

Cynulliad Cenedlaethol Cymru
Y Pwyllgor Craffu ar Waith y Prif Weinidog

The National Assembly for Wales
The Committee for the Scrutiny of the First Minister

Dydd Iau, 2 Chwefror 2006

Thursday, 2 February 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: Janet Davies (Cadeirydd), Rosemary Butler, Glyn Davies, Janice Gregory, Christine Gwyther, Ann Jones, Sandy Mewies, Rhodri Morgan (y Prif Weinidog), Rhodri Glyn Thomas.

Swyddogion yn bresennol: Martin Evans, Cyfarwyddwr, Tîm Rhaglen Newid, Robin Shaw, Prif Weithredwr, EDT Transport Wales.

Gwasanaeth Pwyllgor: Karin Phillips, Clerc; Lara Date, Dirprwy Glerc.

Assembly Members in attendance: Janet Davies (Chair), Rosemary Butler, Glyn Davies, Janice Gregory, Christine Gwyther, Ann Jones, Sandy Mewies, Rhodri Morgan (the First Minister), Rhodri Glyn Thomas.

Officials in attendance: Martin Evans, Director, Change Programme Team, Robin Shaw, Chief Executive, EDT Transport Wales.

Committee Service: Karin Phillips, Clerk; Lara Date, Deputy Clerk.

Cynhaliwyd y cyfarfod yng Nghanolfan Ymwelwyr y Gogledd, Bae Colwyn
The meeting was held in the North Wales Visitor Centre, Colwyn Bay.

*Dechreuodd y cyfarfod am 2.30 p.m.
The meeting began at 2.30 p.m.*

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

[1] **Janet Davies:** Prynawn da.

Janet Davies: Good afternoon.

[2] First, I welcome the public and the First Minister to this meeting. I will go through a few housekeeping issues before we start properly. As you will know, the committee operates bilingually, and you can use your headsets to listen to a translation of Welsh contributions or to hear the whole proceedings more clearly; people further back may have some difficulty in hearing. I ask you to turn off your mobile phones, pagers, BlackBerrys or any other electronic devices, because they interfere with the broadcast and translation systems. If there is an emergency, please leave by the nearest exit, and the ushers will do their best to help you find your way out. I also ask that no photographs are taken during the meeting because this will cause some disruption, but if anyone wishes to take photographs at the end, that may be possible.

[3] A verbatim record will be produced of the proceedings and the draft transcript will be forwarded to Members and the First Minister on Tuesday 14 February. The meeting is being recorded for broadcast on digital channel S4C2; this is the first time that an Assembly committee away from Cardiff will have been broadcast. It will be interesting to see how it appears, because using a room like this is not quite the same as using the Assembly Chamber.

[4] I have received apologies from Peter Black and Gwenda Thomas. Do Members have any declarations of interest to make? I see that no-one does.

2.32 p.m.

**Trafnidiaeth
Transport**

[5] **Janet Davies:** We will begin with transport, and I will open with a fairly general question. I hope that all our questions and answers will be focused this afternoon, as we only have two hours to get through two enormous subjects.

[6] First Minister, I will ask you about the new transport strategy that the Assembly Government is developing. Can you give me an idea of what your priorities are now? Do they enhance the priorities in the existing transport framework, or is there something different coming forward?

[7] **The First Minister:** Not amazingly different. It is fair to say that we know where the pressure points are going to be and we want to try to answer those pressure points. The pressure points are that the more people you have in work—we now have 100,000 more people in work, and we would like to see that increase again—the more people who travel to work, which means more rush-hour congestion. But, on the other hand, you cannot just build roads to cover the rush-hour from 7.30 a.m. until 9 a.m. and, in the reverse direction, from 4.30 p.m. until 6.30 p.m. You cannot do that; you have to try to find cleverer ways of answering that problem, especially in the larger, more densely populated, urban areas. Areas on the western side of Wales and, perhaps, along the A55 corridor to Holyhead, still suffer from the problems of isolation and distribution costs for industry. Therefore, we want to try to enhance the attractiveness of the western half of Wales that do not yet have good trunk-road coverage, so that they are not penalised.

[8] Likewise, there is an issue about trying to combat the growing problem of obesity. As a result, there is a new agenda—I suppose that it is new, in a way—of safe routes to schools because we want to ease that part of the morning congestion problem and, at the same time, we want to try to get kids to make more use of their hearts and lungs, as failure to develop at that age can have long-term health consequences, as well as adding to traffic congestion. There are other environmental aspects as well, such as emissions, with which we must deal.

[9] So, if you could have an ideal transport policy, it would be one under which far fewer people would travel to work as a single person in a car made for four or five; you would try to get at least two people in that car, which would halve the number of cars. It would be beneficial to spread out the rush-hour load so that you do not need to increase capacity to accommodate traffic in the rush hour, when that extra road capacity will not be used for the rest of the day. Likewise, we want to encourage the modal switch from private to public transport, whether that is by encouraging rail travel, especially during the rush hour, or bus travel where appropriate and where rail travel is not available.

[10] **Janet Davies:** I will follow that up. One thing that has occurred to me, which is relevant to this area, is that there are considerable opportunities for employment in the north-east, in the Deeside industrial park, for example. Would you consider improving rail services specifically for commuters from the north-west into the Deeside industrial park? That could be very valuable for many reasons.

[11] **The First Minister:** As far as I am aware, there is a proposal. I may have to do the old phone-a-friend trick in a second by asking Robin Shaw whether he wants to add anything to what I have said, but my understanding is that there is a proposal for improving the Wrexham-Bidston line and adding a stop in Deeside industrial park. However, Deeside industrial park is the largest in Britain, and is certainly the largest, by a very long way, in Wales, so if you got off the train at a railway station in one part of the park on a wet and windy day and walked to your place of work, I do not think that you would want to do it again; you would take the car the following day. The experimental minibus operation, with which we have assisted Flintshire council under the innovation programme, I believe, is very successful, but getting that kind of minibus service to distribute people around such a large business park has to work alongside things like railway stops. Robin, do you want to add anything on the Wrexham-Bidston line?

[12] **Mr Shaw:** I confirm that a study is being done between Merseyrail, the local authorities and us to consider the options of extending line electrification, taking that service through to Wrexham. We are still awaiting the outcome of that report. To convert the existing rail to third-rail electrification would involve significant capital costs and increasing the service provision also has implications, so we will have to see what it says.

[13] **The First Minister:** Was I right about the station, Robin?

[14] **Janet Davies:** First Minister, I do not know whether Robin can be heard because he does not have a microphone.

[15] **The First Minister:** Right, so Robin will have to come up to the table.

[16] **Janet Davies:** Perhaps we can leave this issue for the moment. I am sure that we could have something in writing on it.

[17] So, you are saying that this has to be related to the Wales spatial plan. Could you give a bit of information on what mechanisms will relate the transport strategy to the spatial plan?

[18] **The First Minister:** The spatial plan is an overall, overarching guidance document for every aspect of the Assembly's work that has any kind of spatial implication, and, obviously transport has such an implication. The transport plan has been developed before the conclusion of the spatial plan, so one has got in front of the other. I do not think that that will inhibit their being synchronised but it will happen gradually, as the consultation period on the spatial plan is developed. Andrew Davies has published the £15 million transport plan, which is already out there and is being consulted on; money is being spent on its early stages.

[19] **Janet Davies:** Thank you. I will now ask Members to go into specific topics.

[20] **Christine Gwyther:** As I represent a rural constituency, First Minister, you will not be surprised that my question is about rural transport and, specifically, rural community transport. Are there any plans for present bus subsidies to be used in a slightly more tangential way in the rural context, with, perhaps, subsidies for taxi fares and so on?

2.40 p.m.

[21] **The First Minister:** That is certainly under serious consideration, because I think that the review that Andrew Davies published—what is it now, 14 months ago?—included community transport as a key issue. I cannot give you the specifics of what is being considered, but really, it is an attempt to gain some kind of parity, although you will never achieve full parity, between areas in which the population is too sparse to justify a bus service, even though the bus operator would benefit from the fact that people entitled to free bus travel would be able to travel on it, and other areas. That service would be a help, and it bridges the gap to some extent, but, in some areas, the population is simply too sparse to do that, so you have to consider community transport, and the attitude towards that has to be the same as the attitude towards bus travel where the population density is a bit higher. The same applies to trying to get dial-a-ride systems and, of course, to disabled people, or people whose particular disabilities, despite buses having converted heavily to very low-entry platforms, prevent them from accessing even those services.

[22] Can we attempt to operate, or would it be better—

[23] **Janet Davies:** Well, I think—

[24] **The First Minister:** Do you not want to do that?

[25] **Janet Davies:** No, not really, First Minister.

[26] **The First Minister:** Okay, that is fine.

[27] **Christine Gwyther:** That is fine, actually.

[28] **Janet Davies:** Janice, you have questions on this and other matters, do you not?

[29] **Janice Gregory:** Yes. First Minister, following on from Christine Gwyther's remarks, I represent an urban Valley constituency; I know that you know Ogmore very well. We find that the council estates that local authorities built in the 1950s and 1960s perched on top of mountains were all well and good when we had the regulated bus services such as, in our case, West and Welsh. Of course, those services have now gone. We now have bus operators that choose their routes carefully, even though they are subsidised by the local authority. I cite one case in my constituency that is causing huge problems in a disadvantaged community, which, although it is a Communities First area, typifies communities across Wales that suffer from the same problem. The bus operator has decided that it will no longer run the bus service after 5.45 p.m.. This is a Communities First area, and the people who live there have, for a number of years, struggled in terms of capacity, in seeking employment and, more importantly, in retaining employment, but they are still not at the point at which they have access to their own transport, and they rely very heavily on the bus service, because there is no train service in that valley. We now find that these people are disadvantaged to the extent that they could lose their hard-fought-for jobs, because they are unable to get home after 5.45 p.m.. For example, if you are nursing in the Princess of Wales Hospital, and your shift finishes at 9 p.m. but you are not on a salary that allows you the taxi fare home—and I take on board Christine's comments about taxi fares—you are greatly disadvantaged. I do not particularly want to put you on the spot, but I have thought about the issues, and I wonder how you feel about re-regulation, perhaps in the Welsh context. Do you think that that is the only way that we can bring back the certainty of public transport to these deprived and disadvantaged communities?

[30] **The First Minister:** This depends on the reason for the withdrawal of services. I am familiar with that situation in my own constituency, which is a densely populated urban constituency. In parts of it, after vandalism and stone throwing by local youths or whoever, the bus company's answer has been, 'Okay, if that is going to happen, we cannot expose our employees to that risk, with glass being smashed all over the driver'. It is just completely unacceptable to everybody, and, unfortunately, it is the people who use the buses who suffer. It is difficult to make that part of a regulation that you must, in all circumstances, run bus services till 9 p.m. as a condition of having a licence.

[31] You are right to point to this as an inherited deregulation issue. It is only in London, I think, that there is a statutory power to regulate to avoid urban congestion. So, it is only the Mayor of London who has that power at present. We do not have that power, and no other part of England or Scotland has that power, as far as I know.

[32] In general, hilltop communities may be a particular problem, as may isolated council estates. Because of various family illness problems, I have been in at least one Valleys community recently where I was amazed at how good the bus service is. This is the Caerphilly to Senghenydd area—the Aber valley, covering Caerphilly to Abertridwr and Senghenydd. I was staggered at the number of buses there; they run, literally, every five minutes. I have never seen a bus service like it outside central London; it is amazing. However, that is on the valley floor, it is not up on the mountainside or in the 1960s council estate misplaced on a mountain top in the way that people did things in the 1960s. There are specific problems in serving isolated estates, especially for people who are perhaps starting their first job for 10 years with no accumulated savings to buy a car. That is a real problem.

[33] However, I do not know whether you would get around the problem that I am referring to, and whether it is the same problem that may have occurred there, where there was a service until 8 p.m., and then some clever kids think that it is great to put tintacks on the road, and so on—or, worse, throw stones—and then that is the end of it after 5.30 p.m., or whatever. It is difficult, because I do not know that you could make that a condition of the licence.

[34] **Janice Gregory:** We are not talking about anti-social behaviour today, Chair, but I could go on about that subject for a considerable time. However, the First Minister is right that that then becomes an issue—if there are anti-social behaviour issues, it typifies how it can isolate a whole community when that arises.

[35] I have a brief question on road maintenance, First Minister. When people come to my surgery—and local councillors also tell me—the main complaint about roads, particularly in our area, relate to the potholes; everyone talks about a pothole. Local authorities will always cite the fact that they do not have enough money for road maintenance. Are you satisfied that, as an Assembly, we give local authorities enough money for road maintenance, should this be their priority, and do they need to prioritise the road maintenance programme in their area?

[36] **The First Minister:** That is an interesting point. It was exposed to me starkly recently when I did a street surgery, knocking on doors, and asking people what the problems were. It became not a street surgery, but a surgery about the quality of the street, because they were taking me out and saying, ‘Look at those potholes’, or, ‘Look at those bad surfaces’, where the local authority had put a bit of tarmac down but had not dug up the foundations. As a result, three months later, the tarmac that they laid down was like Trex shortcrust pastry—I do not know whether they make Trex any longer, but it was like shortcrust pastry anyway; it had disappeared within less than 12 months of going down. It was a complete waste of time. It was a 1930s estate, with concrete bases, and so on, and it was just patched over the top with tarmac—a waste of time.

[37] How do you ensure that local authorities spend enough on potholes? Post local government reorganisation, there was a pattern in Wales where local authorities that were dominated by ex-district council people tended to underspend on schools, children’s services and social services, and spend a lot of money on potholes. If they were dominated by ex-county council people, they spent a lot of money on schools and social services, but the roads did not matter at all, and the potholes got worse and worse.

[38] Ten years later, I would have thought that it would have settled down, but perhaps it has not. It is hard for local authorities to determine their priorities, because there will be adverse reports on children’s social services through the audit scheme, then there is a panic, and you increase expenditure on children’s services. The big expenditure on schools and social services tends to knock out the potholes. However, many councillors will tell you that it is potholes that win elections, sadly, and not how you treat deprived children in vulnerable situations.

[39] Therefore, in general, in an unhypothecated situation, which we by and large have in Wales, the potholes would normally get a lot of attention, because they cause people to either not vote for a sitting councillor or to vote for a sitting councillor, or the majority party or whatever. If we were to hypothecate, split up local government expenditure and say to authorities that they must spend 20 per cent on road maintenance and 40 per cent on schools, I would have thought that you would end up probably with less going on road maintenance than is the case at present.

2.50 p.m.

[40] **Janet Davies:** On that, First Minister, I noticed that, a few years ago, there were specific schemes for road safety in the way of mini roundabouts, traffic bumps and that sort of thing, and they seemed to be appearing in many places. However, at the same time, the roads in the area or just beyond the specific scheme had potholes or places where the roads had sunk after services going in, although I always thought that the services were supposed to see to that. Have you any ideas how you could get around this? Specific money for specific schemes can mean really wonderful things happening, but it can also mean that the basic maintenance just does not take off.

[41] **The First Minister:** That is part of this pattern of hypothecation in many ways. If you have a new initiative such as Safe Routes to School, local authorities will sometimes interpret that as involving speed bumps, for example, although that is not the only way of doing it. Sometimes, it can be in the form of road narrowing, pelican crossings near the school, or whatever. Sometimes, people will notice that because there is innovation money specifically earmarked and hypothecated from us, they have a lovely new speed bump or pelican crossing, but, because of the unhypothecated expenditure, they will manage to persuade their colleagues in the finance department of the local authority that there will be neglect of the basic general maintenance. We have always believed in trying to allow local democracy to triumph over dictation. It is a difficult one, because it means that it is up to the local authorities, having got the pot, to decide how they divide that pot between education, schools, highway maintenance, highway building and so on, on top of which they then get, for innovation reasons, particular and specific grants that they have to spend—otherwise they do not get it—on a specific purpose such as Safe Routes to School.

[42] **Janet Davies:** I accept this, but if I find it irritating when I understand what the reasoning is behind it, I think that members of the public must find it even more frustrating when they see what is happening.

[43] **The First Minister:** I know that they do.

[44] **Janice Gregory:** I do not know whether you agree with me, but it is for the local authority to make those decisions in an unhypothecated world. In terms of the special grants, although I appreciate that we are in north Wales, I can only speak about my own local authorities in south Wales. I know that one local authority has been very successful in terms of the money that it has received as part of a special transport grant, but then it puts traffic lights on roundabouts—I am sure that north Wales suffers from the same problem—that causes a huge furore within the local communities. However, at the end of the day, it is the local authority that has made the decision to apply for that particular grant for that project. I am right about that, am I not?

[45] **The First Minister:** You certainly are. Members of the public become irritated because they do not see the decision-making chain that lies behind this. The plain and simple democratic fact is that councillors have to make decisions based on the money that they receive either from the council tax or from their bit of the business rate and the revenue support grant that they get from us.

[46] Then there are our innovation policies, which we discuss in the Assembly, for which we vote in favour or against, and committee discussions and so on then follow. That will result in a hypothecated innovation grant going from us to the local authority. People then say, ‘Why is that money being spent in that way, where you have a specific sum of money, when you could have something nice, new and shiny’, while, at the same time, they can see neglect right next door to them, only a few yards away.

[47] I think that Janet raised the point about the way that the reinstatement by the five big public utilities is done. I was going to say that it is ‘patchy’, but that is not a very good expression to use. We know that, by and large, for historic reasons, telecommunication companies generally reinstate very well, electricity companies reasonably well, and water and gas companies not so well.

[48] **Janet Davies:** Why?

[49] **The First Minister:** I do not have a clue, but it has always been like that. After the water and gas boards have been working on the roads, the drains are some 2 ft, 6 inches higher than the road or 2 ft, 6 in lower, but nowhere near even. If telecommunication companies can do it, I do not know why water and gas companies cannot. That is just a historic legacy.

[50] **Janice Gregory:** I should not say the name, of course, but there used to be a very popular lager advertisement—I do not know whether anyone remembers it, but I think that it was the Harp advert—in which someone says, ‘We are digging up the road, do you want to lay some cables?’. I always wonder whether there is an element of truth in that and, if not, perhaps it would be good if someone listened to the advertisers.

[51] That is the end of my questions, but I will just briefly say that the Welsh Assembly Government’s concessionary fare scheme, the free bus passes, has been a huge success throughout Wales. My mother loves hers and she has never used the bus as much. People ask me whether we have any plans to extend it given that it has been so successful, and of course we have the 16 to 18 age group to consider. I am constantly asked—and I am sure that other Members get the same questions—whether we are extending it to include anyone else or to include rail travel.

[52] **The First Minister:** We do not have any fixed plans to extend it to railways, although the railway subsidy scheme goes to the railways in general through the Arriva franchise, for which we will become responsible on 1 April. However, where rail is popular or, in a very few cases, where it is the only method of transport—such as across some of the estuaries on the Cardigan bay coastline where, for example, the railway goes across the estuary, but the road does not—many people wonder why the scheme has not been extended. You can see the equity arguments for that, but those are relatively isolated cases. The highest priorities for us are probably the 16 to 18 age group and those with such great physical disabilities that they cannot even use low-platform buses and who need access to taxis. There is also the community transport example in areas where population sparsity is too great even to sustain a bus service subsidised by free transport for the over 60s and those people with disabilities who can access low-platform buses. That is the order of priority before we seriously start to consider free rail transport.

[53] The 16 to 18 age group is very important, because when young people become independent they need to access rail travel for a variety of reasons. Those reasons include: attending further education colleges or sixth forms that are a long way from home but which offer specialised courses that local schools do not; attending a first job; apprenticeships; traineeships of all sorts; and leisure. It is very healthy for them to be able to access far cheaper fares in order to help to provide a bridge into adulthood and the earnings that they would normally start to pick up after the age of 18 or 21. There is a high priority for doing that, but it is a very patchy picture because some local authorities already provide subsidised 16 to 18 transport, and we want to ensure that if we introduce an all-Wales scheme it does not mean that some people are worse off while others are made better off in the areas where there are no such schemes.

[54] **Janet Davies:** There was an intention to have two pilot schemes, and I understand that one is going ahead, but the other is not. Are you aware of this and, if not, perhaps you could write—

[55] **The First Minister:** I think that Wrexham and Bridgend are the two councils conducting the pilots, but I do not know which is not going ahead with it. I knew that there was a problem with one of the schemes.

[56] **Janet Davies:** It has not happened in Bridgend. I have written to the council to ask why, but it tells me that it cannot get a reply from you. I have asked the Minister in the Assembly and he tells me the opposite.

[57] **The First Minister:** The fingers of blame are being waved in different directions by different authorities.

[58] **Janet Davies:** Yes, and I am sitting in the middle of it.

[59] **The First Minister:** That is a sad fact of life. I will look into that and will ensure that Andrew Davies, Robin, or—

[60] **Mr Shaw:** They are both going ahead.

[61] **The First Minister:** Relief will be felt everywhere. You cannot have an all-Wales scheme unless you have satisfactory pilots showing the best way of doing it, where the rising demand is and what the obstacles are to its greater use.

[62] **Janet Davies:** That is perfectly understandable. Ann, will you come in at this point because you have a question about local authorities?

3.00 p.m.

[63] **Ann Jones:** Yes, it relates to local authorities and the trunk roads for which the Welsh Assembly Government is responsible. You have mentioned pointing fingers of blame, and that is all very well until you can nail down the blame. So that the fingers of blame are not pointed at us, how can we ensure that we have adequate signage along the A55 to towns just off it, and to things such as the North Wales Police divisional headquarters, the north Wales fire service headquarters, sports centres and football grounds—you would expect me to mention football grounds? We have some such signs and some to various other tourist attractions, as tourism is a key industry along the north Wales coast. The issue is how we get signs—and not necessarily the brown signs—off the trunk roads for which we are responsible. We have this finger of blame being pointed. One side is saying, ‘We would put them up, but the trunk road agency will not allow it’, and then the trunk road agency saying, ‘We do not mind if a local authority wants to put them up’. There is an inconsistent approach along the A55. We should strengthen that approach and ensure that everyone is aware of the situation. How do we make everyone aware of the scheme and the ways in which they can access it?

[64] **The First Minister:** As First Minister, I can say that inconsistency is clearly unacceptable. There must be a grading of venues, attractions and so on to indicate which ones are sufficiently important to justify their having signs, particularly on the two major roads that run through Wales: the A55 and the M4. The rules are slightly different on the M4, because it is a motorway and, although the A55 is an almost-continuous dual carriageway, it is not a motorway. As I understand it, the tourist attractions pay for the brown signs. Am I right?

[65] **Mr Shaw:** Yes, and there are detailed criteria for whether the attractions can have the signs.

[66] **The First Minister:** You apply for the brown signs, but you also have to offer to pay for them because you are drawing people to your attraction, even if it is a subsidised attraction, such as the National Slate Museum, Llanberis or Big Pit at Blaenafon. That is part of the cost—you put the sign up. However, you cannot put signs up every whip-stitch, because I think that we would all accept that, for road safety reasons, you do not want a gigantic plethora of signs the whole way along the M4 and the A55.

[67] In terms of other venues that are not of the sort that would require brown signs—for example, football grounds, the north Wales fire service or police headquarters, the Assembly visitor centre where we are today, or the new Assembly Government office that is to open in Llandudno Junction in a few years—you would want a clear and consistent graded policy. You must consider how important the venue is and whether it justifies having a sign on the M4 motorway or the continuous dual carriageway, the A55. I think that we would all accept that you have to ration signs a bit or you are liable to create confusion and probably increase the risk of road accidents. I would like to know whether you know of any examples.

[68] The question of pointing the finger of blame is particularly interesting. By and large, I have the impression that there is good co-operation between us and the local authorities in north Wales that act as our maintenance agents for the A55. That includes Gwynedd, Anglesey and authorities all the way across to Wrexham, Flintshire and Denbighshire. Six local authorities have formed a north Wales consortium, and they do the job for us. That means that we trust them and they trust us. There is a high level of co-operation there, but that may not be what you are referring to in terms of who gives permits for signage.

[69] If you believe that there is an inconsistent approach to this matter, I would be interested in finding out about that, because you have to establish an approach to give people a sense of fairness. If you think that something is important, and the trunk road agency has said 'no' to it on our behalf, we must be able to justify that. If you have an example of a less important venue having a gigantic sign 10 miles away from it, in another local authority area, we also need to know about that, so that we can establish an acceptable pattern of fairness and consistency throughout north Wales.

[70] **Ann Jones:** I will write to you on that. There are several issues, but they are local constituency issues, and discussing such matters is not the purpose of this meeting. On the effects of signage on road safety, the issue is how we marry road safety with our desire to let people know what we have just off the A55. A lot of it may be down to the local authorities and how they want to spend their portion of the cake. When we do something, do we badge it? Do we actually say, 'This maintenance or this attraction is being funded by the Welsh Assembly Government or with European money'—I know that European money has to have that—but do we do the same with the Assembly? In north Wales, as you know, there is this feeling of, 'What does the Assembly ever do for me?'. We could spend all afternoon talking about the good things that we do, but I wonder whether we badge what we do properly and effectively, so that people are aware of how much is going into this area.

[71] **The First Minister:** I do not think that one would want that kind of badging on the A55 because we are talking about only the critical material needed to make a decision as to what turn-off you are going to take and where you go being on the actual trunk road, or even on the county highway for that matter. The key is whether you have missed your turn-off or whether it is the next left, the second left or whatever. Likewise, given that the A55 is, effectively, an international highway, from Ireland through to Germany and France, passing through north Wales and the north-west of England and so on, we should have effective signage to demonstrate the attractions that are available. They should be pictorial, because there will be plenty of people on that road who do not speak Welsh or English. As far as I know, we are not as good as the French at doing pictorial signage of the attractions of local towns, such as showing a cathedral and then a business park or whatever. They try to cover the tourism and economic angle. They will even give you the name of a river as you cross it, or the name of a nice new viaduct or whatever. We are not as good as them, but then again they have more elbow room, because France is twice the size of Great Britain and so the congestion factor does not come into it. However, signage needs to be clear, graded and attractive in order to attract tourists and investment. We still have a few tricks to learn in that regard, in trying to ensure that the journey is pleasant and not cluttered up, but that the signage also attracts investment and tourists, or whatever we wish to make it attractive for.

[72] You do not get European funding unless you agree to have a European sign. Certainly in terms of the National Slate Museum, the National Wool Museum, Big Pit: the National Coal Museum, and the new National Waterfront Museum, I am sure that, even without Rosemary being chair of the board, there would have been a big sign saying who paid for them and so on. Over the past two to three years, I think that there has been a big improvement in saying whether things are being sponsored, or whether a major grant was received. The only area on which I do not think there is any arrangement for doing that is county highway improvements. So, if a £20 million new bypass is being built by the county highway agency, but the transport supplementary grant is paying for it, I am not sure whether we put a sign up to say that.

[73] **Mr Shaw:** We do; it is a requirement.

[74] **Ann Jones:** That is helpful, thank you.

[75] **Sandy Mewies:** I have a very short point about the consistency between brown signage and the signs on the A55. Is any monitoring done of the consistency of the signs because, presumably, it comes under some kind of planning guidance to local authorities? I get complaints of inconsistency along this stretch of road. Secondly, there is a crematorium not too far from here, and I constantly get complaints about the fact that there is no signage to it. Such times can be very distressing for people, which is why it is considered important. Therefore, is there any monitoring of the consistency of what happens along this stretch of road?

[76] **The First Minister:** Normally, a sign to a crematorium would be on a local highway, which would be the responsibility of the local authority. I do not know of examples where you would see that on the M4 or the A55.

[77] **Sandy Mewies:** You will not see it on the A55 here, but you should do.

[78] **The First Minister:** You may well be aware of geographical examples that I cannot think of where you would see a crematorium sign on an M4 turn-off. There may be examples of that on the A55 because it doubles as a trunk road and a semi-motorway. On the M4, there is always an alternative trunk road, but sometimes there is not on the A55.

[79] **Janet Davies:** Rosemary, do you have a question? Please be very quick because three Members still want to speak.

3.10 p.m.

[80] **Rosemary Butler:** It is on this issue about road signs and bilingualism for those of us who do not speak the language of heaven, and for tourists. At present, you have signs with a lot of language on them, which is all in the same font. In Ireland, they have English and Irish in different fonts. It looks very attractive and it is also much easier to read. Have we ever considered doing that with Welsh and English?

[81] **The First Minister:** I think that there are historical reasons why Irish had a slightly non-Roman style of the printed word, which has been modernised but, nevertheless, is distinct from the normal Roman lettering that you get in every other language apart from the Cyrillic script that you get in Russia, Greece and so on. I think that it is an inheritance and it is part of the Irish tourist package now for Irish wording to look different. As far as I know, going back to historic times, we have not had non-Roman script for Welsh. That does not mean that you cannot think about how, without going down the folksy route, you could have distinctive signage that does not repeat itself and therefore produce confusion. We miss a trick from time to time. I have noticed this, because of where I live, in terms of signs for Cardiff international airport. If you have signage for an airport, the key thing is to put a little aeroplane on it so that it does not matter how short the time is in which you have caught sight of that sign. When you are driving along, Murphy's law says that, at the point at which you are trying to find the sign, there is a big Griff Fender van on your left-hand side that blocks it out, so you miss it. However, if there is one nanosecond in which you see a sign with an aeroplane on it, you know that that is the sign to the airport and you know where you have to go, and it does not matter whether you have missed the Welsh or the English. I do not think that we always give enough attention—leaving aside the fact that there will be tourists who do not speak English or Welsh—to this key thing of how quickly you see things out of the corner of your eye. However fast the traffic is going and however many other vehicles are on the road, you will always notice a good, pictorial, simple sign.

[82] **Janet Davies:** Perhaps we could switch to a different aspect of transport and talk about European funding. Rhodri Glyn has some questions to ask.

[83] **Rhodri Glyn Thomas:** Yn y cyfnod presennol, ychydig iawn o arian cronfeydd strwythurol sydd wedi'i ddefnyddio mewn unrhyw wlad ar gyfer datblygu heolydd. Dim ond Blaenoriaeth 6.1, sy'n seiliedig ar gyflogaeth a datblygu'r economi, sy'n caniatáu hynny. Yn y cyfnod nesaf, sef 2007 i 2013, a fyddwch yn ceisio sicrhau bod y rheoliadau a chanllawiau yn wahanol fel bod modd ystyried y sefyllfa hon?

Rhodri Glyn Thomas: During the current period, a very small amount of structural funds money has been used, in any country, for road development. Only Priority 6.1, which is based on employment and developing the economy, allows that. In the next period, 2007 to 2013, will you try to ensure that the regulations and guidance are different so that we can consider this situation?

[84] A oes unrhyw waith wedi'i wneud i fwydo i mewn i'r trafodaethau yn fwy nag yr ydym wedi'i wneud hyd yn hyn? Mae trafodaethau eisoes wedi bod i ddatblygu'r canllawiau ar gyfer cronfa datblygu rhanbarthol Ewrop, cronfa gymdeithasol Ewrop a'r gronfa gydlyniant. Mae'r ymgynghoriad hwnnw wedi digwydd a bydd y canllawiau yn cael eu cyhoeddi yn 2006. A fyddwch yn ceisio sicrhau bod y hyblygrwydd hwnnw ar gael ar gyfer 2007 i 2013?

Has any work been done to feed more into those discussions than we have done so far? There have already been discussions to develop guidance for the European regional development fund, the European social fund and the cohesion fund. That consultation has taken place and the guidance will be published in 2006. Will you try to ensure that that flexibility is available for 2007 to 2013?

[85] **Y Prif Weinidog:** Mae'r pwynt yr ydych yn ei wneud yn gywir am y cyfnod presennol ond nid yw'n gywir yn hanesyddol am gronfeydd strwythurol Ewropeaidd yn dod i Gymru. Yr oedd llawer iawn o flaenoriaeth—gormod ym marn y rhan fwyaf o bobl—yn mynd ar wario ar heolydd a phrif heolydd, sef ffyrdd osgoi mawr, heolydd deuol ac yn y blaen, yn yr 1980au, pan yr oeddem yn derbyn yr arian am y tro cyntaf yng Nghymru. Yn aml, byddai dros hanner y gwario yn mynd ar heolydd achos yr oedd yn ffordd o wario degau o filiynau o bunnoedd ar ychydig iawn o brosiectau tra bod yr arian yn dod i mewn ac arwyddion mawr yn dweud bod yr arian wedi dod oddi wrth Ewrop. Dyma pam yr oedd y pendil wedi osio o un ochr i'r llall ac, yn y cyfnod presennol, yr oedd pawb am symud o'r flaenoriaeth honno ar wario llawer iawn o arian ar ychydig bach o brosiectau enfawr ac felly byddai heolydd yn naturiol yn dod i mewn i'r darlun. Nid wyf yn siwr a fydd y pendil yn osio yn ôl tuag at isadeiledd ac ychydig iawn o brosiectau enfawr.

The First Minister: The point that you make is true about the current period but it is not historically the case in terms of European structural funds coming to Wales. A lot of emphasis was placed—too much in most people's opinion—on spending on roads and main roads, such as large bypasses, dual carriageways and so on, in the 1980s, when we first received the money in Wales. Often, over half the spending would go on roads because it was a way of spending tens of millions of pounds on very few projects while getting the money in and having a big sign saying that the money had come from Europe. That is why the pendulum has swung from one side to the other and, in the current period, everyone wanted to move from that priority of spending a lot of money on a few huge projects and then roads would naturally come into the picture. I am not sure whether the pendulum will swing back to infrastructure and having a few enormous projects.

[86] Wrth gwrs, o ran yr ymgyrch yn erbyn biwrocratiaeth, mae'n synnwyr cyffredin i symud yn ôl i'r hen flaenoriaeth o wario llawer ar ychydig o brosiectau, gan fod y gwaith papur lawer yn symlach. Os ydych yn gwario £50 miliwn ar un brosiect a chewch £20 miliwn gan Ewrop amdani, mae hynny llawer rhwyddach o ran maint y gwaith papur. Ar y llaw arall, a yw'n ychwanegu at nifer y swyddi a'r cyfoeth yr ydych yn eu cael drwy eich gwario domestig fel Cynulliad, sir, neu fel y Deyrnas Unedig yn gyffredinol?

Of course, with regard to the campaign against bureaucracy, it is common sense to move back to the former priority of spending a lot on a few projects, because the paperwork is much simpler. If you spend £50 million on one project, and you get £20 million from Europe for it, that is much easier in terms of the amount of paperwork involved. On other hand, does that add to the number of jobs and wealth that you would get through your domestic expenditure as an Assembly, county, or as the United Kingdom in general?

[87] O ran hyblygrwydd, fe fydd mwy o hyblygrwydd, ond hyd yn oed wedyn, cyn rhoi ei gefnogaeth bydd y Comisiwn Ewropeaidd am ddeall yn gymwys yr hyn sydd y tu ôl i'r blaenoriaethau. Felly, nid yw mor syml â dweud ein bod yn mynd i gael llawer mwy o hyblygrwydd, ac felly, bydd modd i ni ei gwario ar unrhyw beth. Ni fydd hyblygrwydd, neu unrhyw ychwanegiad ato, yn golygu ei bod mor syml â hynny.

As regards flexibility, there will more flexibility, but, even so, before it gives its support the European Commission will want to understand exactly what is behind the priorities. So, it is not as simple as saying that we are going to get much more flexibility, and therefore we can spend it on whatever we want. Flexibility, or any addition to it, will not mean that it will be as simple as that.

[88] Y cwestiwn yw: beth fydd yn dod â'r cyfoeth mwyaf a'r nifer fwyaf o swyddi i'r ardaloedd sy'n brin o gyfoeth a swyddi? A yw heolydd yn gwneud hynny neu beidio? Nid wyf yn siwr bod cyfiawnhad dros ddweud hynny. Yr enghraifft amlwg, nad yw'n rhy bell oddi yma, yw Caergybi. Mae'r ffordd ddeuol o safon traffordd yn dod lan i ganol y dref yng Nghaergybi. A yw hynny'n gwarantu y bydd Caergybi'n lle llewyrchus yn ystod yr 20 mlynedd nesaf? Nac ydyw. A fyddai bod hebddi'n golygu nad ydych yn gallu gwneud y pethau eraill a fyddai'n gallu creu Caergybi lewyrchus? Efallai; nid wyf yn siwr, ond, yn sicr, byddai pobl yn ceisio dysgu'r gwersi a dweud bod tystiolaeth bod gwario miliynau o bunnoedd ar brosiectau isadeiledd enfawr yn dod â lles a llewyrch i'r ardal honno. Credaf y bydd y pwyslais mawr yn parhau i fod ar y pethau fel sgiliau, gweithdai, a'r canolfannau technium, lle mae'r bobl glyfar yn ein prifysgolion yn gallu dechrau mentrau masnachol wedi eu seilio ar y syniadau y maent wedi eu datblygu yn y labordai.

The question is: what will bring the most wealth and the most jobs to those areas that are short of wealth and jobs? Do roads do that or not? I am not sure that there is justification for saying so. The obvious example, which is not too far from here, is Holyhead. The dual carriageway, which is of motorway standard, runs up to the centre of town in Holyhead. Does that guarantee that Holyhead will be prosperous during the next 20 years? No, it does not. Would being without it mean that you cannot do the other things that will create a prosperous Holyhead? Perhaps; I am not sure, but, certainly, people would try to learn the lessons and say that there was evidence that spending millions of pounds on massive infrastructure projects brings benefits and prosperity to that area. I think that the emphasis will continue to be on those things such as skills, workshops, and the technium centres, where the clever people in our universities can start commercial ventures based on the ideas that they have developed in the laboratories.

[89] **Rhodri Glyn Thomas:** Bu ichi ymateb i gyfeiriad at gyflwr heolydd yn gynharach heddiw. Mae'r problemau o ran cynnal a chadw, a'r problemau sy'n datblygu dros y blynyddoedd, yn golygu bod llawer o heolydd, yn enwedig mewn ardaloedd gwledig, wedi mynd i gyflwr gwael. Maent yn anaddas ar gyfer trafniadaeth yn y cyd-destun modern. Er enghraifft, o ran nifer o bontydd sir Gaerfyrddin, gan gynnwys pont Abergorlech, nid oes modd i lorïau mawr neu beiriannau amaethyddol fynd ar eu traws, ac, felly, mae cymunedau yn cael eu gwahanu, ac mae hynny'n ei gwneud yn anodd iddynt fodoli fel cymunedau hyfyw yn economaidd. Mae'r sefyllfa yn Llandeilo, y mae arni angen ffordd osgoi, yn golygu bod problemau o ran ei datblygu yn fasnachol. Dyma hen dref sydd â llawer i'w gynnig, ond mae ei chyrraedd yn troi'n broblem. Os nad oes modd defnyddio'r cronfeydd Ewropeaidd ar gyfer datblygu'r isadeiledd hwn, sut fyddwn yn datblygu'r ardaloedd hyn yn economaidd, a sut fyddwn yn creu gwaith ynddynt? Bydd y gwaith, yn naturiol, yn mynd i goridau'r M4 a'r A55, fel mae'n dueddol o wneud ar hyn o bryd.

Rhodri Glyn Thomas: You responded to a reference to the condition of roads earlier today. The problems in terms of maintenance, and the problems that develop over the years, mean that the condition of many roads, especially in rural areas, has deteriorated. They are not suitable for transport in the modern context. For example, there are many bridges in Carmarthenshire, including Abergorlech bridge, that large lorries and agricultural machinery cannot get across, and so the communities are isolated, and that makes it difficult for them to exist as economically viable communities. The situation in Llandeilo, which is in need of a bypass road, means that there are problems in developing the town commercially. This is an ancient town that has much to offer, but reaching it is becoming something of a problem. If there is no way of using the European funds to develop the infrastructure, how will we develop these areas economically, and how will we create work in them? The work, naturally, will gravitate towards the M4 and A55 corridors, as it tends to do at present.

[90] **Y Prif Weinidog:** Ni fyddai gennym siawns o gael cefnogaeth Ewrop i gynnwys gwariant ar drwsio ffyrdd yn y cynllun ar gyfer arian strwythurol yn y rownd nesaf, sy'n dechrau ymhen 11 mis. Byddai Ewrop yn chwerthin am ein pennau, a dweud y gwir. Yr wyf bron yn siwr y byddai Ewrop yn dweud bod hwnnw'n waith y dylem fod yn ei wneud ein hunain ac na ddylem ofyn iddo dalu am waith o'r fath.

The First Minister: We would not have a chance of securing European support to include expenditure on road repair in the scheme for structural funds in the next round, which starts in 11 months. Europe would laugh at us, to be honest. I am pretty certain that Europe would say that that is work that we should be doing ourselves and that we should not ask it to pay for work that we should be doing ourselves.

3.20 p.m.

[91] O ran y cwestiwn cyffredinol y gwnaethoch ei ofyn ar y diwedd, yr wyf yn derbyn y byddai llawer o fusnesau, yn enwedig ym mae Ceredigion, er enghraifft, ym mhen pellaf sir Benfro, yn gofyn, 'Sut ydych yn disgwyl i ni allu mynd â'n nwyddau pe baem yn sefydlu ffatri fawr yma os nad oes gennym ffordd rhesymol o dda?'. Buasai'r Cynulliad yn derbyn hynny, er nad yw'n wir o ran pob busnes. Er enghraifft, mae'n bwysig i Laethdy Rachel yn Aberystwyth, oherwydd mae ganddo lawer o iogwrt, llaeth ac yn y blaen i'w ddosbarthu, ac mae'n rhaid eu cael i'r farchnad cyn i bethau ddechrau troi—mae'n rhan o'i gostau ac yn y blaen.

With regard to the general question that you asked at the end, I accept that many businesses, particularly in Cardigan bay, for example, and the far ends of Pembrokeshire, would say, 'How do you expect us to be able to transport our goods if we were to establish a large factory here unless we have a reasonably good road?'. The Assembly would accept that, although it is not the case for every business. For example, it is important for Rachel's Dairy in Aberystwyth, because it has a great deal of milk, yoghurt and so on that needs to be distributed, and it has to reach the market before things start to go off—it is part of its costs and so on.

[92] I gwmni arall, fel Protherics UK Cyf., yn Llandysul, nid yw mor bwysig, oherwydd bod gwerth yr hyn y mae'n ei wneud mor uchel; gall fynd â chynnyrch bob wythnos mewn fán fach, siwr o fod. Felly nid yw cost trafniadaeth mor bwysig ar yr ochr dechnoleg uwch fel Protherics. Mae'n dibynnu ar y math o gwmni yr ydych yn sôn amdano.

For another company, such as Protherics UK Ltd, in Llandysul, it is not as important, because the value of what it makes is so high; it can probably transport the week's produce in a small van. Therefore, the transport costs are not as important at the high technology end such as Protherics. It depends on the type of company that you are talking about.

[93] O ran ein blaenoriaethau—ac nid wyf yn siarad am Landeilo yn awr, ond am ardal Llandysul—yr ydych yn ymwybodol o'r ffordd a elwir y Ceredigion link, sy'n mynd i fyny drwy Bencader tuag at Lamed, ac at Aberaeron ac Aberystwyth. Mae'r ffordd honno yn flaenoriaeth uchel i ni—yr ydym wedi adeiladu'r rhan gyntaf drwy Bencader, os cofiaf yn iawn; mae'n dechrau o Gaerfyrddin, ond mae cynllun i fynd â'r ffordd lawer yn bellach na hynny. Yr ydym wedi gwario £30 miliwn yn barod, os cofiaf yn iawn, ar y Ceredigion link oherwydd y math o broblemau—nid oherwydd arian yn dod o Ewrop, ond oherwydd ein bod yn derbyn y flaenoriaeth honno o ddatblygu mewn ardal ymhell o'r M4.

In terms of our priorities—and I am not talking about Landeilo now, but about the Llandysul area—you will be aware of the road called the Ceredigion link, which goes up through Pencader towards Lampeter, and towards Aberaeron and Aberystwyth. That road is a high priority for us—we have built the first section through Pencader, if I recall correctly; it starts from Carmarthen, but there is a scheme to take it much further. We have spent £30 million already, if I recall correctly, on the Ceredigion link because of the kinds of problems—not because of European funding, but because we accept that priority of developing in an area far from the M4.

[94] **Rhodri Glyn Thomas:** Nid wyf yn siwr a oes gennyf amser ar ôl, Gadeirydd. Gwnaf bwynt yn hytrach na gofyn cwestiwn, oherwydd yr amser.

Rhodri Glyn Thomas: I am not sure whether I have time left, Chair. I will make a point rather than ask a question, because of time.

[95] Mae Cymdeithas Llywodraeth Leol Cymru wedi nodi bod problem enfawr o ran isadeiledd, ac mae'n bwriadu cynnal trafodaethau gyda'r Llywodraeth. Fodd bynnag, ar eich pwynt ynglyn â'r ffordd rhwng Caerfyrddin a Llandysul, cytunaf ei fod yn ddatblygiad pwysig a fydd yn cynnig cyfleoedd, ond, yn gyfochrog â hynny, mae'r ffordd rhwng Caerfyrddin a Chynwyl Elfed yn dirywio yn enfawr. Mae problemau dirfawr o ran gwneud y gwaith yno oherwydd mae angen gwario symiau mawr. Rhaid i Lywodraeth Cymru, rywbyrd, geisio blaenoriaethu arian i sicrhau bod ansawdd ein ffyrdd yn dda mewn ardaloedd gwledig, neu byddwn yn colli'r buddsoddiad economaidd, ac ni chawn gyfle i ddatblygu'r gweithlu.

The Welsh Local Government Association has noted that there is a huge problem in terms of infrastructure, and it intends to hold discussions with Government. However, on your point on the road between Carmarthen and Llandysul, I agree that it is an important development that will offer opportunities, but, alongside that, the road between Carmarthen and Cynwyl Elfed is deteriorating hugely. There are huge problems in terms of doing work there because huge sums need to be spent. The Government of Wales at some point has to prioritise funding to ensure that the quality of our roads is good in rural areas, or we will miss out on economic investment, and we will not have an opportunity to develop our workforce.

[96] **Y Prif Weinidog:** Yr wyf yn adnabod y ffordd honno'n dda, oherwydd mae fy ngharafán gwyliau wedi ei leoli ar y ffordd drwy Gwmgwili. Mae'r ffordd honno yn ofnadwy o anodd i'w lledaenu oherwydd nad oes llawer o le rhwng ochr y graig a'r afon oddi tanoch.

The First Minister: I know that road well, because my holiday caravan is situated on the road through Cwmgwili. That road is terribly difficult to widen because there is not much space between the cliff face and the river beneath you.

[97] Yr wyf yn falch eich bod yn derbyn ein bod yn gwario arian ar un flaenoriaeth, sef y Ceredigion link, sy'n mynd i fyny drwy Bencader tuag at Lambed o Gaerfyrddin. Fodd bynnag, ni allwch wneud pob ffordd. Gofynnwch am flaenoriaeth, ac yr ydym wedi gosod y flaenoriaeth—sef y Ceredigion link. Yr ydym yn gwario degau o filiynau o bunnoedd arno.

I am pleased that you accept that we are spending money on one priority, namely the Ceredigion link, which goes through Pencader towards Lampeter from Carmarthen. However, you cannot do every road. You ask for a priority, and we have set the priority—namely the Ceredigion link. We are spending tens of millions of pounds on it.

[98] **Christine Gwyther:** I want to touch briefly on European structural funds again. Half way through this Objective 1 programme, the Welsh Assembly Government fought for and got a valuable concession, in that we were able to spend money on town-centre regeneration. That paves the way—if you will pardon the pun—to looking more positively at infrastructure projects. However, how are the discussions going on in Wales as to how the single programming document—or whatever it will be called—is being set up, so that it can encompass maybe access roads to town centres, and that sort of thing?

[99] **The First Minister:** I am glad that you raised that point. I was initially deeply sceptical about the idea that we should ask Europe to do this. However, I was persuaded by an experience in Blaenau Ffestiniog, where a gentleman told me what a terrible town it was because of the boarded-up shops. I told him that the local factory, Rehav Plastics, is doing extremely well, and he said, 'Yes it is—I work there, as do my six sons, but it is still a depressing town with boarded-up shops, although things are a bit better now'. My normal economic theory would be, if the wage packets are full and if the wallets and handbags are full of money, boarded-up shops will soon be replaced by shops that are open. However, it does not seem to be happening that way.

[100] To some extent, I have always thought that it is the wrong way around—if you try to do up the boarded-up shops and get them to open but you have not done anything about the level of employment and wages in the area, they will soon close down again. The psychology of living in a town with boarded-up shops is extremely depressing even if you have a healthy local wage economy as Blaenau Ffestiniog, surprisingly, has had for a long time now because it has one big successful local factory and some successful small ones. Boarded-up shops still mean that people think that they live in a town with high unemployment even when they actually do not. It is very important, therefore, that we give attention to that, even though it turns economic theory on its head—that the spending power needs to come first. Actually, it is the psychology and the confidence in the town that needs to come first. I am pleased that we are doing what we are doing there.

[101] In terms of the other aspects not currently funded that we might be looking at, that is where we will be going out for consultation with stakeholders and local authorities. They will all have the chance to make their points, likewise the Assembly and all its committees, in terms of what we will put in the new programme and, as Europe will see it, what we will leave out. You cannot always be adding things unless you take something else out. That is, usually, the painful part but that is part of priority setting and responsible government.

[102] **Janet Davies:** Glyn, you have some questions about the trunk-road programme which follow on very well from this part, do you not?

[103] **Glyn Davies:** Mae gennyf ddau gwestiwn ar eich blaenraglen waith a'ch blaenoriaethau. Dyna'r pwynt.

Glyn Davies: I have two questions on the forward work programme and priorities. That is the point.

[104] First, how do you strike the balance between focusing on north-south investment, which is, generally speaking, nation building—particularly relevant here in north Wales, where a lot of people, as Ann Jones said, are slightly disconnected from the Assembly and from what goes on—and the east-west driver, which any system of identifying route-based economics will direct you to? How do you assess those two to ensure that there is a proper commitment to nation building?

[105] **The First Minister:** I have said in the past, and I think that it bears repeating, that, if devolution had occurred in 1979, I am quite sure that, by now, there would be a dual carriageway from north to south Wales. Although not absolutely continuous, I think that the bulk of that road would be there. Having had devolution in 1997 rather than in 1979, the era of giant road-building and believing that it was a sign of macho nationhood to blitz your way through your natural mountain features, bridging over gorges, mountain passes, deep ravines and whatever, had gone. People do not want to do it, they would have very strong environmental objections to doing it and they would not see that it was right to try to lay out a road in advance of any perceived transport need other than the nation-building need.

[106] That does not mean that we do not spend quite substantially. Everyone who uses the A470 will have been availing themselves of the recent £20-million-plus improvements to the worst section of the A470 where it really was a narrow country lane around Dolwyddelan in the Lledr valley, north of the Crimea pass.

[107] Because north-south road transport within Wales is not restricted to the A470—there are also the A487 and A483—there are different priorities in different areas. If you live in north-east Wales, the A470 is not of that much interest to you until you get to Builth Wells. The A483 is also a very important road, as you would know only too well, Glyn. We have also spent money on the other side, on the A487, south of Caernarfon.

[108] Therefore, we do spend money but not on some mega project, almost pretending that the mountains of Wales do not exist, blitzing our way from Bangor to Cardiff or from Wrexham to Swansea. We have to accept that the east-west channels of communication—that is, the coastal plains of south Wales and north Wales and the Severn valley into mid Wales—are the primary business channels requiring freight transport and with a lot of the road transport, the demand is east-west and not north-south.

3.30 p.m.

[109] Generally speaking, the demand for north-south transport is from people who work in the public sector in Wales, whether in politics, local government or voluntary associations, who meet in the Metropole Hotel for conferences or make the long-distance journeys from north to south and so forth. The private part of road transport—both freight and cars—primarily lies along east-west channels in north, south and mid Wales. That is the nature of our geography.

[110] **Glyn Davies:** This is a very fair point, particularly in terms of the Severn valley. I will pick on that example—even though it could apply to many others—because of my past experience in developing the economy of mid Wales. My second question is again on priorities. If you asked anybody concerned with regional development in mid Wales, their top priority would be access to the region. Everything else would go by the board. In another area, it might be supporting innovation or grant support to extend a business, but there are few businesses in mid Wales that can access that.

[111] My one worry on the roads programme is that it is prioritised differently in different regions. In mid Wales, it is absolutely the top priority, but in other parts of Wales it might not be the top priority—investment to enhance a business might be the top priority instead. But, we do not have the knowledge bank or the businesses to take advantage of those kinds of support mechanisms. Do you recognise that access into mid Wales is key to developing the area?

[112] **The First Minister:** I think that the rules are the same. In other words, how far do you need to go to get your goods to market or what is the distance between where you are and the market, and what does it cost you to get there? The transport cost factor will vary from technology to technology. If you are distributing food-related goods—such as milk—then those costs will be huge, but, if you are transporting high-tech equipment, it is a week's production in the back of a little van and it does not matter that much.

[113] If you think of the modern economy and think that you have got problems, then think of Ireland, which has much worse problems. They have not held them back—they certainly have not held the west of Ireland back. Why? They realised that they could not compete with anyone on transport costs, so what did they do? Did they give up or emigrate, as they had done for 200 years? No. They set up four-language call centres and opened up colleges of further education to teach commercial Spanish, French and German, because they do not incur any transport costs. That is very sensible and it works extremely well.

[114] So, to some extent, if you box clever, you can get around some of the transport costs. At other times, you cannot do so. In terms of the distribution of the output of land in mid Wales, the cost issue is crucial, because it involves transporting big, bulky goods. I mentioned earlier the contrast between Rachel's Dairy in Aberystwyth and Protherics UK Ltd in Llandysul. There are very few counter-examples to that. Costs for transporting big, bulky goods and liquid goods, such as milk, will be high. That will be crucial to the competitiveness of building this up.

[115] I remember one counter-example—I may be misquoting, but I think that I remember this—of the new Gelert Ltd warehouse in Porthmadog. When I opened that facility, the company said that the isolation of the area provided it with a slight advantage. It is a huge warehouse; it does not make anything, but it designs, imports and distributes goods. I asked how on earth it did that, and the company said that, because it sold mountaineering goods, it was good to get the buyers there rather than have to go to them. It would be disastrous to open a warehouse in Birmingham to sell mountaineering goods, because it would project the wrong image. By bringing people there, who know that they have to stay overnight, it is great for the business; people will spend a day and a half looking around the warehouse, which is in the middle of the mountains. If you are selling mountaineering goods, that is not necessarily a bad thing in terms of marketing a mountaineering brand image. However, that is pretty unusual; that is a counter-example, which is the exception that proves the rule. I hope that I am not misquoting the company.

[116] **Glyn Davies:** We could talk about this all day, but you will probably want to move on.

[117] **Janet Davies:** Sandy, you have an alternative transport method.

[118] **Sandy Mewies:** I will try to be brief. You have touched on some of the points that I was going to raise, but I am particularly interested in the north-south projected air link, between Swansea/Cardiff and RAF Valley. I understand that a public service obligation award has recently been made because of the fact that there will be operational losses, and this is the way in which you deal with that. Given that recent award, are there any delays in the start date, or is everything still going to plan? What type of work is going on, or is planned, around RAF Valley, as some work will be needed on the enclave to ensure that this can work?

[119] **The First Minister:** Not everything is going to plan, because Swansea airport has pulled itself out of contention, as it has decided not to do civilian flights, in the sense of public service flights, any longer. So, it will only be a Cardiff to Valley service. You are right to say that it is a public service obligation service, and there will be a subsidy. We always hope that it is a small subsidy, but we will have to wait and see what happens, because it will be based on a tender and we must have European approval to do it. Someone might come up with a clever idea about where the plane goes after Valley—it could return to Cardiff or go on to the Isle of Man, Dublin, Belfast or somewhere else, which might reduce the cost; we do not know. It depends how entrepreneurial the potential bidders are in bringing down the cost and the subsidy level. We hope to have the service operational by about November this year.

[120] You are right to point out that there is a degree of isolation in Valley. It is a very busy RAF station, with very good facilities, but it does not yet have a pocket within the airport for civilian use, so that must be created before the plan can start. It is a very innovative and exciting project, but, to be honest, we do not yet know how it will function. In terms of where your constituency is located, we must, ultimately, doubt how many people from east of the Conwy valley will use the service—we accept that.

[121] **Sandy Mewies:** You have second-guessed me very well. You are right—in north-east Wales we feel that there would be, perhaps, better usage if another location was brought in. That other location would be Liverpool, as far as we are concerned. Air Wales had a reasonably successful Liverpool to Cardiff service, which is not running at the moment. Would it depend on the entrepreneurial spirit of the bidders? Given that the European level tendering process is so complicated, would it be entirely up to the bidders to think about an extension—not necessarily onwards—as a hopper into Liverpool?

[122] **The First Minister:** There is no reason why that would not be a possible alternative. I understood that a Liverpool service would be much easier for journeys to Cardiff by people like you and Carl Sargeant, the Assembly Member for the adjoining constituency. I know that the service did not last over the winter, and I do not know whether there are any proposals to bring it back as an independent service, or as a Cardiff-Liverpool-Edinburgh service, as it was at one time. That is sad, but it may come back.

[123] In the absence of a Liverpool-Cardiff service, you can see that a Liverpool-Valley-Cardiff service would be the kind of thing that you would imagine would reduce the subsidy level, and would bring in north-east Wales as well as north-west Wales. That could make sense. However, the operator might say that it sees much more potential gain in going on to Dublin or Douglas in the Isle of Man. Who knows? That will be part of a tendering process that, we hope, will reduce the subsidy level. We had thought at one time that Broughton might be a competitor, but Broughton is so busy—RAF Valley is also busy as an RAF station—because it is where the planes take off to take wings down to Toulouse for the final assembly of Airbus planes. It won 1,000 orders last year.

3.40 p.m.

[124] **Sandy Mewies:** Given what you have just said, is there any way that something can be written into, or indicated in, the tendering process about Liverpool as a possible plus point? However, what I found a little disappointing was that this service is not just from Valley, which is not going to be for politicians entirely, or from Liverpool. I had talks with businessmen involved in the chamber of commerce in south Wales, who were surprised to learn that there was a Liverpool to Cardiff service. This indicated to me that the chamber of commerce was not aware of it, despite the fact that it had been discussing transport links for six months. I do not know who should be tackling that deficit, but perhaps it needs to be done because it puts an extra burden on small and medium-sized enterprise if they have to pay for an overnight stay, which, very often, they do because of the way in which they have to travel. I do not know whether that is something that the Welsh Assembly Government could be looking to address in the future.

[125] I know that you are running short of time now, and you have answered a lot of questions that I wanted to ask. I totally agree that we do not want to do a Hannibal from the north to the south anymore.

[126] **The First Minister:** I had not thought of that one, Sandy.

[127] **Sandy Mewies:** I hope that the Welsh Assembly Government is still looking at ways to improve the rail and road links between north and south, as well as between east and west. All these links are vitally important as part of an integrated transport strategy.

[128] **The First Minister:** Just to go back to air travel, I agree that where the development of air services from Cardiff international airport generally are concerned, whether it is Bmibaby, or Air Wales as a locally owned company, we have all learnt how much marketing expenditure you must commit if you want to make a success of a route. The bus stops of Cardiff and Newport are plastered with signs advertising services from Bristol airport, and I am fairly sure that the bus stops in Bristol and Bath are not plastered with signs for services going from Cardiff international airport. The marketing spend in the natural catchment area of Cardiff international airport in south-east Wales by Bristol operators such as EasyJet is absolutely massive, but I do not think that the same thing happens in reverse.

[129] So, if you want a service to seriously succeed, you have to commit a very large sum of money to marketing, and to marketing within 50 or 60 miles of the airport's location. If you want to persuade the people who book the airline flights for the person travelling, whether it is the secretary or whoever, you must ensure that they know that there is a service. If a service is new, it takes two years before people catch up and realise that it is offered by their local airport. By the time that you have told everyone who can book tickets that the service exists, you will have already given up because the aeroplane was only a quarter full. Marketing is incredibly important to developing a service and ensuring that it is not subsidy-dependent for ever, which is not healthy. Now that I have answered that question, I cannot remember what your second question was.

[130] **Sandy Mewies:** It was on the north-south links.

[131] **The First Minister:** Again, you will have to tell me, because you are a user of the service in question. We all accept that the two-hourly service from Holyhead to Cardiff is not an express—it is a pick-up service, and pick-up services over long distances have a certain degree of nuisance value; they are not that popular. People expect at least part of their rail services to have express speeds, and that is very difficult when it is stop-start all the way. However, at least it has established a pattern in people's minds now from Holyhead right through north Wales and down through the English borders to south Wales, and people do know that there is a service, which is much better than the previous one. However, we all accept that it is not an express service. Our commitment is to shortly introduce, as part of the programme, business class, so there will be a bit more room for the briefcases and so forth.

[132] **Janet Davies:** We are coming to the end of the transport part. I would just like to say that, yesterday afternoon, I was sitting in the Eurostar reception of Gare du Midi in Brussels and watching a big video of Wales on the wall. Unfortunately, it did not tell anyone where Wales was and how to get to it, so I have a feeling that many people from outside Britain, on seeing that video, would wonder where Wales is.

3.45 p.m.

**Sesiwn Graffu—Diwygio'r Cyrff Cyhoeddus a Noddir gan y Cynulliad
Scrutiny Session—Reform of Assembly Sponsored Public Bodies**

[133] **Janet Davies:** We now move on to discuss the reform of Assembly sponsored public bodies. On 1 April 2006, the Welsh Development Agency, the Wales Tourist Board, the Welsh Language Board and Education and Learning Wales, the body with responsibility for post-16 education and training, will be brought into the Assembly. That will mean some very large changes.

[134] First, I will ask about accountability. There have been many debates and comments on this issue, and newspaper articles about how the scrutiny, accountability and management of those bodies will be seen to be open and transparent. On one side, there are political issues, which have always been dealt with by the appropriate Minister, but, on the other, there are managerial and operational issues. Could you give us an explanation of how this will happen?

[135] **The First Minister:** I think that it is terribly simple. We have not, hitherto, had what I would call a 'normal' modus operandi for political accountability regarding the work of government in Wales, because we have been dependent on the quangos for such a high proportion of daily executive decisions, at one arm's length. The normalisation of the political process in Wales, which the quango mergers will cause, will be welcome in simplifying political accountability. The Ministers will be deemed to be open to scrutiny by opposition spokespersons on the relevant portfolio, or by the Assembly more generally. I will be responsible and open to scrutiny in the normal way, through weekly question sessions lasting at least three quarters of an hour and so on. We will be responsible for what is done in our names by our staff, and that is the way that it should be—that is the way that it is normally. We inherited an abnormal situation and we are normalising and simplifying it. We are making the political scrutiny process an open one and putting the heat on Ministers to deliver what it says on the tin. We are open to scrutiny by opposition politicians and journalists who want to make enquiries along those lines.

[136] **Janet Davies:** As we are running out of time, I will move to Ann Jones who has specific questions about the Wales Tourist Board.

[137] **Ann Jones:** Currently, tourism operators, especially those in north Wales—if I may speak from that perspective—have an opportunity to have an input into how the Wales Tourist Board allocates funding. There is some anxiety about whether the tourism operators will lose the facility of being able to challenge officials or to work with them on the issue of funding. You spoke at length about political accountability, which will rightly be open and transparent—I believe that we are right to bring the quangos in—however, the tourism operators need to know that they will have an access route to ensure that the official department that will be operating the Wales Tourist Board will take account of how they can work together. I want some assurances from you that you will look at this matter, or that you will go back and speak to the Minister with responsibility for tourism so that he looks at ways in which this can be delivered, especially for the tourism operators in north Wales.

[138] **The First Minister:** This operates at a lot of different levels. At the moment, you get a tourism grant, for instance, for expanding or improving your accommodation. The permanent quest for universal en-suite bathrooms in tourism accommodation can be supported by section 4 funding as can visitor attractions. However, once the section 4 budget has run out, that is it. If we can unify the industrial development budget, we can have one grant payment scheme, because a tourism job is as good as a job in industry or in a call centre. So, a unified payment system of grants is only really under one department, and it is probably not what you are thinking about, but you cannot have someone who might be applying for a grant also involved in the administration of the grant scheme.

3.50 p.m.

[139] In terms of marketing, there is an opportunity to form a consortium between tourism providers and the local authorities in a particular area—I think they call it the '*syndicat d'initiative*' in France—a syndicate of initiatives, which means that everyone chips into the pot, whether it is the regional or national tourist board, the local hoteliers who want to bring more tourists in or some attraction providers in the area, the big high street shops, and so forth, in a particular town. There is no reason why a marketing budget could not be jointly funded in order to market the north Wales coast, or a particular town or initiative, such as a package relating to golf linked to the Ryder Cup. So, there will certainly be a flexible approach to forming consortia between local government, the Assembly, big or small hotels and other people who would benefit from an increased flow of tourists.

[140] **Janet Davies:** Sandy, you were going to continue with the ministerial power issue.

[141] **Sandy Mewies:** One of the concerns that has been raised—like Anne, I think that it is a good thing to bring quangos in—relates to how you will build in the ability to take flexible decisions. How will that be built into the system, because it can be quite flexible at the moment?

[142] **The First Minister:** I and the Permanent Secretary have said all along to the civil servants involved that the changes that will come in on 1 April will present an opportunity for a culture change in the direction of greater customer focus. To respond to Janet's point, when she made the initial switch from transport to mergers five or 10 minutes ago, we are talking about a significant change in terms of bringing together operational responsibilities for meeting customers and providing services directly. This involves, for example, the bringing together of the strategic services funding, the writing of remit letters to the quangos and so on, which is currently carried out by civil servants. The big advantage will be felt if you get an overall culture change, where the degree of customer focus—which is at the heart of what ELWa does in terms of training and what the WDA or the Wales Tourist Board do in terms of operators or people in business—permeates the whole organisation.

[143] Everyone must be customer focused and, therefore, must be flexible and have the attitude of providing tailor-made packages. As I have said before in the Assembly, it is about occasionally backing your judgment and taking a risk as a civil servant, and realising that you will not be slapped down or miss out on promotion for the next 25 years if you make the occasional mistake because you have taken a risk. Provided the risk was taken on a balanced and evidence base, it does not matter if you get it wrong, whereas, hitherto, keeping your nose clean was perhaps a safer way of getting promotion than taking a risk. We must get a kind of customer focus and realise that risk will occasionally involve making a mistake. That does not mean that you are out or that you will be parked in a corner or will be looking after the proverbial Siberian power station for the next 20 years. Provided the risk was justified, you might get promoted even for getting something wrong. It is that whole culture change as regards being more entrepreneurial as public servants that we must incorporate on 1 April. This is the best opportunity that we have ever had to do that.

[144] **Christine Gwyther:** I want to touch briefly on what has already been talked about regarding the risk culture that we hope will not be discouraged within the new civil service. It is fair to say that although the ASPB merger has been welcomed across Wales, it is a difficult time for those people working in ASPBs at the moment—they are going through a period of change, which I have experienced in local government reorganisation. It is very tough. So, what training is being undertaken to help people through this merger, so that they can quickly take up their new posts and deliver that customer focus that we all need?

[145] **The First Minister:** I entirely agree with you that uncertainty is one thing that people hate. I have been through it once or twice myself, so I know that it can tear you apart inside. Why? Because it is a disturbance and you do not know what is going to happen. You always fear the worst. It is a nail-biting time and some people even get clinically depressed. Therefore, in order to be fair to staff, you have to bring that period of uncertainty to an end as quickly as possible; you have to do the matching. More than 3,000 staff have already been matched to their new jobs, so, for them, the uncertainty is over three or four months before the start date. Sorry, it is only two months, is it not? It is coming up soon.

[146] We then have to ask what else is needed in terms of training and acculturation and so on. There is a massive programme to remove the fear factor. In other words, do ASPB staff think that this is a takeover? They probably fear that it is, and so we have to reassure them that it is not. It is a genuine merger for the reason that I illustrated earlier. Given the greater customer focus, perhaps those staff will be in the lead on that rather than behind. They will become civil servants, so they think that this is a big change for them and that they will have their wrists slapped for doing something wrong. It will not happen, but you can understand their fear. There is a lot of training and adaptation, but the biggest thing has been to try to bring the uncertainty to an end. The matching process has been a massive exercise, and just over 3,000 staff have been matched to posts as of 1 February. That is massive progress and the most important single thing is that people know what their jobs will entail. If their new jobs involve big changes, they will know what they will be doing before 1 April and then they will be ready to roll on that date.

[147] **Christine Gwyther:** Briefly, on finance, I believe that the merger is costing £39 million according to the last estimate that we received but, ultimately, it should save the Welsh taxpayer £10 million per annum. Obviously, that has to be good news. However, I must ask what you expect that £10 million to be spent on. Will it be spent on different sorts of administration or on front-line services? Do you have a feel for that yet?

[148] **The First Minister:** It is a classic spend-to-save situation. I cannot think of a merger, even in the private sector, where you would not have a similar pattern. If you bring two organisations together, it will cost you money in the short term but save you money down the line, usually some three years down the line. We expect savings of £10 million a year in running costs from 2009. Savings categories will be in the shared corporate services: having only one information technology system, one payment system, and other central services. Therefore, instead of having three or four, we will have one.

[149] What will the money be spent on? It will be recycled into front-line services. The basis of the change in the delivery of government, the Better Government agenda, is how you get more bang for the buck from the taxpayers' money that you have. In the first Assembly, we had a resources increase of 10 per cent a year; in the second Assembly, it was 6.5 per cent a year. I do not yet know about the third Assembly as it is too early to say, but we will certainly not be going back to 10 per cent a year. So, we have to get more value for the money that we have. How can we do that? It is not rocket science; we have to merge computer systems, human resources functions and other central services. Those are the only places that the savings can come from, unless you cut front-line services.

[150] **Janet Davies:** Rosemary, did you want to take up issues on Education and Learning Wales?

[151] **Rosemary Butler:** Yes. One of the major tasks with which ELWa was charged at the outset was to help to make rational plans for post-16 education in Wales. Unfortunately, the progress on that front has been slow, and it has demonstrated to me the entrenched interests that will have to be tackled if we are to put the needs of students first. What arrangements are being put in place, post merger, to address this issue? How can we be confident that there will now be a new impetus behind local planning?

4.00 p.m.

[152] This is something interesting that came up yesterday: how will the Minister's position be protected from being both judge, in having her officials involved in drawing up the plans for reform, and jury, if she is to adjudicate on appeals against these proposals?

[153] **The First Minister:** This is my opportunity to make one correction to Janet's switch point 15 minutes ago. Two ASPBs will come into education, and two will come into economic development and transport. ACCAC, the Qualifications, Curriculum and Assessment Authority for Wales, was the other one in the area of training.

[154] To come back to your point about Education and Learning Wales, you are right. Anyone who remembers the first 12 or 24 months of the first Assembly will remember the very high degree of co-operation between Tom Middlehurst, who was then-Minister for post-16 education and lifelong learning, and Cynog Dafis, who was the chair of the subject committee. They worked together on the proposals that eventually led to the creation of ELWa. At the heart of that was the question of how to stop the quite irrational squabble over bums on seats of post-16 kids in most medium-sized towns in Wales, such as Aberdare, Merthyr, Wrexham and so on. You had FE college principals and headteachers fighting for kids to attend their establishments, because there was a kind of performance-related pay in terms of the size of sixth forms and so on. Schools would lose money if all the kids went to the FE college, and so kids' interests tended to get lost in that irrational squabble for bums on seats. That is why ELWa was formed, though it was given many other duties previously done by the training and enterprise councils.

[155] You are absolutely right to say that the progress has been much slower. Why? Because everyone likes the theory, but when it happens in practice there is a huge hoo-hah. People allege that if you do not have sixth forms the pastoral-care element is lost; you lose your teachers because they only want to teach form 6, and they will teach form 2 only if they get to teach the A-level students; and you lose other teachers if they no longer have access to the glamorous part of teaching A-levels. These issues are all still there, and progress has been slow—it always was a bloody battle. It is precisely because of the blood-strewn battlefield in this area that progress has been slow, and it is still slow even now.

[156] You will be aware that we have not yet been able to sort out that position. There are several ways of doing this, but we are not yet in a position to come through with a completed version of the so-called ‘Chinese wall’. That is, of ensuring that the quasi-judicial appellate function of the Minister, in a proposed closure, does not get confused with the fact that civil servants working for the Minister—Jane Davidson, in this case—are involved in generating the proposals in the way that ELWa has the right to generate the proposals at the moment. We have said that there will be a Chinese wall; you cannot have someone as judge and jury. It is no good just saying, ‘They are civil servants, and they will be separate from the Minister’, because, politically speaking, whatever civil servants do in that department, the Minister is politically accountable for it, even if she does not see the papers. Therefore, we must have a satisfactory separation from the responsibility to generate proposals. There are two or three ways of doing that, and I am sure that we will bring forward a satisfactory way, but I cannot say that until it has been passed by the vote of the Assembly.

[157] **Rosemary Butler:** We will be interested to see when those Chinese walls can be constructed. Have I time for another question, Chair?

[158] **Janet Davies:** One more.

[159] **Rosemary Butler:** Fine, thank you. How will bringing ELWa and the WDA in-house impact on the skills agenda in Wales? How can we be confident that the merger will deliver the impact that will be needed to bring together the supply side of ELWa and the demand side of the WDA?

[160] **The First Minister:** Although they will be in separate departments, there will be a bridging advisory panel, chaired alternately by the two Ministers, and it will involve precisely that issue at its heart. The skills advisory panel is the bridge between economic development and transport, and education and lifelong learning, because, somehow, we must crack the problem that has not been satisfactorily cracked anywhere in UK dispensations.

[161] When you look forward five or 10 years to the types of industries that will be available in Wales, given global competition from China, India and eastern Europe, you have to say, ‘What are the skills requirements of those industries? Let us start planning for them now even though we do not have those industries at present in Wales’. They may even be present, but they have not yet made the changes. So, it is about latent demand, not about today’s demand as expressed by angry letters from employers. You have to look ahead because of the speed of change and global competition. I gave the example of the four language call centres, and that shows that you have to start planning for them even before you get them. If the Irish development authority promises that they will be there in five years’ time, you have to start planning for them now on the skills side. Marrying the provision of new skills, even before the industries have arrived, is something that the Irish have probably cracked better than anyone else—with the added advantage of massive Objective 1 funding over two rounds since the mid 1980s. So, that agenda will be covered by this bridging advisory panel, but it will be a huge agenda for all of us because of the change in the types of skills, given the extent to which China will become the world’s factory and India will become the world’s office over the next five, 10 or 20 years.

[162] **Rosemary Butler:** Who will be on the bridging advisory panel? You said the Ministers, but I was not sure.

[163] **The First Minister:** You will have representation from the ministerial advisory group on education and lifelong learning, employers' representatives, business representatives—employers and trade union—and people from the economic development and transport advisory panel. I will have to get the list of people, because we are in the middle of selecting the panels now. We hope that the panels will all be in place by May.

[164] **Janet Davies:** Thank you for reminding me about ACCAC. It was a senior moment on my part.

[165] **The First Minister:** I know them well. ACCAC, I mean, of course. [*Laughter.*]

[166] **Janet Davies:** On ELWa, for about eight or nine months now, the same person has filled the posts of both chair and chief executive. As you recognise, that is not an ideal situation. Has this caused any problems with the reforms?

[167] **The First Minister:** No. I think that it is probably a tribute to Sheila Drury that I am not aware of any problems. It was what you call a flexible and pragmatic solution to the situation caused when Elizabeth Raikes decided to pursue another career at the time of the mergers, or shortly after the mergers had been announced. She returned to Devon, as I remember, from where she had come, and you could not really make an appointment under those circumstances to ELWa with a relatively short amount of time left, as the candidates' field would have been very restricted. So it made sense. I have not heard of any allegations or anything that it has caused a problem.

[168] **Janet Davies:** I am not aware of any.

[169] **The First Minister:** I think that we have to pay tribute to Sheila Drury in that case. It is down to her, probably.

[170] **Janet Davies:** It has caused me some concern in another committee.

[171] **The First Minister:** It is unconventional, yes. I forgot about your Audit Committee. Cadbury governance rules are being infringed and we have to put our hands up to that. We are going for Rowntree not Cadbury. [*Laughter.*]

[172] **Christine Gwyther:** It also saved money.

[173] **The First Minister:** Yes.

[174] **Janet Davies:** I can perfectly understand that it would have been very difficult to recruit at that point. We will now turn to issues of the Welsh Language Board.

[175] **Rhodri Glyn Thomas:** Gan fod amser yn prysur fynd, cyfyngaf fy sylwadau i un agwedd benodol, sef rôl reoleiddio Bwrdd yr Iaith Gymraeg fel ag y mae ar hyn o bryd. Yr wyf yn edrych ymlaen yn fawr at weld yr uned iaith Gymraeg fawr yn cael ei sefydlu yn rhan o'r gwasanaeth sifil, oherwydd fe gofiwch adroddiad y cyn Bwyllgor Diwylliant am y Gymraeg. Yr oedd creu'r pwerdy hwnnw o fewn y gwasanaeth sifil yn ganolog i'r cyfleoedd a welwyd gennym i hyrwyddo'r Gymraeg a sicrhau twf ieithyddol. Mae hynny wedi'i ymgorffori yn 'Iaith Pawb' hefyd, ac os yw'r Llywodraeth am wireddu ei breuddwyd o greu Cymru ddwyieithog gyda'r iaith Gymraeg yn cryfhau, bydd hynny'n hanfodol.

Rhodri Glyn Thomas: As time is getting on, I will contain my comments to one specific aspect, namely the regulatory role of the Welsh Language Board as it stands as present. I very much look forward to seeing this large Welsh language unit being established within the civil service, because you will recall the former Culture Committee's report on the Welsh language. Creating that powerhouse within the civil service was central to the opportunities that we saw to promote the Welsh language and to ensure linguistic growth. That is also incorporated into 'Iaith Pawb', and, if the Government is to achieve its dream of creating a bilingual Wales with a stronger Welsh language, that will be essential.

[176] Pan fydd y bwrdd yn cael ei alw i mewn, sut fydd y rôl reoleiddio honno'n cael ei gweithredu? Fe'ch cyfeiriau yn benodol at gynllun iaith Llywodraeth Cynulliad Cymru, oherwydd dyna'r cynllun iaith mwyaf sydd gennym yng Nghymru ar hyn o bryd. Os ydych yn dod ag Awdurdod Datblygu Cymru, Dysgu ac Addysgu Cymru a'r Bwrdd Croeso i mewn, bydd y cynllun iaith hwnnw yn enfawr. Pwy fydd yn ei reoleiddio? Ni all y Llywodraeth reoleiddio ei chynllun iaith ei hun.

When the board is called in, how will its regulatory role be carried out? I refer you specifically to the Welsh Assembly Government's Welsh language scheme, because it is the largest language scheme that we have in Wales at present. If you bring in the Welsh Development Agency, Education and Learning Wales and the Wales Tourist Board, that language scheme will be enormous. Who will regulate it? The Government cannot regulate its own language scheme.

4.10 p.m.

[177] A wnewch hefyd gyffwrdd ar y datblygiadau o ran diffinio beth yn union yw rôl y dyfarnydd? Ni ddeallaf pam, os oes angen comisiynydd plant a chomisiynydd ar gyfer yr henoed, na allwn gael comisiynydd go iawn ar gyfer yr iaith Gymraeg a fyddai'n dyfarnu ac yn llefarydd ar faterion sy'n ymwneud â'r Gymraeg.

Will you also touch on the developments in terms of defining what exactly the role of the dyfarnydd is? I do not understand why, if we need a children's commissioner and a commissioner for older people, we cannot have a proper commissioner for the Welsh language who would adjudicate and be a spokesperson on matters relating to the Welsh language.

[178] **Y Prif Weinidog:** O ran y cwestiwn o bwerdy, dyna ein polisi ni hefyd ac, o'ch gosodiadau, mae'n debyg eich bod yn cytuno â ni na ddylem wasgaru'r corff o arbenigedd sydd ym Mwrdd yr Iaith Gymraeg a'r weinyddiaeth ond y dylem eu huno fel bod gennym y pwerdy pwerus hwnnw o arbenigedd.

The First Minister: On the question of a powerhouse, that is also our policy and, from your assertions, it seems that you agree with us that we should not split the body of expertise that is in the Welsh Language Board and the administration but that we should merge them so that we have that powerful powerhouse of expertise.

[179] O ran y swyddogaeth o reoleiddio, yr ydych yn gywir i ganolbwyntio ar y ffaith bod angen rhyw fath o wal fawr Tsieina y tu fewn i beirianwaith gweinyddiaeth y Llywodraeth. Yr ydym yn ystyried mai gwaith llywodraethol yw gwaith rheoleiddio, gyda'r eithriad o gynlluniau iaith y tu fewn i'r Llywodraeth, ac mae hynny'n cynnwys rheoleiddio cynlluniau iaith cyrff cyhoeddus y tu allan i'r Llywodraeth. Nid yw hynny'n achosi problem; beth sydd yn achosi problem yw'r ffordd y gall y Llywodraeth rheoleiddio ei chynllun iaith ei hun. Yr ydym yn derbyn na all y Llywodraeth ei wneud. Ni chredaf fod hyd yn oed bod wal Tsieinaidd o'r math confensiynol y cewch mewn banc yn ddigon cryf. Felly, yr ydym yn trafod y dewisiadau sydd ger ein bron a byddaf yn gorfod trafod hyn gyda'r Cynulliad yn y ffordd arferol democrataidd. Mae cyfarfodydd wedi bod gydag arweinydd yr wrthblaid i drafod y syniadau sydd gennym ni ac sydd gennych chi ac yn y blaen i gasglu pwllyn o syniadau a fydd yn ddigonol.

On the regulatory function, you are right to concentrate on the need for some sort of great wall of China within the Government's administrative mechanism. We consider that regulatory work, with the exception of language schemes within the Government to be governmental work, and that includes regulating the language schemes of public bodies outside of the Government. That does not cause a problem; what causes a problem is the way in which the Government can regulate its own language scheme. We accept that the Government cannot do it. I do not even think that some sort of Chinese wall, of the conventional sort that you get in a bank, is strong enough. Therefore, we are discussing the options before us and I will have to discuss this with the Assembly in the usual democratic way. There have been meetings with the leader of the opposition to discuss the ideas that we have and that you have and so on to collect a sufficient pool of ideas.

[180] O ran y dyfarnydd, y peth od ynglyn â'r swyddogaeth o ddyfarnu—a oedd yn swyddogaeth i'r Ysgrifennydd Gwladol cyn y Cynulliad, ac sydd wedi'i throsglwyddo erbyn hyn i'r Gweinidog, Alun Pugh—am anghytundeb o ran a yw cynllun iaith corff yn ddigonol neu beidio, yw nad yw erioed wedi'i ddefnyddio. Felly, pe baem am gael dyfarnydd fel ag y mae, yn noeth fel dyfarnydd, ni fyddai digon o gig ar yr asgwrn i gael rhestr fer resymol achos ni allwch roi unrhyw addewid y bydd ganddo neu ganddi waith. Felly, mae'n rhaid inni feddwl am ffordd o greu rhywbeth ar gefn y ffaith bod yn rhaid cael dyfarnydd, er nad yw'r swyddogaeth honno wedi'i defnyddio mewn 12 mlynedd o fodolaeth Deddf yr Iaith Gymraeg 1993. Felly, beth arall all y dyfarnydd ei wneud sydd yn golygu y bydd o leiaf ganddo neu ganddi waith ar gyfer un neu ddau ddydd yr wythnos? Dyna beth yr ydym yn ei drafod ar hyn o bryd. Mae gennym flwyddyn ychwanegol o ran dod â'r bwrdd iaith i mewn achos yr ydym yn siarad am 1 Ebrill 2007 ac nid 1 Ebrill 2006.

On the dyfarnydd, the odd thing about the function of adjudicating—which was a function of the Secretary of State before the Assembly, and which has now been transferred to the Minister, Alun Pugh—on a disagreement over whether the language scheme of a body is sufficient or not, is that it has never been used. Therefore, if we wanted to have a dyfarnydd who was just a dyfarnydd, there would not be enough meat on the bone to have a reasonable shortlist, because you could not guarantee that he or she would have any work to do. Therefore, we have to think of a way to create something on the back of the fact that you have to have a dyfarnydd even though that function has not been used in the 12 years of the existence of the Welsh Language Act 1993. Therefore, what else can the dyfarnydd do that means that he or she will at least have work for one or two days a week? That is what we are discussing at the moment. We have an extra year in terms of bringing the language board in because we are talking about 1 April 2007 and not 1 April 2006.

[181] **Rhodri Glyn Thomas:** A ydych yn hyderus bod y dyfarnydd, neu o leiaf rôl y dyfarnydd, wedi'i ddiffinio yn llawn? A fydd hynny wedi digwydd cyn 2007? A fydd y peirianwaith i reoleiddio'ch cynllun iaith i'w weld cyn 2007?

Rhodri Glyn Thomas: Are you confident that the dyfarnydd, or at least the role of the dyfarnydd, has been fully defined? Will that have happened before 2007? Will the mechanism to regulate your language scheme be visible before 2007?

[182] **Y Prif Weinidog:** Yr ydym yn gobeithio parhau gyda'r trafodaethau dros y misoedd nesaf, felly bydd ar gael ymhell cyn hynny gan fod yn rhaid inni gael cytundeb y Cynulliad. Mae'n gorfod bod yn ddigonol, ac yn dderbyniol ac yn ddealladwy i'r pleidiau gwahanol ac i'r rhanddeiliaid sydd yn arbenigo yn y maes hwn.

The First Minister: We hope to continue with the discussions over the next few months, therefore, it will be long before that because we have to have the agreement of the Assembly. It has to be adequate, and acceptable and understandable to the different parties and to the stakeholders who specialise in this field.

[183] **Janet Davies:** Glyn, do you have a question?

[184] **Glyn Davies:** I would rather ask questions on the pensions issue. Are we moving on to that now?

[185] **Janet Davies:** Do you wish to ask anything else on the Welsh language?

[186] **Glyn Davies:** No, I shall leave this issue.

[187] **Janet Davies:** You may go on to pensions then.

[188] **Glyn Davies:** In the interests of balance, First Minister, not everyone welcomed the way in which you managed this issue. You probably know that. You and I want to see the National Assembly become a parliamentary body that handles new legislation in a really efficient and well-respected way. However, I cannot imagine Westminster dealing with what is probably the most important issue that you will have dealt with in your term as First Minister, that is, restructuring the entire way in which we in Wales are governed, without any White Paper or any sort of pre-discussion at all before coming to a decision. Personally, I have much sympathy for the thrust that you are giving to this matter. The establishment of an Assembly means that you have to look at the structure, and you are absolutely right to do that. However, the way in which you did it was totally wrong and it caused great damage, and that is behind the sort of dispute that we are having on the matter of the arts council and other parts.

[189] To return to the pensions issue, we know that many staff, as they move from the current pension arrangements, will be offered new pension arrangements that in most cases will probably be more favourable. It seems that there is a good chance that many will opt for that choice. In the WDA, we know that there is what some call a black hole and others a deficit, of about £38 million. It is reasonable to judge that quite a lot of that will need to be found from somewhere. What budgetary allowance have you made, not only for the WDA position, but for all the staff that might transfer to other pension arrangements?

[190] **The First Minister:** On your initial remarks, I think that there will always be some—well, I suppose that you are giving me 50 per cent approval and 50 per cent disapproval.

[191] **Glyn Davies:** Well, 49, anyway.

[192] **The First Minister:** Well, 50 per cent is the pass mark, so I think that I will accept that.

[193] On the pensions issue, there is not a problem with ACCAC or with ELWa, because they are within the civil service non-contributory pension scheme to begin with. The tourist board is part of the British Tourist Authority pension scheme, and there is a very small deficit on the Wales Tourist Board side, but it is of the kind that can be easily coped with. The big problem is the one that you rightly highlighted, which is the WDA, which is a member of the Mid Glamorgan pension fund. That may have been renamed the Rhondda Cynon Taf pension fund now, and it has either a general deficit or a particular deficit if its pension is not pooled with the rest of RCT employees. Certainly, the sum's being adjacent to £40 million is about right. This is a difficult issue because we cannot find £40 million to have WDA staff come in as they probably would have expected to come in, in the normal way, in that, if you become part of the civil service through some sort of transfer of functions from a non-civil service body, you normally become part of the non-contributory pension scheme. However, where will you find £40 million from?

[194] There is a much wider problem in local government pension funds generally. They are mostly in deficit. I think that there was some reference in the *Daily Post* yesterday to the six north Wales local authorities having a deficit of £275 million. So, local authorities' pension funds have, by and large, pretty big deficits. You have to work through it. In other words, you have to either raise contributions or find some method of covering that deficit. The issue is whether that should be done by the civil service on day 1 of the merger, and we have said that, no, we cannot do that. We have to have some method of doing this over time so that the deficit is worked through by the staff. We have not created the deficit: it is there. We did not administer the pension scheme—that was done historically by local government, and there is a very widespread deficit in local government pension schemes. We said, 'No, we haven't got this £38 million', and it will be found by a method, the exact nature of which has just been communicated to staff, I seem to remember. Is that right, Martin?

[195] **Mr Evans:** It has been communicated to staff. We would expect them to stay in the existing pension scheme.

[196] **The First Minister:** So, they will stay in the existing pension fund and work through the deficit in the way that the rest of the people who are in the Mid Glamorgan pension scheme will. This is a problem that you will find local government facing up to. It is a massive problem, certainly throughout England and Wales. I could not tell you about Scotland.

4.20 p.m.

[197] **Glyn Davies:** I do not think that the situation is that straightforward. Clearly, there are deficits in local government pension schemes because of what has happened to the stock market in recent years, and there are all sorts of reasons for that. Those will obviously work themselves through as the stock market recovers; the £38 million may well have lessened because the stock market has performed very well over recent months—

[198] **The First Minister:** I wish it were that simple.

[199] **Glyn Davies:** Yes, but that will work through. However, these people can reasonably expect, I would have thought, to make the transfer now, which means it has to be dealt with now. Are you telling us that what you have decided to do is to not let these people transfer into the pension fund that they anticipated transferring to? Are you announcing a new policy that, in fact, they will have to stay where they are?

[200] **The First Minister:** You say that it is a new policy, but it is a new situation, because we have not faced a deficit position in a pension fund from a body being brought into the civil service until this last 12 months. There are these chronic and substantial deficits, which I only wish could be solved by the fact that the stock market has shot up; I am told that that is not the case because of the different requirements of gilts and bonds and different ways that the pensions regulator looks at what should be in a pension fund in terms of the share of it in equities. So, it is a pretty profound problem throughout the public sector, certainly, and you will be well aware of the problems in the private sector. So, we are saying to the staff that they will stay in their existing pension schemes. You are right to say that there is a kind of convention, but I do not think that it is in statute, for people who come into the civil service to join the pension scheme. They may have expected it, but then they may have expected it on the basis of there not being a deficit. So it is not so much a new policy as a response to a new situation.

[201] **Glyn Davies:** I think that people will find it a new policy and will be surprised and perhaps disappointed by what you are saying. I will finish in a moment, but this goes back to my original point: I just cannot imagine this issue being dealt with at Westminster without this sort of detail, which is hugely important to many people, being thrashed out at White Paper stage. We are at a stage now where we must deal with this—we do not have an option and then you come up with something that I think sounds quite unsatisfactory because we have no real choice but to do it that way.

[202] **The First Minister:** Your last point is absolutely right, but, on the other hand, you are underplaying the huge progress that has been made, which I mentioned earlier. It is pretty impressive two months before the day of merger that 3,045 staff have been matched to their new jobs. That means that we have not rushed this, but have done it in a way to ensure that the necessary preparatory work, by and large, has gone according to schedule and to plan. Some things come out of leftfield, like the deficit and the RTC pension fund, as regards the WDA, but you have to deal with that in a way that is fair and equitable to your existing staff and for the incoming staff for whom we are now taking responsibility.

[203] **Janet Davies:** I think that that issue is worrying, but I am sure that it concerns you as much as it concerns this committee and, presumably, the unions.

[204] **Christine Gwyther:** Just a simple question, Chair: what would have happened to those members of staff if they had not come in?

[205] **The First Minister:** They would have been in exactly the same position. They would have been working through it, as with the discussions in relation to the £2.75 million deficit in north Wales local government. It will be worked through over a number of years to make good the deficit. It is the same in private industry—BAE systems has, I think, a £1.2 billion deficit, which is the biggest deficit in private industry—companies will expect employees to make a bigger contribution as well as making a bigger contribution themselves.

[206] **Rosemary Butler:** I have a very short question: you said that there were 3,400 people—

[207] **The First Minister:** I think that the figure is 3,045.

[208] **Rosemary Butler:** What percentage is that of the total coming in?

[209] **The First Minister:** A very large one, I think.

[210] **Mr Evans:** Around 75 people are left over—

[211] **Rosemary Butler:** So it is around 95 per cent then?

[212] **The First Minister:** Around 95 per cent or even more.

[213] **Janet Davies:** I think that that is a subject that will come back to you, First Minister. I end this meeting by thanking you for your answers, and for attending. I hope that people found it informative and helpful.

[214] I thank Assembly staff from Cardiff bay and from the office in Colwyn Bay for working so well together to prepare for today and to get everything sorted out, perhaps above and beyond the call of duty. It has been a very smoothly run meeting. I also thank the public for your interest in this meeting. It is only the second meeting of its kind; the intention is that they will happen twice a year, I hope. I do not see us coming back to north Wales in the very near future if they happen only twice a year—we need to have them in Cardiff and spread them around Wales, but perhaps it will come back in a couple of years. I hope that you all have a good journey home.

[215] The next meeting is scheduled for the morning of Thursday, 29 June, and will be held in Cardiff.

[216] **Y Prif Weinidog:** Diolch am eich cwrteisi.

The First Minister: Thank you for your courtesy.

Daeth y cyfarfod i ben am 4.26 p.m.

The meeting ended at 4.26 p.m.