you very much for that report.

10.57 a.m.

**Adolygiad Polisi: Canolfan Wybodaeth Europe Direct De Cymru
Policy Review: South Wales Europe Direct Information Centre**

[165] **Jeff Cuthbert:** To return to item 5, this is about the policy review of European and global citizenship. I invite Ian Thompson, the information manager of the South Wales Europe Direct Information Centre to present this item.

[166] **Mr Thompson:** Good morning, ladies and gentlemen. Thank you for the opportunity to speak to the committee this morning on the important subject of your review. After several years of carefully reading the various papers and reports of this committee, it is interesting to come along and participate in one of your meetings.

[167] As you can see from my paper, I have been working for around 25 years to try to bridge the gap between the views and knowledge about Europe of citizens—of whatever age, but particularly the young—and the reality. I have been doing that in a range of different ways: by answering questions that they may have relating to Europe; by organising conferences; by writing about the subject; and, latterly, by trying to organise information

sources that provide information efficiently and professionally about Europe.

[168] I am under no illusion that information activities will connect all citizens to the European Union on their own. However, by following the mantra that I noted in the paper—that information should always be clear, objective, comprehensive, relevant and easy to find—I believe that the information activities that provide information about the European Union can play a part in making that connection between the young citizen and other citizens in Wales and elsewhere, and the European Union.

[169] Information literacy per se is not a concept that gets pulses racing. Nevertheless, in the knowledge society in which we now live, from my perspective, it is important that young people learn the skills to gather and find information, and are able to judge critically the information that is available.

11.00 a.m.

[170] At the South Wales Europe Direct Information Centre, which the First Minister is, very kindly, formally opening tomorrow, we plan to do a range of activities that we hope will bring out this need and opportunity to provide a range of services that will connect the citizen with Europe. We already have unrivalled information resources in our centre, probably more so than any other physical information centre in Wales. We have an unrivalled range of formal, official and informal information—including critical information—relating to the European Union, so we feel that we can provide an unrivalled information service to anyone who wants that information. On top of that, I noted in the paper a number of initiatives that we hope to take in the succeeding weeks and months, which we hope will make a contribution.

[171] First of all, we want to create a website to bring together easy means of finding a whole range of information about the European Union and the Welsh dimension. Of course, the Welsh Assembly Government, this committee and their reports are already available, and there is information about Europe from local authorities and a certain number of academic and research organisations, but it is hard to bring all that information together in a neutral forum and in a single place so that you can extract it efficiently. For example, yesterday there was an article in the *Western Mail* concerning what I think was called ‘a contract of confidence’—an agreement between authorities in Wales and the European Commission in terms of the future auditing arrangements for structural funds. It was an interesting news story that I had not heard of before; I had certainly not heard of the phrase ‘a contract of confidence’. We would want to be able to offer information to that article, but also to then find the other information that is written from the perspective of the commission, the Welsh Assembly Government, and the Wales Audit Office and bring it all together, so that people could find that information easily, gather it together and make up their own minds as to its value. So, we hope that this Wales and Europe website will achieve that, once we launch it, which will, hopefully, be in January 2007.

[172] Secondly, we plan to offer training to help people to develop the skills to be able to track down information about Europe and the European Union. We have good training facilities in our centre, where individuals and groups can come and be trained to be able to find information efficiently and professionally. Equally, we can go to other venues throughout our geographical area of south Wales to provide such guidance and training. Such training can, of course, be geared according to whether you are talking to children or young people, or to a professional group or any other stakeholders.

[173] Thirdly, we want to try to ensure that we manage to continue publishing the European electronic service—the European sources online—which I know that the committee has heard about at a previous meeting, and in which I have a special interest, in that I am directly

involved, being the executive editor of the service, and so I have a special interest in trying to keep it going. However, I feel that such a service, which has been put together over a number of years, is, in a way, a model of how such an information service should exist in Europe overall. Thus, it is important to continue its existence from our Welsh base in Cardiff.

[174] Fourthly, we have also put together a guide that will help people in Wales to find out about living, working, studying and travelling in Europe, concepts that we hope will be of interest to a wide range of citizens in Wales. If we manage to bring off all those initiatives to a certain degree of success in the coming months, the South Wales Europe Direct Information Centre service, or SWEDIC as we are calling it, alongside the other initiatives that you are hearing about during the review of this committee, will play a not inconsiderable part in connecting Welsh citizens with the European Union.

[175] **Jeff Cuthbert:** Thank you for that, and for the paper. I will take advantage of my position as Chair and ask you a question. Recently, we had the evaluation of the Welsh baccalaureate, and part of the core of the baccalaureate is ‘Wales in the world’, which clearly includes European and European-citizenship issues. Do you have any feeling at this early stage as to how well the baccalaureate is contributing to this?

[176] **Mr Thomson:** I have to say that it is not an area in which I am an expert. When I read the papers relating to the concept, it did strike me that it could play a quite significant role, if it were taken up by a large number of schools. However, I have to admit that I am not an expert in this particular area.

[177] **Jeff Cuthbert:** Thank you.

[178] **Michael German:** On about the fourth page of your document—I am sorry, but the pages are not numbered—you talk about the lack of information available in a concise and readily useable format for young people in school. You quote certain examples and initiatives, and Andy Klom gave us material from around Europe that is used in schools. If I were to classify the teaching materials into those that are factual, that is, explaining this is what it is all about, and those which try to tempt the ‘Why?’ questions, such as ‘Why are we doing this; what are we interested in?’, and the analytical side of what we mean by global citizenship and what we mean by citizenship in Europe, am I right in saying that, in your view, from the document that you have given us today, there is no readily useable set of teaching materials for children at primary and secondary levels that help this process to go forward? If that is the case, would it be sensible, given that somebody has to commission it, for the Assembly to commission it?

[179] **Mr Thomson:** Yes. My own feeling from my experience of looking for such information on occasion is that—again, I have to say that finding information for very young children is probably not the main area of my expertise, but, because there is such a shortage of such material and of places where teachers and others can go to find such information, such people do come to me on occasion—yes, there is a shortage of information that gives a rounded view of the issues. The commission and the other EU institutions only provide a very limited amount of information geared to that particular level. As I say in my paper, the commission and the other institutions are writing from a very particular perspective, and thus my view is that one needs to encourage a range of actors to put together information that is geared to particular audiences. That could be an initiative that is helped and partially funded by the National Assembly, which I think could play a role, but I would also encourage other actors, including the commercial sector, to seek out whether there is a market for such information and, if there is, to satisfy it.

[180] **Michael German:** On access points in the curriculum, Jeff mentioned the Welsh baccalaureate, but there is also the whole personal citizenship part of the national curriculum.

We have the access points for this in the curriculum, and I sense that what you are saying is that there is a vacuum in good quality teaching materials, so the question remains as to how best to encourage them to be made available, given that we would want bilingual materials in Wales and for them to be in a range of media, and formatted for a range of different age groups. The crucial answer that I was trying to test out of you was on whether you should have not just the factual information, but the analytical stuff as well, which challenges young people to ask the question, ‘Why are we doing this?’.

[181] **Mr Thomson:** Such information is definitely needed in the context of Wales, so that we can have material in the two languages and there is a great shortage of analytical material at present and, yes, there is a demand.

11.10 a.m.

[182] **Rosemary Butler:** There might be a lack of material, but some fantastic work is being done in primary schools already and these teachers must be very innovative because they have huge amounts of material, so perhaps it might be helpful, rather than saying what is not there, to trumpet what is there.

[183] I went to an awards ceremony last week at Duffryn High School and one of the top awards was for global citizenship and that person’s name went up on the honours board. I had not seen that before and I thought that it was a really good way forward: it is not just your academics or sportspeople who will be on the honours board but people who have this particular award. Perhaps, as Members, we can encourage schools in our constituencies to do the same thing. However, most of Wales is not doing the baccalaureate and they are moving forward quite quickly on this subject.

[184] **Jeff Cuthbert:** Do you want to respond to any points made there?

[185] **Mr Thomson:** I accept that a large number of initiatives are taking place and how inspiring they can be when you hear about them and participate in them, and there are a lot of dedicated teachers out there making the effort, but, equally, at times, there is difficulty in knowing where to go to find information.

[186] **Ieuan Wyn Jones:** Diolch ichi am y papur. Yn sicr, mae’n gyfle i gael gwybodaeth gynhwysfawr mewn un lle. Nid oeddwn yn siŵr o bwy yn union oedd y gynulleidfa yr oeddech yn anelu at roi’r wybodaeth iddi. Credaf fod y papur yn y Saesneg yn unig, a dyfynnaf o’r papur o’r blaen i.

Ieuan Wyn Jones: Thank you for the paper. Certainly, it is an opportunity to get comprehensive information in one place. I was not sure who exactly the audience was that you were aiming to give the information to. I believe that the paper is in English only, and I will quote from the paper before me.

[187] You say in two specific areas that it is information for,

[188] ‘the young person (or other citizen in Wales)’,

[189] and you talk about,

[190] ‘helping young people and others’.

[191] I am not quite clear who the ‘other citizens’ and ‘others’ who you are trying to appeal to are—or is it mainly going to be aimed at young people? I ask the question because it seems to me that it is driven—and I am not criticising this; I am just asking for clarification—more towards information and education than, for example, towards showing research organisations

or companies how they may get assistance for research work that they are doing or for companies to find out whether there is any European help to ensure the success of their business, other than by qualifying for Objective 1. In other words, is this simply education or will it also help research organisations and companies? Since you said that you wanted commercial organisations to help, would that not be some kind of approach to them, too?

[192] **Mr Thomson:** I missed the very beginning of your contribution. I assume that you are talking about European sources online.

[193] **Ieuan Wyn Jones:** No, I was saying that you have a very useful document here, but I am not quite sure what your target audience is for using the information, because you specifically talk about young people, but class everybody else as ‘others’. What do you mean by ‘others’?

[194] **Mr Thomson:** I was writing the paper in a formal context as the director of the South Wales Europe Direct Information Centre, which is one of a number of information networks that the European Commission has developed. Particular networks have been set up to deal with, for example, the academic community, which are the European Documentation Centres, or to deal with the business community, which are the Euro Info Centres, and another network, European Public Information Centres, deals with the general public and public libraries. So there are already a plethora of networks and, in a way, the Europe direct centres are yet another that, at the moment, have a large degree of political impetus behind them. Yes, it is a challenge to find precisely how we are supposed to be positioning ourselves with the edicts, but the general role is that we are trying to provide a service to the citizen and, by that, I think that ‘others’ means the general public, namely everybody who does not have a professional day-to-day need to know about the European Union. That grouping will include young people as well as the general public of all ages. Each Europe Direct Information Centre, with its own background and specialism, will seek out a range of activities and a particular audience, which will relate first to its expertise, while also trying to answer the brief to help the general public to find out about, connect with, and perhaps participate in, European activities.

[195] Your committee review dealt specifically with youth and, thus, I was trying to bring out that dimension in the paper, to a certain extent. However, I would suggest that activities that are geared specifically to youth can also be of interest and relevance to a wider audience. That is equally true of the information service that I have edited over the years. While I used to say that its initial focus was to try to provide an information service that would satisfy young people in the upper part of a secondary school or in tertiary education—that was the audience that we were trying to put together a service for—that does not mean that it does not provide a service to a range of other sectors, including the professional and corporate sectors. I know that there can be a danger that, if you try to do something that satisfies everyone, you do not satisfy anyone, but, having worked in this area for such a long time, I hope that I have developed the expertise to be able, in dealing with different groups in society, to provide services that are geared to, relevant and useful to them.

[196] **Jeff Cuthbert:** Do you want to come back on anything, Ieuan?

[197] **Ieuan Wyn Jones:** I think that you have highlighted one of the issues, that there is a plethora of organisations out there. Would it be helpful—and I am assuming that this could be done—if your sources were to also provide links to the others? If you are just one of a network, that could be useful, because there is nothing more frustrating for the individual who is trying to find information than accessing a website and not finding what they want. It would be a good idea if there were links, saying ‘If you are interested in this, you might try this other link’.

[198] **Mr Thomson:** Yes, absolutely. From European Sources Online's perspective, it is all about making links. The whole point of ESO's service is that we compile and write things ourselves—we put together our own guides within the service, called in-house editorials. However, the bulk of ESO's work is all about linking to other organisations and points of view, which is similar to the work of the Europe Direct Information Centre. Even though people use the phrase 'one-stop-shop', I do not think that such a thing can exist, ever; to be professional, one has to be a signpost whereby you direct people on to the relevant network. You should do it in a handholding way, not by just pushing someone on; you should definitely make that link for an individual to connect to the relevant network or organisation that can answer the query or whatever that the person has.

[199] **Jonathan Morgan:** Ian, thank you for the paper, and congratulations on all that you are trying to achieve. The substantial part of this that interested me was how we provide information to younger people. I have long believed that we are not doing enough to ensure that younger people have a greater understanding, not just of the EU and its institutions, but of cultures and languages outside the British isles. If we are to create any positive view of countries outside the UK, and also the institutions of the EU, we must do it in a very non-*Daily-Mail* fashion. I am afraid that, if you look at the older generation, there are some lost generations. There are generations in the UK, regardless of the efforts that can be put into this, that will simply not change their views about Europe and those who are foreign. Sadly, that is the position that we are in.

11.20 a.m.

[200] However, I think that there is a great opportunity with the younger generation. On that, how do you canvass the opinion of the Council for Education in World Citizenship—Cymru? It does a large amount of work with schools. Its work tends to be geared towards debates and discussions, so perhaps you only capture those who are willing to be vocal and participate in that fashion, but has its view been canvassed, particularly with respect to the database that you were looking at?

[201] **Mr Thomson:** It is interesting that you mention that organisation, because following its paper to your committee at the last meeting, I contacted it; I am trying to make that contact. In fact, I have invited CEWC Cymru to the launch of the centre tomorrow and it is coming along. So, I want to speak to it to try to make that connection. I asked if there would be value in putting on a range of activities for teachers to alert and train them in finding out about Europe. That is the type of activity that I would like to be able to offer to teachers from SWEDIC, but in collaboration with those other organisations.

[202] **Jeff Cuthbert:** No-one else has indicated that they wish to speak, so thank you for the presentation and for dealing with the questions, Ian.

11.21 a.m.

Adolygiad Polisi: Y Cyngor Prydeinig Policy Review: British Council

[203] **Jeff Cuthbert:** The purpose of this item is to assist us with our policy review. This time, the presenting organisation is the British Council. I welcome Dr Kevin Higgins, and ask him to introduce his colleagues and present his paper.

[204] **Dr Higgins:** Thank you. My colleague is Martin Davidson, the deputy director general for the British Council. He will take the other introductions forward.

[205] **Mr Davidson:** Thank you for inviting us this morning to discuss how the British

Council in Wales contributes to European and global citizenship education. With us today is Sue Ling, the director of the Socrates programmes, and she is based in London. To my right is Andy Egan, who leads on our work on the Department-for-International-Development-funded global schools partnership programme, and he is based in Edinburgh. At the end of the table is Andrew Templeton, the education co-ordinator for our work in Wales, and he is based in Cardiff. You know Kevin Higgins, of course.

[206] As you know, the wider aim of our organisation is to promote mutually beneficial relationships between people in Wales and overseas, and to increase appreciation of Wales's creative ideas and achievements. We believe that relationships between nations are shaped by the perceptions and ties that are created by millions of people connecting with one another. These connections underpin and, in turn, are strengthened and informed by, the values defined by the citizenship agenda.

[207] Since opening our first office in Cardiff in 1944, we have sought to align our work with the international interests and aspirations of Welsh stakeholders, and to contribute to strengthening understanding of, and influence for, Wales overseas by building links with individuals and organisations.

[208] In our current strategy, we have set ourselves the somewhat challenging but achievable goal of increasing by two times the number of people who experience creative ideas from the UK with our support to 50 million people a year by 2010. We will focus on professionals, particularly between the ages of 18 and 35, with the potential to become leaders, who can influence their country's relationships with the countries of the UK, and who are therefore of critical importance to future Welsh prosperity. We believe that the ability of young people in Wales to contribute to their society, economy and environment is fundamentally improved through having an international aspect to their lives. The critical contribution that we, and other organisations like us, can make is to support the creation and enhancement of these links and contacts. It would be foolish of us to pretend that we can do that alone. We very much emphasise working in partnership with other organisations in Wales.

[209] In education, we greatly appreciate the way that we have been able to work so closely with the Department for Education, Lifelong Learning and Skills. One example of this is the way in which, with the department and other partners, including the Wales regional professional development network and the Association of Directors of Education in Wales, we now deliver an annual education conference linked with the Llangollen International Musical Eisteddfod, highlighting the wide range of international opportunities for key policy and planning staff from every local authority in Wales.

[210] As you know, there are numerous successes in Wales for these kinds of exchanges; for example, in 2005 and 2006, more than 100 schools engaged in the EU Comenius schools exchange scheme. There are almost 40 international schooling projects funded through the DfID global schools partnership scheme. However, inevitably, there is much more that can be done.

[211] I will also touch on the arts agenda, because the citizenship agenda is not just developed through education initiatives but also through the way in which we work in other areas. Again, just as one example in the arts sector, in 2005-06, the British Council and the Czech Republic led a year-long presentation of the work of leading arts practitioners from Wales, working with Wales Arts International. Films, performances, exhibitions, and readings from Wales were seen by more than 35,000 people across the Czech Republic. These provide opportunities for young Welsh professionals to engage with their counterparts, with new audiences in these countries—in this case, the Czech Republic—to become enthused about the opportunities and interested in Wales, but also, most particularly, to motivate young

people in Wales to identify with Europe, and to take the opportunities open to them through closer links with Europe.

[212] In the last few weeks, we have received the outcome of the contract tender for the next generation of European lifelong learning and Youth in Action mobility programmes, which will run from 2007 to 2013. I am pleased to inform you that, from January 2007, the British Council will continue its responsibility for the Comenius and Youth in Action programmes, but we will also take on the Erasmus programme aimed at links at the tertiary level. From January, included in Erasmus will be the tertiary-level components previously managed through the European Leonardo programme. Other elements of that programme, along with Arion and Grundtvig, will, from January, be managed by another organisation, ECOTEC.

[213] As part of our bid for this work, we have indicated that we will seek to locate two new posts in Wales—in Cardiff—to build on the participation of Welsh groups in school-level exchange programmes. Through this, we hope that we will further support the citizenship element of the education curriculum.

[214] We were also very pleased to note the comment made in the paper presented to the committee in July, which reported the Assembly's activities on external relations and, we believe, positively reflected a close working partnership in promoting Wales internationally. We were also delighted by the development of the strategic framework for international working, the work on an international development strategy and the creation of the European and International Division within the Department of Education, Lifelong Learning and Skills. We believe that all of these demonstrate a clearer, more distinctive vision for Welsh international interests than, perhaps, has been the case in the past, and will provide a clear set of demands and expectations of us, which we, in the British Council, will seek to meet.

[215] We welcome the opportunity to work more closely with you in partnership on the more detailed sectoral strategies in education, arts and science, which, we hope and believe, will be the necessary next step in this process, as has been the case in Scotland and Northern Ireland.

[216] That is all that I have to say as an opening statement, but my colleagues and I will be very happy to answer any questions that the committee might have.

[217] **Jeff Cuthbert:** Thank you. Christine?

[218] **Christine Gwyther:** Thank you; that was a really good presentation. There is some very exciting work going on. I was looking at your tables on the Comenius programme; whereas, in Comenius 1, Wales was doing extremely well, we seem to have almost dropped off the leader board on Comenius 2. Is that because there is mainstream provision of that training for teachers? Is the need being picked up elsewhere?

11.30 a.m.

[219] **Mr Davidson:** I will ask my colleague, Sue Ling, to give the detail. However, it is an area that we are particularly concerned with and are looking to deal with as part of the next range of Comenius programmes.

[220] **Ms Ling:** You are right; it is disappointingly low, particularly compared with the take-up of the school partnerships of Comenius 1 sub-action. One key obstacle that we have recognised in the rest of the UK is the cost of replacing teachers who are participating in these short training courses in other countries; that has presented a major disincentive in England, for example. Some funding has been made available from the Department for Education and

Skills for teachers in England, which has helped to boost participation significantly. However, our aim in the new programme, from January, when we have increased resource in the British Council's office in Wales to support Comenius, is to specifically target in-service training. We would look to investigate the reasons for and the obstacles to participation, and to promote it much more actively, because there are links between Comenius 1, school partnerships and in-service training, in that there are opportunities to take for professional development within the partnerships.

[221] **Jeff Cuthbert:** Do you wish to come back on anything, Christine?

[222] **Christine Gwyther:** No, I am happy with the answer; I am reassured that the work will be done in that respect.

[223] **Michael German:** I thank Sue for that last comment. How much money is being made available in England for replacement teachers, because that has always been an obstacle to this? Do you believe that that will support an increased programme in England, and can we work out, from whether that has an impact, the sorts of money that we need to be looking for? More generally, you will have heard my questioning earlier about teaching materials. On page 10 of your report, you mention Scotland, where two things have happened. First, they have embedded education for sustainable development into the new curriculum. Should we go any further in that direction in Wales? Secondly, on improving support for schools, including the development of materials; should further work also be done in that respect?

[224] Finally, on page 13, you give a list of recommendations—although they are neatly called 'Ways in which this teaching can be strengthened and made more effective', I take those to be recommendations. In the first bullet point, you note that the Welsh Assembly Government should lead the promotion of Comenius and the global schools programme. Can you explain whether it is the British Council's role here, and the relationship with WAG, so that we get some indication as to who should take the lead? I always feel that there is something of a grey area here, and you have increased my suspicion—you are looking to WAG to take the lead, and the Minister for Education, Lifelong Learning and Skills, because I have asked her this question, thinks that you are taking the lead. Therefore, could you clarify that first recommendation of yours?

[225] **Mr Davidson:** The council's role in Comenius is clearly defined through the contract that we undertake as the lead agency. As part of that contract, we have a responsibility to promote the take-up of Comenius and the other mobility programmes in Wales, as well as in other parts of the United Kingdom. However, there is a set of relationships that we need to manage and develop, most particularly with the Welsh Assembly Government, to promote that more effectively. Some of the examples that Sue has just given—and she will come back in a moment on numbers, I hope—for example, on providing opportunities for teachers to take up some of those opportunities, are outside the British Council's remit, and need to be part of the discussion that we have with the various Governments. Therefore, I would see it as a partnership, whereby the Welsh Assembly Government needs to be clear about what it is seeking to achieve through these programmes, and we need to be able to work with the Government to be able to promote that in Wales.

[226] **Michael German:** Can I interpret that, Chair, as being that that clarity is not present at the moment, and needs to be developed? That is the point that I am trying to make, as it helps our report.

[227] **Mr Davidson:** I am not in a position to comment in detail about how effective that relationship is at present. From our perspective, we believe that we are working closely with the department. The fact that there is weaker take-up than we would like indicates that more needs to be done. Would you like to add to that, Kevin?

[228] **Dr Higgins:** I will just add one comment, which is a broad comment and is not specifically about the European programmes. There are things that we would encourage, such as putting international aspects for schools into the local authority education plans or perhaps school development plans, and formalising within those structures the motivations to encourage schools to take up these international links. That is the kind of partnership that would help us because, once that motivation is there, we can link in with that and offer the vast array of mechanisms that are available, and the appropriate ones for the schools that are interested in following particular routes.

[229] **Ms Ling:** On the teacher training programme, we are receiving grants from the department in London, which will enable around 400 teachers from England to receive up to £500 a week for supply cover—assuming that they are participating in a two-week course. I should have said that this is part of the Department for Education and Skills' national languages strategy, and it is particularly concerned with increasing the capacity for teaching languages in the primary sector. So, it is targeting the primary sector—I did not make that clear earlier.

[230] **Michael German:** Sorry, I had a third question about the picture in Scotland, which is on page 10 of your report. The question was about embedding this into sustainable development and improving support for schools. What more can we do in terms of what is already being done in Scotland?

[231] **Mr Templeton:** Just from my perspective, the perspective of sustainable development and global citizenship in Wales is relatively advanced, although I do not think that we should be confident enough to think that the message has been understood throughout the education sector. One point in the paper, and what I find a lot of, is that newly-qualified teachers are very confident and they understand a lot of the basic tenets of global citizenship. I think that what the paper is getting at is that, although a lot has been done and is understood in Wales, the general teaching population still has difficulties understanding the basic concept, which, in turn, hinders some of the numbers that you see on the chart.

[232] There is a role to play, as Ian mentioned in his presentation, and a lot of organisations in Wales are offering different opportunities and types of promotion, and the British Council is one of these organisations. I believe that the Assembly has a role, possibly, to bring all of that together in a formalised way, so that there is an off-the-shelf, one-stop-shop place where schools, teachers, and even pupils, can go, because that is where we are right now. The basis is there, and there is a lot of understanding. The Assembly has done a lot to promote sustainable development and global citizenship, but the next step now needs to kick in to get to the wider teaching community. Hopefully, in turn, the numbers that you see on these charts will be even higher.

[233] **Jeff Cuthbert:** Thank you. Is that okay, Mike?

[234] **Michael German:** Yes, thank you.

[235] **Jonathan Morgan:** In addition to Mike's questions, I am looking at the Comenius 2 table, and, in particular, the figures for last year when there were nine funded projects in Wales. Is it possible to say how many expressions of interest are received from one year to the next? I imagine that it would be many more expressions of interest, but then I suspect that they hit a brick wall in terms of whether funding is available to sort out the replacement teachers, which you have alluded to.

[236] **Ms Ling:** We would not necessarily know; we received nine applications last year for the 2005 contract, and there were probably not many more initial inquiries. If the supply was

an issue, we would not necessarily know that. They would not have reached the application stage if that were the case. We would need to have some kind of study, once we have more resource established in our British Council Wales office, to try to tease out what kinds of obstacles they are, and to see whether there are other types of obstacles that we can address, or if it is just an issue of information promotion.

[237] **Jonathan Morgan:** What is the process prior to the application being received by you? Do teachers have to go via their local education authorities and say, 'I quite fancy doing a two-week course; is that possible?' Potentially, there could be many expressions of interest, which could perhaps fall by the wayside because teachers have contacted the local education authority, which has said that it is unsure whether it could support it. As a result, you do not get to see the application.

[238] **Ms Ling:** They would obviously have the approval of their school, as the school would have to provide the funding for the absent teacher.

11.40 a.m.

[239] **Rosemary Butler:** I will make the same point that Jonathan and Mike made, and Ian Thomson also mentioned this issue earlier. You have enthusiastic teachers who need their hands to be held to go on to the next stage and not just to be told that that is on the website. The point was made that people need to be guided through that. It is obvious that we need this overarching approach. Many people in Wales are providing this sort of advice, but there is not one definite approach.

[240] You said earlier that 100 schools took part in the Comenius programme last year. Clearly, there are schools that organise visits abroad off their own bat, whether to go skiing, mountain climbing or whatever. Are those visits linked into the citizenship programme or are they just seen as sports visits? Could a bit more work be done around that? I think that Andrew made the point that we are ready for the next step, but how far are we from the next step, because I do not have a general feeling for that? My impression is that it is done school by school and that no particular local authority is taking the lead. How will we get that snapshot view of what is happening in Wales to make recommendations on what the next step should be?

[241] **Mr Templeton:** We are not far from the next step. As I mentioned in my first comment, I believe that the basic foundations are in place. Many organisations are doing work to enable schools throughout Wales, and the British Council is one of those organisations that have engaged more fully. Sorry about the duplication, but there is the need for that central group, if you like, with a steering-committee-type approach whereby resources can be pooled and teachers can have an off-the-shelf approach to this kind of work.

[242] It is interesting that you mentioned the overseas visits, which schools traditionally organise as part of their sports teaching and so on. They indirectly benefit the wider tenets of global citizenship. Schools are starting to see that they can link sporting-type activities into citizenship. That does not have to be something as in-depth as looking at human rights and so on; there are youth and school leadership issues through sport that can obviously contribute to this kind of work. So, it is about taking those traditional activities, if you like, and giving them a modern spin. Schools can then see that they are, in many cases, engaging in this kind of work, although they may not realise it, through the language that is being used through sustainable development and global citizenship.

[243] **Mr Davidson:** I think that Andrew is correct. There clearly are opportunities to build on the range of activities that schools traditionally undertake. The British Council is developing programmes such as Connecting Classrooms, which looks at links between a

number of countries in Africa and the UK, and Dreams + Teams, which looks at taking the leadership opportunities that sport provides and building those into parts of the school links, as well as joint curriculum development programmes of one kind or another.

[244] A scheme that I would like to mention to the committee is the international schools award, which we currently run in England, but unfortunately not yet in Wales. That scheme encourages schools to develop the range of their international activities so that they do not simply focus on the curriculum development side, but also on how they build on their sports and music links and other overseas connections, so that they become a more coherent component of a school's development. Working with the Department for Education and Skills in England, we now offer this award, which recognises excellence in the development of a more rounded international approach. Kevin has been doing some work in Wales in this area.

[245] **Dr Higgins:** We have done some award giving in terms of having a British Council Wales award to try to encourage best practice and highlight those schools that have made terrific efforts, not only in terms of making the links and travelling, but in terms of showing that impact in their schools in terms of how they decorate their staff rooms, classrooms and embed into their teaching activities the various factors that they picked up through their cultural contacts.

[246] On a related point, it was asked how we could get a snapshot of this kind of thing—another way is perhaps through the inspection process and the Estyn work, which highlights some of the travel or international activities that schools undertake. That may be a good way of starting to gather data about where schools currently sit, which ones are showing best practice and which could do with support, through schemes such as Comenius or some of the other programmes that we have.

[247] **Jeff Cuthbert:** Thank you very much. No-one else has indicated that they wish to speak, so I will ask a question. You may have heard me ask the previous presenter about the Welsh baccalaureate which, as part of its core, looks at Wales and the world. The pilot has just been evaluated, so it has not yet spread across the whole of Wales. Do you have any comments on that type of course and qualification?

[248] **Mr Davidson:** It is one of those areas in which the Comenius scheme and others that we have running can be supportive of the international component of the Welsh baccalaureate. Sue, you had some thoughts on that.

[249] **Ms Ling:** Yes, absolutely. I think that cultural identity and heritage are some of the sub-themes of the core element of 'Wales and the World', which is absolutely at the heart of the Comenius programme. It is probably the most popular theme for partnerships. So, it would seem that Comenius could help to support the delivery and realisation of the Welsh baccalaureate. I do not know how many of the 30 schools participating in the pilot have a Comenius partnership, but that is something that we should be prioritising, and we could do so in the new programme.

[250] **Jeff Cuthbert:** Thank you very much. I thank Martin, Kevin and your colleagues—I will not try to list you all—for coming along on behalf of the British Council. Thank you for presenting the paper and for dealing with the questions.

[251] That brings us to the conclusion of the meeting. Our next meeting will be on Wednesday, 25 October. The Finnish ambassador will be present at that meeting to outline progress within the EU presidency objectives. I have been given his name, and I will do my best to say it correctly. It is Jaakko Laajava. Was that anywhere near right?

[252] **Ieuan Wyn Jones:** It was close enough. [*Laughter.*]

[253] **Jeff Cuthbert:** Thank you very much for attending. I declare the meeting closed.

Daeth y cyfarfod i ben am 11.47 a.m.
The meeting ended at 11.47 a.m.