



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

Y Pwyllgor Craffu ar Waith y Prif Weinidog **The Committee for the Scrutiny of the First Minister**

Dydd Mercher, 14 Tachwedd 2012
Wednesday, 14 November 2012

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Motion under Standing Order No. 17.42 to Resolve to Exclude the Public from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol **Committee members in attendance**

Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Mark Drakeford	Llafur Labour
Elin Jones	Plaid Cymru The Party of Wales

David Melding	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Carwyn Jones	Aelod Cynulliad, Llafur (y Prif Weinidog Cymru) Assembly Member, Labour (the First Minister)
Claire Fife	Rheolwr y Rhaglen Ddeddfwriaethol Manager of the Legislative Programme
Rob Hunter	Cyfarwyddwr Cyllid, y Gyfarwyddiaeth Gyffredinol Busnes, Menter, Technoleg a Gwyddoniaeth Director Finance - Business, Enterprise, Technology and Science
James Price	Cyfarwyddwr Cyffredinol Busnes, Menter, Technoleg a Gwyddoniaeth Director General Business, Enterprise, Technology and Science

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Siân Phipps	Clerc Clerk
Dan Collier	Dirprwy Glerc Deputy Clerk
Joanest Jackson	Cynghorydd Cyfreithiol Legal Advisor
Graham Winter	Y Gwasanaeth Ymchwil Research Service

Dechreuodd y cyfarfod am 9.28 a.m.
The meeting began at 9.28 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **David Melding:** Good morning and welcome. It gives me great pleasure to open this Committee for the Scrutiny of the First Minister. This is the first time in the fourth Assembly that this committee has met.

[2] The usual house rules apply. These proceedings will be conducted in Welsh and English. When Welsh is spoken, the translation will be available on channel 1 of the headsets. Channel 0 will amplify our proceedings. Please turn off all mobile equipment, as it will interfere with the broadcasting equipment, even when left on silent mode. The microphones operate automatically, so there is no need to press any buttons. We are not expecting a routine fire drill, so if we hear the bell, please follow the instructions of the ushers. I am pleased to say that we have full attendance, and I am particularly pleased to welcome the First Minister, Carwyn Jones, this morning.

9.28 a.m.

Craffu ar Waith y Prif Weinidog The Scrutiny of the First Minister

[3] **David Melding:** First Minister, the first set of questions that we want to put to you is on the legislative programme, but perhaps you would first like to introduce your official.

[4] **The First Minister (Carwyn Jones):** Thank you, Chair. I have Claire Fife to my right—or stage left, Chair, from where you are sitting—who is here to answer any extra questions that require more detail.

[5] **David Melding:** Thank you for that, First Minister. May I say that I found the paper very interesting, candid and helpful for this committee to start its first discussion? The first set of questions will be put to you by Mark Drakeford.

[6] **Mark Drakeford:** Brif Weinidog, mae gennyf gwestiynau am y rhaglen ddeddfwriaethol. I ddechrau, hoffwn ofyn i chi o ble y bu i'r syniadau am y rhaglen ddeillio yn wreiddiol? Yn draddodiadol, mae syniadau'n deillio o broses fewnol y pleidiau, o'r gwasanaeth sifil a hefyd gan bobl yn y trydydd sector y tu allan i'r broses ac yn y blaen. Yng Nghymru, a ydych yn meddwl bod pob sector yn ddigon cryf i gynhyrchu syniadau ar gyfer y rhaglen ddeddfwriaethol yng Nghymru?

Mark Drakeford: First Minister, I have questions on the legislative programme. First, I would like to ask you from where the ideas for the programme originally emanated? Traditionally, the ideas emanate from the internal process of the political parties, from the civil service and also from people in the third sector outwith that process and so on. In Wales, do you think that every sector is strong enough to generate ideas for the legislative programme in Wales?

9.30 a.m.

[7] **Y Prif Weinidog:** Ydwyf. Credaf fod hynny'n wir; mae hefyd yn wir i ddweud bod y rhan fwyaf o'r ddeddfwriaeth yn deillio o fanifesto'r Llywodraeth. Byddai pobl yn disgwyl hynny, efallai. Hefyd, mae Aelodau, o bryd i'w gilydd, yn dod â syniadau gerbron y Cynulliad y gall y Llywodraeth eu cefnogi. Rydym wedi gweld hynny'n digwydd yn ystod y flwyddyn ddiwethaf.

The First Minister: Yes. I think that is true; it is also true to say that most of the legislation emanates from the Government's manifesto. People would perhaps expect that. Also, Members, from time to time, bring ideas before the Assembly that the Government can support. We have seen that happening over the past year.

[8] O ran y cwestiwn ynghylch a yw'r gallu gan gyrff y tu allan i'r Cynulliad i greu deddfwriaeth neu i gynhyrchu syniadau a fydd yn arwain at ddeddfwriaeth, credaf fod—mae nifer o syniadau wedi cael eu datblygu gan gyrff y tu allan i'r Cynulliad y gallem efallai eu hystyried o ran cyflwyno deddfwriaeth. Felly, credaf fod digon o allu a digon o syniadau gan gyrff y tu allan i'r Cynulliad i sicrhau bod deddfwriaeth yn dod gerbron y Cynulliad nad yw wedi dod o'r Llywodraeth.

On the question about whether bodies outside the Assembly have the ability to create legislation or to generate ideas that will lead to legislation, I believe that they have—a number of ideas have been developed by bodies outside the Assembly that we could consider for introduction as legislation. So, I think that there is sufficient ability and plenty of ideas outside the Assembly to ensure that there is legislation coming before the Assembly that has not originated from the Government.

[9] **Mark Drakeford:** Wrth edrych yn ôl ar ein profiad yn y pedwerydd Cynulliad, a gredwch fod gan y Llywodraeth ddyletsydd

Mark Drakeford: Looking back at our experience in the fourth Assembly, do you think that the Government has a duty to help

i helpu'r bobl yn y trydydd sector i ddeall ein prosesau newydd ac i weithio ar y syniadau sydd ganddynt i'w troi i mewn i rywbeth sy'n gallu bwydo i mewn i raglen y Llywodraeth?

[10] **Y Prif Weinidog:** Nid wyf yn credu bod prinder syniadau gan gyrff y tu allan i'r Cynulliad, ond ni fydddech yn disgwyl iddynt gael y gallu i ddrafftio Bil a mynd ag ef ymlaen. Fodd bynnag, pe bai syniad yn dod i ni y byddem, fel Llywodraeth, yn gallu ei gefnogi, byddwn yn disgwyl inni gymryd hynny ymlaen er mwyn ei droi'n Fil ac yna yn Ddeddf.

[11] **Mark Drakeford:** Gan droi am eiliad at dîm y rhaglen ddeddfwriaethol yn y Llywodraeth, a ydych yn meddwl bod ganddo rôl neu gyfrifoldeb i hwyluso amserlennu deddfwriaeth i sicrhau bod digon o amser ar gael ar gyfer craffu digonol yn y Cynulliad, yn enwedig yn ystod Cyfnod 1, sy'n cael ei wneud yn y pwyllgorau?

[12] **Y Prif Weinidog:** Mae'n bwysig dros ben bod digon o amser ar gael i graffu ar ddeddfwriaeth er mwyn sicrhau bod y ddeddfwriaeth yn iawn ac yn gadarn. Mae'n rhan allweddol o waith y Cynulliad i sicrhau bod y ddeddfwriaeth yn iawn. O ran faint o amser a roddir i bob Bil, mae hynny'n dibynnu ar hyd y Bil. Mae rhai Biliau yn fyr ac eraill yn llawer mwy cymhleth. Rydym wedi gweld hynny gyda'r Bil gwasanaethau cymdeithasol. Mae'n bwysig dros ben ein bod ni, fel Llywodraeth, yn gallu cymryd deddfwriaeth drwy'r Cynulliad, ond rydym yn deall, wrth gwrs, ei bod yn bwysig dros ben fod y ddeddfwriaeth honno'n cael ei hystyried yn fanwl.

[13] **Mark Drakeford:** A yw'r tîm yn cadw llygad ar y broses honno? Wrth edrych yn ôl ar y flwyddyn ddiwethaf, a yw hefyd yn meddwl am y dyfodol a sut y bydd hwnnw'n edrych?

[14] **Y Prif Weinidog:** Rydym wedi sicrhau ers nifer o flynyddoedd fod rhaglen ddeddfwriaethol wedi cael ei chyflwyno i'r Cynulliad, ac rydym eisiau sicrhau bod amserlen yn ei lle i sicrhau bod y rhaglen yn cael ei gweithredu. Felly, mae sicrhau amserlen ar gyfer deddfwriaeth yn waith pwysig i'r tîm deddfwriaethol.

people in the third sector to understand our new processes and to work on the ideas that they have to turn them into something that can feed into the Government's programme?

The First Minister: I do not believe that there is a paucity of ideas in the bodies outside the Assembly, but you would not expect them to have the ability to draft a Bill and take it forward. However, if an idea came forward that we, as a Government, could support, I would expect us to take that forward in order to turn it into a Bill and then an Act.

Mark Drakeford: Turning for a moment to the legislative programme team in the Government, do you think that it has a role or responsibility to facilitate the timetabling of legislation to ensure that there is sufficient time available for adequate scrutiny in the Assembly, particularly during Stage 1, which is done in the committees?

The First Minister: It is exceptionally important that there is sufficient time to scrutinise legislation in order to ensure that the legislation is correct and robust. It is a key part of the Assembly's work to ensure that the legislation is correct. On how much time should be given to every Bill, it depends on the length of the Bill. Some Bills are short and others are much more complex. We have seen that with the social services Bill. It is exceptionally important that we, as a Government, can take legislation through the Assembly, but we understand, of course, that it is exceptionally important that that legislation is considered in detail.

Mark Drakeford: Does the team keep an eye on that process? Looking back on the past year, does it also think about the future and what that might look like?

The First Minister: We have ensured for a number of years that a legislative programme has been presented to the Assembly, and we want to ensure that a timetable is in place to ensure that that programme is taken forward. So, ensuring a timetable for the legislation is an important piece of work for the legislative team.

[15] **Mark Drakeford:** Gan feddwl am y gwasanaeth sifil yn fwy cyffredinol, yn eich profiad chi, a gredwch fod digon o gryfder a phrofiad gan y gwasanaeth sifil erbyn hyn i helpu'r Llywodraeth gyda'r rhaglen ddeddfwriaethol a ddisgwylir dros y blynyddoedd nesaf?

Mark Drakeford: Thinking about the civil service more generally, in your experience, do you think that it has sufficient strength and experience now to assist the Government with the legislative programme that will be expected over the next few years?

[16] **Y Prif Weinidog:** Ydwyf. Mae wedi bod yn sialens—dywedaf hynny—ac, wrth gwrs, rydym wedi colli 1,000 o bobl o'r gwasanaeth sifil ac mae hynny'n sialens i unrhyw un. Mae digon o bobl polisi ar gael. Efallai nad yw'r dyfnder yno yn yr un ffordd ag sy'n wir yn yr Alban neu yn Lloegr, ond, wrth ddweud hynny, nid ydym wedi gweld unrhyw broblemau yn codi o ran drafftio, er enghraifft, na hyd yn oed o ran sicrhau bod digon o waith polisi wedi cael ei wneud cyn bod deddfwriaeth yn cael ei hystyried.

The First Minister: Yes, I do. It has been a challenge—I will say that—and, of course, we have lost 1,000 people from the civil service and that is a challenge for anyone. There are plenty of policy people available. The depth may not be there in the same way as in Scotland or in England, however, having said that, we have not seen any problems arising regarding drafting, for example, or even in ensuring that sufficient policy work has been done before legislation is considered.

[17] **Mark Drakeford:** Mae gennyf un cwestiwn arall am yr adran hon. Fel pennaeth y Llywodraeth, yr ydych wedi penderfynu cyhoeddi'r rhaglen dros gyfnod y Cynulliad cyfan. Beth ydych yn ei wneud i gadw digon o hyblygrwydd yn y system i newid pethau er mwyn gallu ymdopi â syniadau newydd a all godi yn ystod y cyfnod hwn?

Mark Drakeford: I have one other question on this section. As the head of the Government, you have taken the decision to publish the programme for the whole Assembly term. What are you doing to retain sufficient flexibility in the system to change things in order to be able to cope with new ideas that may appear over this period?

[18] **Y Prif Weinidog:** Mae hynny'n bwysig. Ni fyddem eisiau bod mewn sefyllfa lle bo'r Cynulliad yn ystyried dim ond deddfwriaeth y Llywodraeth yn ystod y blynyddoedd nesaf. Mae sawl enghraifft o ddeddfwriaeth o fath arall, megis y Bil ar reoli cŵn a ddaeth oddi wrth Aelod unigol. Mae lle yn yr amserlen i sicrhau y gall peth deddfwriaeth sydd wedi dod oddi wrth Aelodau gael ei hystyried, a hefyd gael ei chymryd drwy'r Cynulliad.

The First Minister: That is important. We would not want to be in a position where only Government legislation could be considered by the Assembly over the next few years. There are several examples of legislation of other sorts, such as the Bill on dog control that came from an individual Member. There is space in the timetable to ensure that some legislation that has come from Members can be considered, and can also be taken through the Assembly.

[19] **David Melding:** Before I ask whether any other Members have questions on this particular area, I would like to ask you, First Minister, what importance the Government places on the role of scrutiny at Stage 1. Is that an area that needs particular investment, and have you found that to be a productive area as far as the Government is concerned, in tweaking the legislation that you then bring in a final form to the legislature?

[20] **The First Minister:** Stage 1 has shown itself to be an effective part of the scrutiny process. I believe that it operates successfully, and it ensures that those who are likely to be affected by legislation have an opportunity to have their say at that point. There is always a balance to be struck between ensuring that there is sufficient consultation, and ensuring that legislation can be passed in a timely fashion. However, I believe that Stage 1 has proved itself to be an important stage.

[21] **Paul Davies:** Rwyf eisiau pigo lan ar yr hyn a ddywedwyd gennych yn gynharach am ddrafftio Biliau. Rwy'n credu ichi ddweud nad oes problem gyda'r gwasanaeth sifil yn drafftio Biliau. Fodd bynnag, yr ydym wedi gweld y Llywodraeth yn gorfod cynnig nifer o welliannau i rai Biliau yn ddiweddar. Rwy'n credu fy mod yn iawn i ddweud o ran y Bil Safonau a Threfniadaeth Ysgolion (Cymru) sy'n cael ei ystyried ar hyn o bryd ein bod wedi gweld y Llywodraeth yn cynnig tua 140 o welliannau. A ydych yn hyderus, felly, fod yr arbenigrwydd yn y gwasanaeth sifil i sicrhau bod Biliau yn cael eu drafftio yn gywir yn y lle cyntaf?

[22] **Y Prif Weinidog:** Ydwyf. Gan ddweud hynny, wrth gwrs, nid oes un system yn berffaith, ac wrth gwrs mae hyn hefyd yn digwydd yn San Steffan. Yr ydym wedi gweld deddfwriaeth yn mynd drwy San Steffan, sydd wedi cael ei phasio gan San Steffan, ond sydd ddim yn glir. Mae Deddf Cŵn Peryglus 1991 yn un enghraifft o hynny. Mae'n wir bod yn rhaid i bob senedd sicrhau, yn awr ac yn y man, fod newidiadau yn cael eu gwneud wrth i ddeddfwriaeth gael ei chymryd drwy'r system sgrwtineiddio. Mae honno'n rhan bwysig o'r ffordd y mae'r system yn gweithio. Mae'n bwysig dros ben bod y system sgrwtineiddio yn dangos bod gwendidau, efallai, mewn rhai rhannau o ddeddfwriaeth wrth i'r Bil fynd drwy'r Cynulliad. I mi, mae hynny'n dangos bod y system yn gweithio. Fodd bynnag, mae enghreifftiau lle mae'n rhaid i'r Llywodraeth gynnig gwelliannau i ddeddfwriaeth er mwyn ei hegluro. Weithiau, mae Aelodau ei hunain wedi dangos bod gwendid mewn un rhan o'r ddeddfwriaeth ac mae angen i'r Llywodraeth ei gwella. Felly, mae honno'n rhan bwysig o'r system sgrwtineiddio.

[23] **David Melding:** I believe that we can now move on to the next section. I do not believe that any other Members have supplementary questions on that section. The next set of questions relate to consultations and engagement. Paul Davies has the first question on this section.

[24] **Paul Davies:** Rwyf eisiau gofyn cwestiynau ichi am ymgysylltu â chyrrff a chyda'r cyhoedd yn gyffredinol. Roeddech yn siarad yn gynharach am syniadau newydd a sut y gall pobl roi syniadau newydd gerbron y Llywodraeth. Sut ydych yn sicrhau eich

Paul Davies: I want to pick up on what you said earlier about the drafting of Bills. I think that you said that there is no problem with the civil service in terms of drafting Bills. However, we have seen the Government having to table many amendments to some Bills recently. I think that I am right in saying in relation to the School Standards and Organisation (Wales) Bill, which is being considered at the moment, that we have seen the Government tabling around 140 amendments. Are you confident, therefore, that the civil service has the expertise to ensure that Bills are drafted accurately in the first instance?

The First Minister: Yes. Having said that, of course, no system is perfect, and of course this also happens in Westminster. We have seen legislation going through Westminster, which has been passed by Westminster, but which is not clear. The Dangerous Dogs Act 1991 is one example of that. It is true that every parliament, from time to time, must ensure that amendments are made as legislation is taken through the scrutiny system. That is integral to the way that the system works. It is extremely important that the scrutiny system highlights that there may be weaknesses in some parts of the legislation as a Bill goes through the Assembly. To me, that proves that the system is working. However, there are examples where the Government must propose amendments to legislation in order to clarify it. Sometimes, Members themselves have highlighted a weakness in one part of the legislation and the Government needs to amend it. Therefore, that is an important part of the scrutiny system.

Paul Davies: I wish to ask you questions about engagement with bodies and with the public in general. You talked earlier about new ideas and how people can present new ideas to the Government. How do you ensure that you provide an opportunity in the first

bod yn rhoi cyfle yn y lle cyntaf i randdeiliaid, er enghraifft, gynnig syniadau newydd?

[25] **Y Prif Weinidog:** Byddwn yn erfyn ar gyrff i roi eu syniadau i ni fel Llywodraeth, ac yn gyhoeddus wrth gwrs—deallwn hynny—er mwyn inni ystyried a allwn gefnogi eu syniadau. Fel y dywedais, nid wyf yn erfyn ar gyrff i ddrafftio Bil yn gyfan gwbl er mwyn dod â'r Bil hwnnw gerbron y Cynulliad neu i'w ddangos i'r Llywodraeth, ond lle mae syniadau, byddwn eisiau ystyried y syniadau hynny er mwyn creu Bil i gymryd y syniadau hynny ymlaen.

[26] **Paul Davies:** Rydych yn dweud yn eich papur nad ydych efallai wedi cael eich paratodau deddfwriaethol yn iawn, a bod rhanddeiliaid yn teimlo y gallech wneud mwy i gysylltu â nhw. A allwch esbonio beth yw'r broses honno a sut y byddwch yn ei gwella?

[27] **Y Prif Weinidog:** Mae hon yn system lle roedd yn rhaid dysgu; nid yw unrhyw system yn berffaith, yn enwedig ar y dechrau. O ran y ffordd rydym yn ymgynghori â phobl, mae gennym system o Bapurau Gwyrdd a Gwyn, a, lle mae'n iawn i wneud hynny, Ffiliau drafft hefyd. Byddwn yn dweud bod y system sydd gyda ni yn awr yn rhoi digon o gyfle i gyrff a phobl fynegi eu barn. Gwelsom hynny, er enghraifft, gyda'r Papur Gwyn ar y Bil organau a chyda'r Papurau Gwyrdd a'r Biliau drafft sydd wedi cael eu cyhoeddi. Un o'r pethau y byddwn yn ei ddweud am Ffiliau drafft yw hyn: weithiau mae pobl yn meddwl, unwaith mae Bil drafft yn bodoli, ei fod yn rhyw fath o *fait accompli*. Nid dyna ein bwriad ni, ac mae'n bwysig dros ben felly fod ffyrdd eraill i bobl fynegi barn cyn bod Bil yn cael ei ddrafftio, a dyna pam mae gennym y system o Bapurau Gwyn a Gwyrdd.

[28] **Paul Davies:** Sut ydych yn penderfynu fel Llywodraeth ai Papur Gwyn neu Wyrdd y byddwch yn ei gynnig? Pwy sy'n gwneud y penderfyniadau hynny? Ai Gweinidogion sy'n gwneud y penderfyniad? Pa rôl ydych chi'n ei chwarae yn y broses honno?

[29] **Y Prif Weinidog:** Gweinidogion sy'n gwneud y penderfyniadau. Mae Papur

instance to stakeholders, for example, to propose new ideas?

The First Minister: We would expect bodies to present their ideas to us as a Government, and to do so publicly of course—we understand that—so that we can consider whether we can support their ideas. As I said, I do not expect bodies to draft a whole Bill in order to bring it to the Assembly or to show it to the Government, but where there are ideas, we would want to consider them in order to create a Bill that could take those ideas forward.

Paul Davies: You say in your paper that you may not have got your legislative preparations quite right, and that stakeholders feel that you could do more to engage with them. Can you explain what that process is and how you are going to improve it?

The First Minister: This is a system where we had to learn; no system is perfect, especially at the outset. With regard to how we consult with people, we have a system of Green and White Papers, and, where appropriate, we also have draft Bills. I would say that the system that we have at present gives ample opportunity for organisations and members of the public to express a view. We saw that, for example, with the White Paper on the organ donation Bill and with the Green Papers and draft Bills that have been published. One thing that I would say about draft Bills is this: sometimes people believe that once there is a draft Bill, it is some kind of *fait accompli*. That is not our intention, and it is exceptionally important therefore that there are alternative ways for people to express their views before a Bill is drafted, which is why we have the system of Green and White Papers.

Paul Davies: How do you decide as a Government whether you are going to propose a Green or a White Paper? Who makes those decisions? Is it Ministers who make that decision? What role do you play in that process?

The First Minister: It is Ministers who take those decisions. A Green Paper deals with a

Gwyrdd yn delio â chwestiwn mwy agored—cwestiwn y mae'r Llywodraeth eisiau ei ofyn, ond cwestiwn sy'n agored o ran sut y byddai'r polisi yn cael ei fwrw ymlaen. Mae Papur Gwyn yn fwy sicr o ran ei gyfeiriad. Mae Papur Gwyn yn delio â rhywbeth mae'r Llywodraeth eisiau ei wneud ac felly yn gofyn i bobl roi syniadau am y ffordd ymlaen o ran y polisi y mae'r Llywodraeth eisiau ei weithredu. Felly, mae mwy o sicrwydd gyda Phapur Gwyn. O ran Bil drafft, unwaith eto, mae'n dangos cam arall o sicrwydd. Pan fydd Bil wedi'i gyhoeddi, mae'n dangos beth yw nod y Llywodraeth o ran sut y bydd yr egwyddor yn cael ei bwrw ymlaen i gyfraith.

question that is more open-ended—a question that the Government wants to pose, but a question that is more open as regards how the policy would be taken forward. A White Paper is more certain in its direction. A White Paper deals with something that the Government wants to do, and therefore asks that people present ideas on the way forward for the policy that the Government wants to implement. So, there is more certainty with regard to a White Paper. A draft Bill, once again, shows another measure of certainty. When a Bill is published, it demonstrates the aim of the Government with regard to the way in which the principle is going to be taken forward into law.

[30] **Paul Davies:** Felly, er mwyn eglurder, mae'r Gweinidog yn gwneud y penderfyniad o ran pa bapur i'w gynnig ac wedyn rwy'n cymryd yn ganiataol bod y Cabinet hefyd yn cytuno ar hynny.

Paul Davies: So, just for clarification, the Minister makes the decision on what paper to introduce and then I take it that the Cabinet also agrees on that.

[31] **Y Prif Weinidog:** Mae hynny'n wir. Y Gweinidog sy'n dewis pa fath o ymgynghori ddylai ddigwydd, ond mae'r Cabinet yn gwybod beth yw barn y Gweinidog ac mae cyfle i'r Cabinet drafod unrhyw Bapur Gwyn neu Wyrdd sydd wedi cael ei gynnig gan Weinidog.

The First Minister: That is true. The Minister decides which method of consultation should take place, but the Cabinet knows the Minister's view and there is an opportunity for the Cabinet to consider any White a Green Paper that has been proposed by a Minister.

[32] **Paul Davies:** A ydych chi fel Prif Weinidog yn chwarae rhan allweddol yn y broses honno o gwbl?

Paul Davies: Do you, as First Minister, play a key part in that process at all?

[33] **Y Prif Weinidog:** Weithiau, pan fydd syniad yn cael ei ddatblygu, bydd fy marn i yn cael ei rhoi.

The First Minister: Sometimes, where an idea is being developed, my view will be given.

[34] **Paul Davies:** Rydych yn sôn yn y papur am y broses o gynnal asesiad effaith rheoleiddiol. Mae pryderon wedi bod yn sgîl rhai Biliau nad oes asesiad wedi'i wneud o gost cyflwyno'r Biliau hynny yn y lle cyntaf. Rwy'n credu bod y Bil Safonau a Threfniadaeth Ysgolion (Cymru) unwaith eto yn achosi pryder o ran hynny. Sut mae'r broses honno yn gweithio? A allwch chi esbonio hynny i ni fel pwyllgor?

Paul Davies: You talk in your paper about the process of holding regulatory impact assessments. There have been concerns with some Bills that no assessment has been made of the cost of introducing those Bills in the first instance. I think that the School Standards and Organisation (Wales) Bill is once again a cause for concern around this. How does that process work? Can you please explain that to us as a committee?

9.45 a.m.

[35] **Y Prif Weinidog:** Nid yw syniadau deddfwriaethol yn gallu cael eu cynnwys yn y rhaglen lywodraethu heb i'r costau gael eu

The First Minister: Legislative ideas cannot be included in the programme for government without consideration of the

hystyried a'u rhoi gerbron Gweinidogion, fel eu bod yn gwybod beth fydd cost bwrw ymlaen â'r ddeddfwriaeth. Mae'n rhaid i'r costau hynny gael eu culhau neu eu gwella yn ystod y cyfnod pan fydd deddfwriaeth yn cael ei datblygu. Nid yw Gweinidogion yn gallu cyflwyno syniadau nad ydynt yn gallu eu costio. Mae'n rhaid gwneud hynny o'r dechrau. Felly, ar hyn o bryd, mae hynny'n golygu—a bydd yn wir am flynyddoedd eto, rwy'n siŵr—ein bod ni fel Llywodraeth yn gwybod faint bydd deddfwriaeth yn ei chostio yn y dyfodol achos rydym yn erfyn ar Weinidogion i sicrhau eu bod yn nodi beth yw'r costau ar ddechrau'r broses ac wedyn bod y costau hynny yn cael eu hystyried pan fydd deddfwriaeth yn cael ei bwrw ymlaen.

[36] **Paul Davies:** Gwnaethoch sôn yn gynharach am sut mae rhanddeiliaid yn gallu cynnig syniadau cyn bod Bil yn cael ei gyflwyno. A allwch ddweud wrthym beth yw'r broses yn ystod yr adeg y mae Bil yn mynd drwy'r Cynulliad? Sut mae rhanddeiliaid yn gallu cysylltu â chi fel Llywodraeth i wneud yn siŵr bod eu syniadau'n dal i fod yn bwysig?

[37] **Y Prif Weinidog:** Mae'r drws wastad ar agor. Mae sawl cam yn cael ei gymryd wrth i ddeddfwriaeth cael ei hystyried, ac nid dim ond yn y Papur Gwyn, y Papur Gwyrdd neu Fil drafft. Rydym fel Llywodraeth wastad yn ystyried unrhyw farn sy'n cael ei fynegi gan Aelodau a chyrrff y tu fas i'r Cynulliad er mwyn sicrhau bod deddfwriaeth yn cael ei chryfhau wrth iddi fynd drwy'r Cynulliad.

[38] **Paul Davies:** Nid yw'n glir i mi o hyd sut y byddwch yn gwella'r broses, achos rydych wedi ei gwneud yn glir yn y papur efallai y bu methiannau yn y gorffennol o ran ymgysylltu â rhanddeiliaid. Sut y byddwch yn gwella'r broses honno?

[39] **Y Prif Weinidog:** Mae pob adran yn gwybod ei fod yn bwysig dros ben sicrhau ein bod mor sicr â phosibl am y costau. Ni fyddwn eisiau gweld sefyllfa lle byddai'r costau ar ddiwedd y broses yn hollol wahanol i'r costau a nodwyd ar ddechrau'r broses. Sut y gallem wneud hynny? Mae'n rhaid inni sicrhau ein bod yn casglu tystiolaeth ac yn asesu costau mewn ffordd effeithiol. Mae pob

costs and the costs being presented to Ministers so that they know what the cost of taking any piece of legislation forward will be. Those costs have to be refined or improved during the period of development of the legislation. Ministers cannot propose ideas that they cannot cost. They have to do that from the outset. So, at present, that means—and I am sure that it will be true for years to come—that we as a Government know how much legislation will cost in the future, because we expect Ministers to ensure that they set down what the costs are at the beginning of the process and then that those costs are considered in full when legislation is taken forward.

Paul Davies: You talked earlier about how stakeholders can propose ideas before a Bill is introduced. Can you tell us what the process is during the passage of a Bill through the Assembly? How can stakeholders engage with you as a Government to ensure that their ideas are still important?

The First Minister: The door is always open. Many steps are taken as legislation is considered, not only the White Paper, Green Paper or draft Bill stages. We as a Government always consider any views expressed by Members and organisations outwith the Assembly in order to ensure that legislation is strengthened during its passage through the Assembly.

Paul Davies: I am still not clear on how you are going to improve the process, because you have made clear in the paper that maybe there were deficiencies in the past around engagement with stakeholders. How are you going to improve that process?

The First Minister: Every department knows that it is exceptionally important to ensure that we are as certain as possible as regards costs. I would not want to see a position arising in which the costs at the end of the process were totally different to the costs that were noted originally. How can we do that? We have to ensure that we collect evidence and assess the costs in an effective

adran yn ystyried hyn wrth i ddeddfwriaeth fynd drwy'r Cynulliad.

manner. Every department considers this while legislation passes through the Assembly.

[40] **David Melding:** Are there any supplementary questions on this area?

[41] **Elin Jones:** Brif Weinidog, rwyf eisiau gofyn cwestiwn am ymgynghori, ymatebion i ymgynghori a sut yr ydych yn pwysu a mesur gwerth yr ymatebion hynny, gan feddwl yn benodol am ymatebion sy'n deillio o Gymru gan bobl y bydd y ddeddfwriaeth yn effeithio arnynt yn uniongyrchol o'u cymharu ag ymatebion sy'n dod o du allan i Gymru i ddeddfwriaeth. Mae rhai o syniadau deddfwriaethol Llywodraeth Cymru yn denu ymatebion o du hwnt i ffiniau Cymru. Rwy'n cofio, er enghraifft, ddeddfwriaeth am goleri sioc cŵn yn denu tipyn o ymatebion o'r Unol Daleithiau—oherwydd y ffordd y mae'r rhyngrwyd yn gweithio, mae hynny'n bosibl y dyddiau hyn. Felly, wrth ichi feddwl am y Biliau a fydd yn cael eu sgrwtineiddio dros gyfnod eich Llywodraeth—er enghraifft, bydd y Bil trawsblannu organau a Biliau eraill o bosibl yn denu tipyn o ddi-ddordeb y tu hwnt i Gymru—beth yw'r ffordd orau a chywir o bwysu a mesur barn pobl Cymru, ac o drin ymatebion sy'n dod o du hwnt i Gymru, lle na fydd y ddeddfwriaeth yn effeithio arnynt yn uniongyrchol.

Elin Jones: First Minister, I want to ask a question on consultations, responses to consultations and how you evaluate the value of those responses, thinking specifically about responses that emanate from Wales from people who will be directly impacted by the legislation as compared with responses that come from people outwith Wales on legislation. Some of the legislative ideas of the Welsh Government attract responses from beyond the boundaries of Wales. I remember, for example, the legislation on shock collars for dogs attracting quite a few responses from the United States—because of the way that the internet works, that is possible these days. Therefore, as you consider the Bills that will be scrutinised over the period of your Government—for example, the organ donation Bill and other Bills may well attract quite a bit of interest from beyond Wales—what do you consider to be the best and right way of weighing up the views of the people of Wales, and of dealing with responses that come from outside Wales, where the legislation will not have a direct impact on them.

[42] **Y Prif Weinidog:** Wrth gwrs, rwy'n atebol i bobl Cymru ac nid i neb arall. Fel y bydd yr Aelod yn gwybod, yn y gorffennol, pan fydd llawer o bobl y tu allan i Gymru wedi mynegi barn, mae'n tueddu i fod yn rhan o ymgyrch, ac mae pobl wedi cael eu hannog i ymateb i ymgynghoriad. Fodd bynnag, yr hyn sy'n bwysig yw bod barn y bobl a fydd yn cael eu heffeithio gan ddeddfwriaeth yn cael ei hystyried. Nid yw hynny'n meddwl na fyddwn yn ystyried barn pobl y tu allan i Gymru o gwbl, ond rwy'n atebol i bobl Cymru ac felly barn y bobl sy'n byw yng Nghymru sy'n bwysig, yn fy marn i.

The First Minister: Of course, I am answerable to the people of Wales and not to anyone else. As the Member will know, in the past, when many people outside Wales have expressed an opinion, it has tended to be part of a campaign, with people encouraged to respond. However, what is important is that the opinion of the people to be affected by the legislation is considered. That does not mean that we will not consider the opinion of those outside Wales, but I am answerable to the people of Wales and therefore I believe that it is the opinion of the people who live in Wales that is important.

[43] **Elin Jones:** Felly, pan fyddwch yn paratoi adroddiadau sy'n crynhoi'r ymatebion i ymgynghoriad, a fydddech yn ystyried gwneud asesiad a nodi beth yw'r farn o Gymru a beth yw'r farn o'r tu allan i Gymru? A fyddai gwerth mewn gwneud hynny?

Elin Jones: Therefore, when you prepare reports summarising consultation responses, would you consider undertaking an assessment and noting the opinion of those in Wales and the opinion of those outside Wales? Would it be worth doing that?

[44] **Y Prif Weinidog:** Mae hwnnw'n syniad sy'n werth ei drafod. Mae'n bwysig bod pobl yn gwybod o ble mae syniadau yn dod, heb enwi pobl. Mae'n bwysig bod pobl yn cael blas o farn pobl Cymru a fydd yn cael eu heffeithio yn uniongyrchol gan ddeddfwriaeth, a barn pobl y tu allan iddi. Nid yw hynny'n meddwl na fydd barn pobl y tu allan i Gymru o bwys o gwbl, ond credaf ei fod yn wir i ddweud y byddai unrhyw Lywodraeth yn rhoi mwy o bwys ar yr hyn a ddywedir gan y bobl sydd wedi'i hethol yn y lle cyntaf.

The First Minister: That is an idea worth discussing. It is important that people know where ideas come from, without naming names. It is important that people get a flavour of public opinion in Wales, where legislation will have a direct impact, and outside Wales. That does not mean that the opinion of those outside Wales carries no weight, but I believe that it is true to say that any Government would place greater emphasis on what is said by the people who elected it in the first place.

[45] **Mark Drakeford:** First Minister, when Ministers are making choices between the different routes they can take with legislation, am I right in thinking that a core principle that guides their thinking is not simply whether a particular set of proposals is complicated, but also whether it is controversial in the public's mind? So, where there is a particular controversial issue, Ministers so far seem to have operated along the commendable principle of taking a longer route. When I met the clerks to the Health and Social Services Committee yesterday, in relation to the organ donation Bill, I told them that, at Stage 1, if we had to make choices, I wanted to make sure that it was people who had reservations about the Bill who had the maximum amount of time to come to give evidence to us. I think that I see in the way that the Government has gone about this a sense of wanting to make sure that people in Wales feel that they have the maximum opportunity to make sure that any anxieties that they may have or questions that they may want to raise are thoroughly explored during the process. That may mean sometimes a White Paper, a draft Bill or a full Bill and a fairly exhaustive way of doing it, but that is the principle that is driving that sort of decision. Am I right in thinking that that is part of what Ministers take into account?

[46] **The First Minister:** Yes, you are, but not every Bill will see the same approach. There will be some Bills, no doubt, that will be very short over the course of the next few years, while others will be very complex, and those Bills will need greater consideration because of their complexity. However, the intention is to ensure that there is as much opportunity as possible for members of the public to voice their views. There is another element at play here. I am more than aware of the arithmetic of the Assembly, and it is important to ensure that parties outside the Government are fully aware of what is being proposed in order for there to be an understanding of what is common ground and what is not. That is the right approach to take to law making.

[47] **Mark Drakeford:** We are also a single-chamber legislature. There is no revising chamber, so sometimes there is a need to carry out a process that is more exhaustive to ensure that we end up with the right result.

[48] **The First Minister:** Yes, that is absolutely right. There will be legislation passed here that will be controversial, and there will be legislation that many in Wales—a minority, but many—would not agree with. That is the nature of democracy. I think that members of the public accept that. It would be more difficult if legislation were unsound in respect of its application and interpretation, which is why, of course, it is important that there should be a number of opportunities to scrutinise legislation to ensure that it is understandable and correct when people examine it in the future.

[49] **Eluned Parrott:** First Minister, you have been very frank in your paper in identifying problems with the regulatory impact assessment. I am sure that we would all, as Members, say that we have seen explanatory memoranda in which that assessment has seemed cursory

and routine in many ways—although it is not necessarily the case that the background work has not been done, just that it is not necessarily apparent in the assessment. Are you concerned that the process may be seen by officials or Ministers as a box-ticking exercise?

[50] **The First Minister:** No, I do not think that it is seen in that way. With any process that involves finance, it is important that there is constant vigilance to ensure that the process is improved. I know full well that indicative costs proposed at the beginning of the life of a piece of legislation will change, but they cannot change so completely that people get to the point at which they have no faith in the indicative costs. We know that full well, and I expect Ministers to be as robust as they can be to ensure that indicative costs are such that members of the public can have faith in the figure at the start of the process.

[51] **Eluned Parrott:** You also say in your paper that there is an issue with the timing and with building time into the process to do that well. However, you also say that changing that timing alone will not necessarily address your concerns. Are you planning any changes to the process of the RIA?

[52] **The First Minister:** Yes. It has been made clear to Ministers that, as I mentioned before, it is important that the RIA be as robust as possible, and it should not be seen as an optional extra when it comes to legislation, which the Cabinet fully accepts. There are recent examples of our having assessed the resource implications to be at one level while other organisations have assessed them to be at a quite different level. Clearly, in such circumstances, there is a need to work together to ensure that there is greater understanding of how those figures are arrived at. For example, it may be that an organisation or authority that is required to take forward legislation will have a very different view of what it would cost to the view that we would take. In those circumstances it is crucial to investigate the two figures to ensure that a robust figure is arrived at.

[53] **Eluned Parrott:** Do you think that there is an argument for ensuring that there is more transparency in how the Government's figures have been arrived at in those instances?

[54] **The First Minister:** I have no difficulty with that. It is important to be as transparent as possible in order for there to be as much faith as possible in the system of assessment.

[55] **Paul Davies:** I want to pick up briefly on what you were talking about earlier, namely a revising chamber. Do you as a Government have a view on Wales having a revising chamber?

[56] **The First Minister:** No, we do not. We do not have a view on a Welsh House of Lords or a Welsh second elected chamber.

[57] **Paul Davies:** Do you have a personal view on it?

[58] **The First Minister:** I do not see the need for a revising chamber provided that the scrutiny process in the single Chamber is robust. There are examples of bicameral legislatures around the world that seem to produce sound legislation, and there are also examples of single-chamber legislatures around the world that do the same. I do not think that there is a correlation between the number of chambers and the quality of the law that you produce. It is the scrutiny process that is important.

[59] **David Melding:** First Minister, you mentioned the efforts that the Government is making to strengthen the legislative team and the various processes, and that was very interesting. What about the civic sector? Law making is new to us in Wales. It is also a new challenge for non-governmental organisations to participate in that process. Obviously, at Westminster, there are all sorts of organisations that try to influence the passage of

legislation, suggest amendments, lobby and so forth. Do you see any need for the Government or the Assembly in some manner to offer some training and support for organisations that wish to engage in the legislative process more fully? In general, I would say that most of the opinions that we receive from outside bodies tend to be opinions rather than people saying, ‘This amendment would achieve X’ or ‘We don’t like this clause of a Bill’. Is there a need for that, do you think? Would the public good be served if we devoted some resources and time to strengthening the expertise in the civic sector?

10.00 a.m.

[60] **The First Minister:** I think that it is certainly something that the Assembly Commission could look at, and I would argue that it is the Commission’s role rather than the Government’s. It would be a matter for the Assembly to encourage people to play a fuller part in legislation as it passes through the Assembly.

[61] I think that we have come a long way in 13 years. Thirteen years ago, there was virtually no civic society in Wales. There are a number of well-resourced organisations in Wales now that are able to put forward their views. It is right to say, as I think that it is well known, that, in 1999, the Assembly was set up on the basis of using the civil servants of the Welsh Office, and that the Welsh Office was not geared up in any way to produce legislation—or, particularly, to produce policy. In the main, although not exclusively, the Welsh Office was asked to take what was being done in Whitehall and, in effect, to stamp it with ‘Wales’ on the front and do very little else. As a result, it was difficult to build the capacity back in 1999, first of all in policy terms, where the administration wished to take forward areas of policy where there was no equivalent in England and therefore no template, and secondly, of course, in producing legislation.

[62] I think that the system that we had prior to 2011 was a useful learning curve. It was never going to last—and that comes from someone who has been on the record for many years as being in favour of our having primary powers. I did see the advantage in being able to draft Measures and acquire the expertise in the civil service to produce the right level of policy instructions, and then to draft legislation which, on the face of it, looked like primary legislation. Then, of course, we have made the move to drafting primary legislation of our own. I think that that process was useful for us. The Scottish Office had that capacity in a way that the Welsh Office never did. In 13 years, I think that we have come a long way. Thirteen years ago, there would have been no question in my mind of a primary law-making Assembly being able to take forward primary legislation. The capacity would never have been there in the old Welsh Office. It has been a challenge to build it, but it is certainly there now.

[63] **David Melding:** We now move to the next set of questions, and rather topical they are—or have the potential to be. They are on your discussions and relations with the UK Government. I ask Eluned Parrott to take us forward on this section.

[64] **Eluned Parrott:** With current events in mind, the relationship that you have with the UK Government is critical in taking forward your legislative programme. How do you characterise in general terms the relationship between the Welsh Government and the UK Government, and particularly the Wales Office?

[65] **The First Minister:** I think that the relationship is now better than it was previously. There is certainly a lot more contact between the Secretary of State and me in exchanging routine information. On the relationship with individual Whitehall departments, it varies greatly. Those departments that deal with areas that are not devolved to Wales tend to be far less effective in working with the Welsh Government than those departments that are used to dealing with devolved administrations. We have devolution guidance note 9, of course. There is a variation, however. There is no doubt in my mind about that. For example, the

engagement of the Home Office and the Ministry of Justice with the Welsh Government is at a far lower level than it should be, compared with that of the Department for Environment, Food and Rural Affairs, which is well used to dealing with devolved administrations.

[66] **Eluned Parrott:** There has been some discussion on another committee of which I am a member, namely the Constitutional and Legislative Affairs Committee, about the devolution guidance notes needing updating and improving. Would you share that view?

[67] **The First Minister:** I think that it is more a question of each Whitehall department being aware of them and implementing the devolution guidance notes properly. This is not a new problem, I might add.

[68] **Eluned Parrott:** You say that the liaison between departments here and those in the UK Government is variable, but where there is a direct like-for-like comparison, how frequently do Welsh Government Ministers liaise with their UK Government counterparts in general terms? Do you have a particular process in mind for consulting UK Government Ministers when you are developing legislation?

[69] **The First Minister:** We do offer UK Government departments the opportunity to express a view on legislation. They are written to in advance so that they are aware of legislation that may directly or indirectly affect them.

[70] Day-to-day engagement between departments varies: the engagement with DEFRA is frequent, but it is less frequent with other departments. Ministers meet formally with their counterparts elsewhere in the UK. There is regular correspondence and there are opportunities such as the joint ministerial committees where Ministers are able to meet, for example, and there is the British-Irish Council, which will be coming to Wales at the end of this month. So there are many opportunities to engage—to use that word—with other administrations across the UK and beyond.

[71] **Eluned Parrott:** Do you have a set target for how frequently Ministers ought to engage with their UK counterparts?

[72] **The First Minister:** No. I think that it is a question of as and when. There are occasions when a particular issue is being dealt with when the level of engagement is much higher. On a day-to-day basis, my liaison will be with the Secretary of State and, less frequently, with the Prime Minister and the Deputy Prime Minister. I will meet the Secretary of State on average once a month; that is what we plan to do. There will be other occasions when there are phone calls between us; that happens almost on a weekly basis. Communications with the Prime Minister are less frequent. The Deputy Prime Minister chairs the JMC, and I will see him more frequently. There are scheduled meetings that take place and there are other meetings that are fitted in, as and when.

[73] **Eluned Parrott:** Given that the Local Government Byelaws (Wales) Bill was referred to the Supreme Court, there have been breakdowns in communication between the Welsh Government and the UK Government. Can you talk us through how that situation arose?

[74] **The First Minister:** I do not think that there was a breakdown in communication: they took one view, we took another. That was it. At that point, there was no reconciling those views; they could only be settled by the Supreme Court. I do not think that the reference to the Supreme Court was made out of malice by the UK Government. To my mind, it is a fairly inconsequential question, but there is a question there that the Supreme Court is seeking to address, and we will have to wait to see what the outcome is. However, there will be occasions, and that was one, where the view taken by both Governments is intrinsically

different. The only way of settling that, on occasion—I hope that this is not something that becomes frequent—is in the Supreme Court. It is a view taken by Northern Ireland as well, which had similar arguments to ours in the Supreme Court.

[75] **Eluned Parrott:** The Supreme Court is the ultimate arbiter, but what steps did you take to try to avoid the situation coming to that?

[76] **The First Minister:** There were discussions and there was correspondence. It was clear that the two views were too far apart for them to be reconciled. It could only have been reconciled, therefore, through the Supreme Court. As I have said, I hope that that will be infrequent.

[77] **Eluned Parrott:** What steps have you taken to try to ensure that that is an infrequent occurrence?

[78] **The First Minister:** There are always deep discussions about legislation, but there will be occasions where there is disagreement over the scope of the devolution settlement. That is partially to do with the fact that the settlement itself is not as clear as it might be. It is inevitable that there will be occasions when the only way in which the boundary of the settlement can be clarified is via the Supreme Court.

[79] **Eluned Parrott:** In your view, has this experience called into question the nature of the conferred powers model under Schedule 7 to the Government of Wales Act 2006? Do you think that this model is sustainable in the long term, or has this experience called up more fundamental questions about the devolution settlement itself?

[80] **The First Minister:** It is not sustainable in the long term. This is something that we hope that part 2 of the Silk commission will look at. The reserved powers model is a much clearer settlement—it is not entirely flawless, but it is much clearer. There are contradictions in Schedule 7; for example, adoption is devolved and family law is not. As a former practitioner, I am not sure what the difference is, as adoption law is part of public family law. I think that I understand what they were trying to say, but it is not well expressed. There are other areas, too. For example, local government electoral arrangements are devolved, so does that include the nature of elections to local authorities—in other words, being able to change the way in which local authorities are elected? I am not proposing that the Government has plans to do that, but, again, there is a lack of clarity surrounding what that means. It is in the interest not just of Wales and the Welsh Government but also the UK Government to have as much clarity as possible in the devolution settlement. No-one wants to spend time in the Supreme Court and no-one wants to spend time debating what the limits of the settlement are. At the end of the day, clarity means that both administrations are able to carry on in a far more coherent way.

[81] **Eluned Parrott:** There is one more Bill that may be subject to consideration as to whether or not we have competence over it, namely the organ donation Bill, as some have raised concerns that it might impinge on the Human Rights Act 1998. Are you confident that that will not be the case and that you will be able to take forward your proposals?

[82] **The First Minister:** We believe that the Bill is within competence. Detailed discussions are taking place with the UK Government over this, and we hope that some issues will be able to be resolved in time. It is certainly the view of the Welsh Government that this is within competence.

[83] **David Melding:** Do any other Members have questions on that? There was great clarity there, and perhaps there is not so much that we want to follow up. It was interesting to hear your response on those quite fundamental matters.

[84] The final area for questioning in the first section of our session this morning is on post-legislative issues and implementation, and I will ask Elin Jones to take us forward on these areas.

[85] **Elin Jones:** Brif Weinidog, mae Biliau yn cael eu cymeradwyo ac yn dod yn ddeddfwriaeth, ond yn aml iawn mae llawer o'r gwaith sy'n deillio o'r Biliau hynny yn cael ei gyflwyno drwy is-ddeddfwriaeth a rheoliadau. A ydych yn credu bod y broses fel ag y mae ar hyn o bryd yn ddigonol? A ydych yn meddwl bod y broses o graffu ar reoliadau yn ddigonol? A ydych yn credu bod lle i chi fel Llywodraeth ystyried cyhoeddi mwy o reoliadau drafft gyda'r Biliau sy'n cael eu cyflwyno, fel bod y broses graffu bron yn cynnwys y rheoliadau drafft, ac nad ydynt yn rhywbeth y cyfeirir atynt yn y Biliau yn unig?

Elin Jones: First Minister, Bills are approved and become legislation, but it is very often the case that much of the work that emanates from those Bills is introduced through subordinate legislation and regulations. Do you believe that the process as it currently stands is sufficient? Do you think that the scrutiny process for regulations is sufficient? Do you think that there is scope for you as a Government to consider publishing more draft regulations with the Bills that are introduced, so that the scrutiny process almost includes the draft regulations, and that they are not just referred to in the Bills?

[86] **Y Prif Weinidog:** Rydym yn ceisio sicrhau bod digon o sicrwydd mewn Deddf, ond, wedi dweud hynny, mae'n rhaid cael hyblygrwydd. Er enghraifft, mae'n rhaid sicrhau bod gan Weinidog y gallu i newid rheoliadau yn weddol gyflym pan fydd hynny'n gorfod cael ei wneud. Mae'n anodd cyhoeddi rheoliadau drafft ar yr un pryd ag y mae Bil yn cael ei gyhoeddi, gan nad yw wastad yn glir ar y pryd sut yn union y byddai'r rheoliadau hynny yn symud ymlaen. Er enghraifft, o dan Fesur Llywodraeth Leol (Cymru) 2009, mae gan Weinidogion Cymru y gallu i sicrhau bod awdurdodau lleol yn cael eu rhedeg gan gomisiynwyr—gwelsom hynny yn Ynys Môn. Pan gaiff deddfwriaeth ei chyflwyno gerbron y Cynulliad, nid yw'n bosibl ystyried popeth a allai ddigwydd o ran sut y byddai'r rheoliadau hynny'n cael eu defnyddio yn y dyfodol.

The First Minister: What we are trying to do is to ensure that there is enough certainty in an Act, but, having said that, we need flexibility. For example, a Minister must have the ability to amend regulations fairly quickly when that has to be done. It is difficult to publish draft regulations at the same time as a Bill is published, because it is not always clear how those regulations would be taken forward. For instance, under the Local Government (Wales) Measure 2009, Welsh Ministers have the ability to ensure that local authorities are run by commissioners—we saw that in Anglesey. It is not possible, when legislation is laid before the Assembly, to consider everything that might happen with regard to how those regulations would be used in future.

[87] A yw'n bwysig bod craffu ar reoliadau? Ydy, mae'n bwysig. Mae'r rhan fwyaf o'n rheoliadau yn weddol sicr—nid ydynt yn destun llawer o drafod—ond mae system yn y Cynulliad i sicrhau eu bod yn cael eu trafod lle bo hynny'n briodol.

Is it important for regulations to be scrutinised? Yes, it is. Most of our regulations are fairly robust—they are not the subject of much discussion—but the Assembly has a system to ensure that they are discussed where appropriate.

[88] **Elin Jones:** O feddwl yn ôl i'r Bil hylendid bwyd, rhoddodd y Gweinidog a'i swyddogion dystiolaeth inni yn y pwyllgor wrth inni graffu ar y Bil hwnnw am y bwriad i gyflwyno rheoliadau a hyd yn oed y bwriad polisi ar gyfer y rheoliadau hynny, ac roedd

Elin Jones: Thinking back to the food hygiene Bill, the Minister and her officials gave evidence to us in committee when we scrutinised that Bill on her intention to introduce regulations and even her policy intentions for those regulations, which was

hynny'n ddefnyddiol. Fodd bynnag, roeddwn bron yn teimlo bod y penderfyniadau polisi wedi'u gwneud a'u cyhoeddi o ran y rheoliadau hyn ond nad oedd digon o amser i baratoi'r rheoliadau drafft i ddod â hwy ger ein bron ar yr un pryd. Felly, mae bron yn gwestiwn o gapasiti mewn rhai meysydd.

useful. However, I almost felt as if the policy decisions had been taken and announced with regard to these regulations but that there was insufficient time to draw up the draft regulations to present them to us at the same time. So, it is almost a question of capacity in some areas.

10.15 a.m.

[89] Rwy'n derbyn bod angen yr hyblygrwydd a roddir gan reoliadau ond, ar adegau, o ran polisi, datblygiad polisi a phwysigrwydd cynnwys y rheoliadau, byddai'n beth da pe bai'r Llywodraeth yn ystyried cydreddeg rheoliadau a Biliau. Rwy'n siŵr mai sylw oedd hwnnw, nid cwestiwn.

I accept that the flexibility afforded by regulations is necessary but, at times, with regard to policy, policy development and the importance of the contents of regulations, it would be good for the Government to consider making regulations and Bills concurrent. I am sure that that was a comment, rather than a question.

[90] **Y Prif Weinidog:** Pan fydd hynny'n bosibl, rwy'n credu ei fod yn syniad da, ond nid yw'n bosibl bob amser i ystyried sut y byddai rheoliadau'n cael eu defnyddio. Er enghraifft, o ran y pwerau sydd gan Weinidogion i reoli clwy'r traed a'r genau—fel y gŵyr y ddau ohonom—mae'n anodd iawn ystyried sut y byddai'r rheoliadau'n cael eu defnyddio neu eu gwneud heb allu edrych ymlaen at y dyfodol. Felly, mae sicrwydd yn bwysig o ran deddfwriaeth, ond mae hyblygrwydd hefyd yn bwysig. Mae'n rhaid creu sefyllfa lle mae Gweinidogion yn gallu gwneud pethau yn weddol gyflym er mwyn bod yn effeithiol.

The First Minister: Where that is possible, I believe that it is a good idea, but it is not always possible to consider how regulations would be used. For example, with regard to the powers that Ministers have to control foot and mouth disease—as both of us will be aware—it is very difficult to consider how regulations would be used or made without the ability to look into the future. Therefore, certainty is important in legislation, but flexibility is also important. You must have a situation whereby Ministers can take action quite swiftly in order to be effective.

[91] **Elin Jones:** Gwnaeth y Cwnsler Cyffredinol ddatganiad y llynedd am ei fwriad i edrych ar roi cyfundrefn ar waith yng Nghymru a fyddai'n caniatáu cydgrynhai deddfwriaeth a symleiddio deddfwriaeth Cymru a Chymreig. A hoffech roi'r wybodaeth ddiweddaraf inni am y gwaith a wnaed o fewn y Llywodraeth ar hynny gyda'r Cwnsler Cyffredinol? Hefyd, yn ei ddatganiad, cododd y posibilrwydd o ddatblygu modd o roi deddfwriaeth ar y trywydd cyflym er mwyn caniatáu cydgrynhai deddfwriaeth sy'n bodoli eisoes mewn meysydd penodol yn un darn penodol o ddeddfwriaeth. A oes gennych fwriad i wneud hynny a hyrwyddo hynny yn ystod cyfnod y Llywodraeth hon?

Elin Jones: Last year, the Counsel General made a statement on his intention to look at establishing a system in Wales that would permit the consolidation of legislation and the simplification of Welsh legislation. Would you like to give us an update on the work that the Government has done on that with the Counsel General? In his statement, he also raised the possibility of developing a way of fast-tracking legislation to allow for a piece of legislation that would consolidate existing legislation into one specific piece of legislation in specific fields. Do you intend to do that and to facilitate that during the term of this Government?

[92] **Y Prif Weinidog:** Mae'r Cwnsler Cyffredinol yn edrych ar hyn ar hyn o bryd.

The First Minister: The Counsel General is considering that at present. This gives rise to

Mae dau gwestiwn yma: y cyntaf yw ym mha ffordd y gall pobl ddod o hyd i'r gyfraith, a'r ail yw a ddylem gydgrynhoi'r gyfraith yn y pen draw er mwyn ei symleiddio? Ar hyn o bryd, mae'r Cwnsler Cyffredinol yn edrych ar greu llyfr statud i Gymru er mwyn sicrhau bod pobl yn gwybod lle i fynd os ydynt am wybod beth yw'r gyfraith yng Nghymru.

[93] Hefyd, ymhen amser, bydd rhaid ystyried rhyw fath o broses i gydgrynhoi'r gyfraith. Ar hyn o bryd, nid ydym wedi cyrraedd y pwynt hwnnw, gan mai un Ddeddf sydd gennym hyd yn hyn. Fodd bynnag, ymhen rhai blynyddoedd, gyda chyfreithiau'n cael eu datblygu yng Nghymru a chyfreithiau'n cael eu creu yma, bydd rhaid cael rhyw fath o system o gomisiwn cyfreithiol—comisiwn y gyfraith i Gymru a Lloegr neu gomisiwn i Gymru yn unig—I adolygu cyfreithiau a'u cydgrynhoi i sicrhau ei bod yn haws i bobl eu deall ac i ddod o hyd iddynt. Mae'r Cwnsler Cyffredinol yn ystyried hyn ar hyn o bryd er mwyn dod o hyd i'r ffordd orau ymlaen.

[94] Un peth sy'n helpu yw'r ffaith bod llawer o gyfreithwyr yn tueddu i edrych ar-lein i gael gwybod beth yw'r gyfraith. Dim ond llyfrau a oedd ar gael 10 neu 15 mlynedd yn ôl ac, wrth gwrs, rydym yn gwybod o brofiad yr Alban nad oedd y llyfrau'n cael eu diwygio bob blwyddyn. Efallai y byddai llyfr yn cael ei gyhoeddi bob pum mlynedd ac, ar ôl rhyw dair blynedd, ni fyddai'r llyfr hwnnw'n hollol iawn o ran y gyfraith. Felly, mae'r sefyllfa wedi newid am y gorau i ni, oherwydd bod llawer mwy o leoedd i bobl allu dod o hyd i'r gyfraith fel ag y mae yn awr ac nid fel yr oedd rhyw dair blynedd yn ôl.

[95] **Elin Jones:** Felly, o ran y gwaith y mae'r Cwnsler Cyffredinol yn ei wneud ar y llyfr statud a chydgrynhoi, pryd yr ydych yn rhagweld y bydd yn dod â syniadau pendant yn ôl i'r Llywodraeth, a'r Cynulliad maes o law, am ddatblygiadau yn y maes hwn?

[96] **Y Prif Weinidog:** Nid oes amserlen ar hyn o bryd. Rwy'n gwybod bod gwaith yn cael ei wneud. Rwy'n erfyn i'r gwaith gael ei wneud mor gyflym â phosibl.

[97] **Mark Drakeford:** I fynd yn ôl at

two questions: first, how will people be able to find legislation, and secondly, should we eventually consolidate the law in order to simplify it? The Counsel General is currently looking at creating a statute book for Wales to ensure that people know where to go if they want to know what the law is in Wales.

Also, in time, we will have to give consideration to some sort of process for consolidating the law. We are not there yet, because we only have one Act to date. However, in some years' time, with law being developed in Wales and being created here, we will need some sort of law commission—an England and Wales law commission or a Wales-only commission—to review and consolidate laws to ensure that it is easier for people to understand and find them. The Counsel General is currently considering that to try to find the best way forward.

One thing that helps is the fact that many lawyers tend to look online to find out what the law is. Ten or 15 years ago, that information was only available in books. Of course, we know from Scotland's experience that the books were not updated every year. Books would, perhaps, be published every five years and, after about three years, they would no longer be up-to-date. Therefore, the situation has changed for the better for us, because there are now far more places that people can go to find out about the law as it currently stands, and not as it was some three years ago.

Elin Jones: Therefore, as regards the work that the Counsel General is doing on the statute book and consolidation, when do you expect him to report back with specific ideas for the Government, and the Assembly, in due course, on developments in this field?

The First Minister: There is no timetable at present. I know that work is being undertaken. I expect that work to be done as soon as possible.

Mark Drakeford: To go back to the point

bwynt Elin am y Bil hylendid bwyd, yn y pwyllgor yng Nghyfnod 1, roeddem yn ceisio meddwl a oedd y llinell rhwng y pethau ar wyneb y Bil a'r pethau yr oedd y Llywodraeth eisiau eu cadw i'w rhoi yn y rheoliadau yn y lle iawn. Helpodd y Gweinidog ni drwy ddweud ei bod eisiau ceisio cyhoeddi rheoliadau drafft i ni gael gweld yn fwy manwl pam mae'r Llywodraeth wedi rhoi'r llinell lle y mae. Ond, heb weld y drafft, roedd yn anodd i'r pwyllgor fod yn siŵr ei fod yn gallu cefnogi'r hyn yr oedd y Llywodraeth yn ei awgrymu.

[98] Ar un ochr, mae'n rhywbeth ymarferol. Fel pwyllgor, rydym ni i gyd yn gweld pwysigrwydd hyblygrwydd; nid oes problem o ran yr egwyddor honno. Ond, roedd yn anodd i ni fel pwyllgor wneud ein gwaith heb feddu ar syniad am yr hyn yr oedd y Llywodraeth eisiau ei wneud o dan y rheoliadau. A ydych yn gweld y broblem yn hynny o beth?

[99] **Y Prif Weinidog:** Rwy'n deall hynny ond, yn fy marn i, y cwestiwn i'r pwyllgor yw a ddylai'r Gweinidog gael y pwerau. Mae'n anodd ystyried ym mha ffordd y byddai'r pwerau hynny'n cael eu defnyddio. O ran edrych ar unrhyw Fil, ar wyneb y Bil y byddai pethau nad ydynt, ym marn y Llywodraeth, yn mynd i newid am flynyddoedd—pethau sy'n fwy sicr a phendant. Byddai'n rhaid cael rheoliadau i ymateb i rywbeth—ac mae clwy'r traed a'r genau yn un enghraifft—a fyddai'n gorfod cael ei newid bob blwyddyn, neu'n fwy aml.

[100] Enghraifft arall yw'r comisiynwyr ar Ynys Môn. Byddai neb eisiau gweld Bil yn cael ei basio ar gyfer rhywbeth fel hynny, oherwydd byddai'n cymryd gormod o amser a'r amser perthnasol yn mynd heibio. Nid yw penderfynu lle dylai'r ffin fod yn wyddoniaeth sicr. Nid yw wastad yn bosibl dweud ym mha ffordd y bydd rheoliadau'n cael eu defnyddio. Y cwestiwn yw a ddylai mater gael ei drafod gan Weinidogion gan ddefnyddio rheoliadau, neu a yw'n rhywbeth a ddylai fod ar wyneb Bil. Dim ond pwyllgorau all ystyried hynny.

[101] **David Melding:** First Minister, in a parliamentary system, inevitably, most legislation will be proposed by the Government. However, other routes are possible. What attitude is the Government likely to take to legislation proposed by an Assembly committee or

made by Elin on the food hygiene Bill, in the committee at Stage 1, we tried to think about whether the line between the things on the face of the Bill and the things that the Government wanted to keep for the regulations is in the right place. The Minister helped us by saying that she wanted to try to publish draft regulations so that we could see in more detail why the Government decided to put the line where it is. However, without seeing the draft, it was difficult for the committee to be certain that it could support what the Government was suggesting.

On the one hand, it is about practicality. As a committee, we can all see the importance of flexibility; there is no problem with that principle. However, it was difficult for us as a committee to do our work without any idea of what the Government wanted to do under the regulations. Do you see the problem that we had with that?

The First Minister: I understand that, but, in my view, the question for the committee is whether the Minister should be given the powers. It is difficult to consider how those powers may be used. As regards looking at any Bill, there would be things on the face of the Bill that, in the Government's view, will not change for many years—things that are more certain and definite. We would have to have regulations to respond to something—and foot and mouth disease is one example—that would have to be amended annually, or more frequently.

Another example is the commissioners in Anglesey. Nobody would want to see a Bill passed for an instance such as that, because the length of the process would mean that the moment would have passed. Deciding where the line should lie is not an exact science. It is not always possible to say how regulations will be used. The question is whether a matter should be discussed by Ministers via regulations, or whether it is something that should be on the face of a Bill. Only the committees can consider that.

an individual Member? I ask that because some people were surprised that the Public Audit (Wales) Bill was taken over by the Government.

[102] **The First Minister:** The first Act of the Assembly was an Act proposed by the Assembly itself, rather than the Government. So, there is scope for legislation to be taken through routes other than the Government.

[103] When we look at legislation not proposed by Government and seek to take it over, it is not done with an element of malice but in order to bring Government resources to bear to take the legislation through. If individual Members come forward with Bills that the Government feels it can support, then the whole machinery of Government can be put behind that Bill to assist the Member, without trying in any way to remove the Member's credit for thinking of the Bill in the first place. It is done to ensure that as many resources as possible are directed at a Bill to take it through.

[104] **David Melding:** Thank you. That concludes the final section of the first subject under scrutiny this morning. I suggest that we adjourn until 10.35 a.m. so that we can all have a short break. Then, we will return and ask questions on the Welsh Government's approach to promoting enterprise.

*Gohiriwyd y cyfarfod rhwng 10.24 a.m. a 10.33 a.m.
The meeting adjourned between 10.24 a.m. and 10.33 a.m.*

[105] **David Melding:** The Committee for the Scrutiny of the First Minister is back in session, and we will now ask the First Minister questions on our second subject, which is the Welsh Government's approach to promoting enterprise. Would you like to introduce the official before we start, First Minister?

[106] **The First Minister:** Yes. To my right, I have Rob Hunter, and to my left, I will have James Price. [*Laughter.*] James has been here, in fairness, but he has left to get something from another room and will return shortly.

[107] **David Melding:** I should apologise, as I did not realise that he was not seated when we started, but he will be in presently, I am sure. I will ask Paul Davies to start this session.

[108] **Paul Davies:** Yn eich rhaglen lywodraethu, Brif Weinidog, rydych wedi dweud yn eithaf clir eich bod yn bwriadu adolygu cymorth i entrepreneuriaeth. Mae ymrwymiad hefyd i hybu diwylliant entrepreneuriaidd. Mae pryderon, ac ni fyddwch yn synnu fy mod yn rhannu'r pryderon hynny, am y ffordd y mae'r economi yn datblygu yng Nghymru. Mae gwerth ychwanegol crynswth y pen yn is yng Nghymru nag ydyw mewn unrhyw wlad arall yn y Deyrnas Unedig. A allwch chi ddweud wrthym beth yw eich gweledigaeth fel Prif Weinidog i hyrwyddo menter yn economi Cymru?

Paul Davies: In your programme for government, First Minister, you have made it quite clear that you intend to review entrepreneurial support. There is also a commitment to promoting a culture of enterprise. There are concerns, and you will not be surprised to hear that I share those concerns, as regards the way in which the economy is developing in Wales. Gross value added is lower per capita in Wales than it is in any other country in the United Kingdom. Can you tell us what your vision is as First Minister for promoting enterprise within the Welsh economy?

[109] **Y Prif Weinidog:** Rwy'n gwybod nad oes prinder menter ymysg pobl Cymru; gwelwyd hynny yn adroddiad Monitor Entrepreneuriaeth y Byd. Felly, sut y gallwn

The First Minister: We know that there is not a lack of enterprise from the people of Wales; that is evident in the Global Entrepreneurship Monitor report. Therefore,

hybu'r talentau sydd gan ein pobl? Rydym wedi apwyntio saith pencampwr busnes mewn entrepreneuriaeth, i hybu entrepreneuriaeth yng Nghymru. Cynhelir cynhadledd entrepreneuriaeth Cymru heddiw ac mae'r wythnos hon yn Wythnos Entrepreneuriaeth y Byd. Hefyd, mae canolfan newydd wedi agor yng nghanolfan Dylan Thomas yn Abertawe. Mae strategaeth entrepreneuriaeth ieuencid gennym i sicrhau ein bod yn gallu hybu diwylliant entrepreneuriaid yng Nghymru—yn hanesyddol, nid yw hyn wedi bod mor gryf ag y dylai fod dros y degawdau diwethaf.

[110] **Paul Davies:** Roeddech yn sôn yn gynharach fod diwylliant entrepreneuriaid yng Nghymru a bu ichi gyfeirio at Fonitor Entrepreneuriaeth y Byd, ond yn yr arolwg hwnnw yn 2011, gofynnwyd i bobl nad oeddent yn hunangyflogedig a oeddent yn teimlo bod dechrau busnes yn ddewis gyrfda da ac, yng Nghymru, dywedodd 44% eu bod yn teimlo ei fod yn ddewis da, ond, yn Lloegr, 51% oedd y ffigur. Sut fyddwch chi, fel Llywodraeth, yn gwella'r ffigurau hynny? A fyddwch yn gosod targedau i sicrhau bod mwy o fusnesau yn cael eu creu yng Nghymru? A fyddwch yn gosod targedau i wella GVA y pen, er enghraifft? Sut ydych chi'n mynd i wneud hyn?

[111] **Y Prif Weinidog:** Fel rhywun sydd wedi dechrau a rhedeg busnes yn y gorffennol, rwy'n deall ei fod yn gallu bod yn gam mawr i bobl. Er hynny, ni chredaf fod diffyg talent entrepreneuriaid yng Nghymru, ond mae diffyg hyder gan bobl i ddechrau eu busnesau ei hunain.

[112] Yr hyn sy'n dda am adroddiad Monitor Entrepreneuriaeth y Byd yw ei fod yn dangos bod mwy o bobl yng Nghymru yn gweld dechrau busnes eu hunain fel rhywbeth yr hoffent ei wneud. Nid yw'r ofn a oedd yn bodoli flynyddoedd yn ôl yn bodoli rhagor. O ran targedau, y targed yw sicrhau ein bod ar yr un lefel â Lloegr ac yna ein bod yn mynd ymhellach na Lloegr yn y dyfodol.

[113] **Paul Davies:** A yw'ch uned gyflawni'n chwarae rhan wrth geisio gwella'r economi a hybu entrepreneuriaeth yn gyffredinol?

how can we further promote the talents of our people? We have appointed seven business champions in entrepreneurship in order to promote entrepreneurship in Wales. The Wales entrepreneurship conference is being held today and this week is Global Entrepreneurship Week. Also, a new centre has opened in the Dylan Thomas centre in Swansea. We have a youth entrepreneurship strategy to ensure that we promote a culture of entrepreneurship in Wales—historically, this has not been as strong as it should have been over recent decades.

Paul Davies: You mentioned earlier that there is an entrepreneurial culture in Wales and you referred to the Global Entrepreneurship Monitor, but, for the 2011 report, people who were not self-employed were asked whether they felt that starting a business was a good career choice and, in Wales, 44% said that it was, but in England, the figure was 51%. How are you, as a Government, going to improve those figures? Will you set targets to ensure that more businesses are set up in Wales? Will you set targets to improve the per capita GVA, for example? How are you going to do this?

The First Minister: As someone who has set up and run a business in the past, I understand that it can be a big step for people. However, I do not think that there is a lack of entrepreneurial talent in Wales, but people lack the confidence to start their own businesses.

What is good about the Global Entrepreneurship Monitor report is that it demonstrates that more people in Wales see starting their own businesses as something that they would like to do. The fear that existed years ago is not there anymore. The target is to ensure that we are on the same level as England and that we go further than England in future.

Paul Davies: Does your delivery unit play a part in trying to improve the economy and promote entrepreneurship more generally?

[114] **Y Prif Weinidog:** Ydy, ond nid yn uniongyrchol. Esboniaf beth y mae'r uned gyflawni'n ei wneud. Nod yr uned yw sicrhau bod adrannau yn gwneud yr hyn y dylent ei wneud fel fy mod innau, fel Prif Weinidog, yn hyderus bod maniffesto'r Llywodraeth yn cael ei gyflawni. Mewn ffordd, rôl yr uned yw bod yn glustiau a llygaid i mi wrth edrych ar yr hyn y mae adrannau'n ei wneud. Felly, nid yw'r uned yn cyflawni'n uniongyrchol yn y ffordd honno. Ond, o ran sicrhau bod mwy o waith yn cael ei wneud i hybu entrepreneuriaeth yng Nghymru, mae rôl gan yr uned i sicrhau bod yr adran berthnasol yn gwneud hynny.

[115] **Paul Davies:** Faint o ddylanwad sydd gyda chi, fel Llywodraeth, o ran hyrwyddo menter ac entrepreneuriaeth? A ydych chi'n credu y dylech chi gael mwy o ddylanwad ar y ffordd y mae hyn yn digwydd?

[116] **Y Prif Weinidog:** Byddwn i'n dadlau bod llawer o ddylanwad gennym ar hyn o bryd o ran hybu entrepreneuriaeth ymysg pobl ifanc. Rwyf wedi sôn am yr hyn y mae'r Llywodraeth wedi ei wneud hyd yn hyn i helpu entrepreneuriaeth. Ar ben hynny, rhoddwyd help i'r rhai sydd eisiau dechrau busnesau ei hunain, er enghraifft drwy wasanaeth peilot y *high potential start* a'r gwasanaeth dechrau busnes. Mae sawl cynllun ar waith i annog pobl i fod yn entrepreneuriaid ac i'w helpu i ddechrau ym byd busnes.

[117] **Paul Davies:** Sut ydych chi'n ymgysylltu â busnesau i annog y busnesau hynny i hybu entrepreneuriaeth yn ein cymunedau? Pa waith ydych chi'n ei wneud, fel Llywodraeth, ar hynny?

[118] **Y Prif Weinidog:** Y ffordd orau o hybu entrepreneuriaeth yw dangos enghreifftiau llwyddiannus, a'r ffordd o wneud hynny yw defnyddio pobl sydd wedi bod yn llwyddiannus mewn busnes i ddangos ei fod yn bosibl. Rydym wedi sôn am y pencampwyr entrepreneuriaeth busnes sydd wedi'u penodi i ddangos i bobl sydd eisiau dechrau busnes ei fod yn bosibl ei wneud a'i fod yn bosibl bod yn llwyddiannus iawn. Dyna'r ffordd orau o'i gwneud yn fy marn i.

The First Minister: Yes, but not directly. I will explain what the delivery unit does. The aim of the unit is to ensure that departments are doing what they should so that I, as First Minister, can be confident that the Government's manifesto is being delivered. In one way, the role of the unit is to be my eyes and ears when it comes to what departments are doing. So, the unit is not delivering directly, in that sense. However, as for ensuring that more work is done to promote entrepreneurship in Wales, the unit's role is to ensure that the relevant department is doing that.

Paul Davies: How much influence do you have, as a Government, on promoting enterprise and entrepreneurship? Do you think that you should have a greater influence on how that is progressed?

The First Minister: I would argue that we currently have a lot of influence on how entrepreneurship is promoted among young people. I have alluded to what the Government has done up to now to help entrepreneurship. In addition to that, help is given to those who want to start their own businesses, for example, with the high potential start pilot service and the business start-up service. There are several schemes in place to encourage people to be entrepreneurial and to help them to get started in the world of business.

Paul Davies: How do you engage with businesses to encourage those businesses to promote entrepreneurship in our communities? What work are you, as a Government, doing on that?

The First Minister: The best way to promote entrepreneurship is to highlight successful examples, and the way to do that is to use people who have been successful in business to show that it is possible. We have talked about the business entrepreneurship champions who have been appointed in order to show people who want to start a business that it is possible and that it is possible to be very successful. That, in my view, is the best way to do it.

[119] **Paul Davies:** Derbyniaf fod talent yng Nghymru i ddechrau busnesau newydd a hybu entrepreneuriaeth, ond mae'r ffigurau'n dangos nad yw'r hyder yno; credaf eich bod wedi cyffwrdd ar hynny eisoes. Credaf fod rhaid inni hybu entrepreneuriaeth yn gynnar iawn yn ein hysgolion, er enghraifft. A fyddai rhoi'r hawl i ysgolion sefydlu mentrau cymdeithasol yn ffordd arall o hybu diwylliant entrepreneuriaidd, yn eich tyb chi?

Paul Davies: I accept that Wales has the talent to start new businesses and to promote entrepreneurship, but the figures show that the confidence is not there; I think you have touched on that already. I think that we have to promote entrepreneurship very early on in our schools, for example. Would giving schools the right to establish social enterprises be another way of promoting an entrepreneurial culture, in your view?

[120] **Y Prif Weinidog:** Mae'n bwysig dros ben cael y cydbwysedd yn iawn o ran hybu entrepreneuriaeth ymhlith pobl ifanc heb eu rhoi mewn sefyllfa lle y gallent deimlo eu bod yn gwneud gormod. Mae'ch pwynt am ysgolion yn creu mentrau cymdeithasol yn un diddorol, ond mae'n bwysig dros ben nad ydynt yn ceisio gwneud gormod wrth wneud hynny.

The First Minister: It is exceptionally important to get the balance right in promoting entrepreneurship among young people without putting them into a situation in which they feel out of their depth. Your point about schools creating social enterprises is an interesting one, but it is exceptionally important that they do not get in over their heads in doing so.

[121] Un peth sydd wedi newid yw bod sawl ysgol yn awr yn cymryd rhan mewn prosiectau i hybu entrepreneuriaeth ymhlith pobl ifanc, ac mae gennym strategaeth entrepreneuriaeth ieuenctid. Gadewais yr ysgol yn yr 1980au, a phe bawn i wedi dweud wrth yr athro gyrfaoedd ar y pryd fy mod i eisiau dechrau busnes, byddai hynny wedi cael ei ystyried fel rhyw fath o wendid. Dyna oedd barn athrawon gyrfaoedd bryd hynny; roeddent wastad yn athrawon a oedd wedi mynd yn rhy hen i addysgu addysg gorfforol, yn fy marn i. Pan adewais i'r ysgol, roedd pum pwnc werth eu hastudio yn ôl yr athrawon hynny, sef y gyfraith, cyfrifiaeth, meddygaeth, fferylliaeth neu ddeintyddiaeth. Nid oedd dim byd arall werth ei astudio. O achos hynny, roedd cenhedlaeth yn meddwl nad oedd busnes yn rhywbeth iddynt hwy. Mae hynny wedi newid, a diolch byth am hynny. Rydym ni, fel Llywodraeth, wedi helpu drwy greu strategaeth i bobl ifanc. Gwelwn o adroddiad Monitor Entrepreneuriaeth y Byd fod pobl ifanc a phobl yn gyffredinol yn fwy tebygol o sefydlu eu busnesau eu hunain nag oeddent flynyddoedd yn ôl.

One thing that has changed is that several schools now play a part in projects that promote entrepreneurship among young people, and we have a youth entrepreneurship strategy. I left school in the 1980s and had I told my careers teacher at the time that I wanted to start a business, he would have considered that to be some kind of weakness. That was the view of careers teachers at that time; they were usually the teachers who had become too old to teach physical education, in my view. When I left school, there were five things that were worth studying according to those teachers, namely the law, accountancy, medicine, pharmacy or dentistry. There was nothing else worth studying. As a result, there was a generation who thought that business was not something that was for them. That has changed, and thank goodness for that. We, as a Government, have helped by creating the strategy for young people. We see from the Global Entrepreneurship Monitor report that young people and people in general are more inclined to set up their own business than was the case years ago.

[122] **David Melding:** We will move on to our next set of questions, which will look at cross-cutting policy areas to promote enterprise. I ask Eluned Parrott to take us through this section.

[123] **Eluned Parrott:** First Minister, clearly the economy is one of the key challenges that face us. Inevitably, it is an area that cuts across several of your Government's departments.

How is the promotion of enterprise mainstreamed and co-ordinated across all Government departments?

[124] **The First Minister:** Everything is geared towards the task of creating jobs at a time when we know that people are concerned about their financial future. I will give some examples of cross-cutting issues that are taken forward by several departments. The scheme to support renewable energy producers cuts across several departments; the energy and environment SME fund is dealt with by the department for the environment and sustainable development and the department for business, enterprise, technology and science. Looking, for example, at the digital development fund and the microbusiness loan fund, the business rates scheme and the enterprise zones, these are all areas that require different departments to work together in order to deliver effectively.

[125] **Eluned Parrott:** What formal mechanisms do you have to ensure that that co-ordination is effective, and who takes the lead on ensuring that that is delivered?

[126] **The First Minister:** That is the job of the delivery unit. The unit itself is tasked with the responsibility of ensuring that there is proper, cross-cutting work to ensure that what is promised is delivered.

10.45 a.m.

[127] **Eluned Parrott:** Which Minister has responsibility for ensuring that that process is effective?

[128] **The First Minister:** I do.

[129] **Eluned Parrott:** Obviously, all Government departments have big spending commitments and, through procurement, have the potential to make a significant economic impact, even the ones that are perhaps not at first sight involved in the delivery of economic programmes. Are you content that enough is being done to use procurement effectively across Government departments?

[130] **The First Minister:** Yes, I am. The challenge that I find with procurement is not so much in needing to change the way in which Government operates, but in ensuring that SMEs in particular are able to bid for contracts effectively. For example, some years ago, I was asked why it was that the Welsh NHS did not, in the main, buy Welsh beef. The reason for it was that the contracts were so big that there were no firms in Wales at that time able to bid for them. They could not supply frequently enough and in sufficient quantities to satisfy the contract requirements. We worked with those firms and, in the end, they were able to bid successful for those contracts, working together, mainly.

[131] We have had several procurement initiatives over the years, and the situation has improved. Welsh firms are far more successful now in bidding for contracts than they used to be, but it does mean that we have to be vigilant in ensuring that SMEs understand what is required of them when they bid for contracts.

[132] **Eluned Parrott:** Clearly, there are two sides to that coin. In the case of a contract that is, effectively, too big for an SME to apply for, either we can build and develop capacity within SMEs, or we can look at ways of designing contracts so that they are not parcelled up into chunks that are too big for the local business community to tackle. Are you taking proactive steps to make sure that the local business structure is taken into account when procurement contracts are drawn up?

[133] **The First Minister:** Yes, we would encourage any public authority to structure its

contracts in such a way as to maximise the potential for local procurement. There is often an upfront cost to this, of course, in the sense that it is not cheaper to do it that way, but it can be done. For example, I am aware that, in many parts of France, local authority school meal contracts are actually broken up into different bits according to what is being supplied, which means that local firms are able to bid more effectively. It also means that the open bidding process normally required under European rules is not required. For example, there might be an onion contract and a potato contract, and they might be dealt with separately. The actual upfront costs are more expensive, I suspect, but it is more effective at returning money to the local community. I would encourage local authorities to be as flexible as possible to ensure that local firms are in the best position that they can be in to bid.

[134] **Eluned Parrott:** Are you confident that Welsh Government departments, when allocating their own contracts, take that kind of approach?

[135] **The First Minister:** We always seek to do that. There will be occasions when it is not possible with some of the bigger contracts, but, clearly, we understand that, as a Government, we have a role in promoting local procurement when we are asking others to do the same.

[136] **Eluned Parrott:** I would like to ask about enterprise zones as they are clearly a key element of your policy agenda in driving economic growth. I would particularly like to ask about the governance arrangements that have been set up for the enterprise zones. They are, essentially, arm's-length groups of partnerships that have been established to lead those policy areas. Do you have a concern that you may, through setting up that kind of arm's-length partnership, lose control over what is a critical policy area for your Government?

[137] **The First Minister:** No. It is important to have the expertise in place on those boards. Obviously, we are fully confident that the boards have the right people on them and that they will take the enterprise zones in the right direction. Just to inform the committee, the boards have prepared strategic plans for each of the enterprise zones, and they are being considered by officials, so clearly there needs to be an element of approval by the Minister in order for the plans to be taken forward. We have no concerns about the governance arrangements of the boards and we look forward to their developing further plans for the future.

[138] **Eluned Parrott:** Local authorities will clearly be key in delivering the enterprise zones on the ground. How critical is it that you should be able to work effectively with local authorities?

[139] **The First Minister:** It is crucial. It is also crucial that local authorities can work with each other to deliver on enterprise zones. There is no indication that that is not the case, but we know that, when it comes to the enterprise zones, it is important that there be as much working across different levels of government as possible for them to be as effective as possible.

[140] **Eluned Parrott:** With regard to that partnership, this week, a situation has arisen in the Cardiff enterprise zone where, as I understand it, the Welsh Government was bidding for a parcel of land in that zone and the local authority bought the land out from underneath you, if reports in the newspapers are to be believed. Is that indicative of a failure in that partnership arrangement?

[141] **The First Minister:** I think that, on occasion, we should be very sceptical about what we read in the media. There have been many discussions with Cardiff Council, and they have been fruitful discussions. I have held discussions with the leadership and I know that the Minister for Business, Enterprise, Technology and Science has, as well. The enterprise zone is

proceeding well.

[142] **Eluned Parrott:** Turning to the issue of social enterprises, they clearly present a very interesting opportunity for Government to deliver growth alongside other policy agendas. This is something that your Government has looked at in the past. In October 2009, you published a map of activity and you looked at ways in which the Welsh Government could encourage social enterprises to grow. What work has the Welsh Government done since 2009 to make progress on that agenda?

[143] **The First Minister:** We provide about £500,000 a year to specialist social enterprise organisations to provide support in the sector. On top of that, the Wales Co-operative Centre receives core funding of £525,000. Social Firms Wales will receive funding of £105,000 to create two social change partnerships and five social firm businesses in Wales. Social Firms Wales received a three-year funding agreement for £150,000 for a pilot project to develop models of social firms specialising in childcare and social care. There has also been funding for the Development Trusts Association Wales, the Welsh social enterprise coalition, and match funding for the £8 million-worth social enterprise support project. I could give you other examples, but we certainly know that this is a sector of immense importance, particularly given that it has proved to be the most durable in the times of economic difficulties that first hit in 2008.

[144] **Eluned Parrott:** One of the models that was identified by the Enterprise and Learning Committee in the last Assembly, and one that you agreed was transferable, was the Glas Cymru model. How much consideration have you given to ensuring that such models are adopted and employed by social enterprises? What is the balance between suggesting models and allowing the sector the freedom to develop along those lines?

[145] **The First Minister:** There is no one model. Of course, it is important that social enterprises choose the model that is right for them. We have established the Welsh Co-operative and Mutuals Commission. Its remit is to make recommendations on growing and developing the co-operative and mutual economy in Wales. We look forward to receiving those recommendations. I have already mentioned the funding that is being made available to enable different organisations to develop different models that are the most appropriate.

[146] **Eluned Parrott:** Is there potentially a role for the Welsh Government to be proactive in creating that more mutualised society through things such as the creation of a business credit union, for example, which has been suggested in the past?

[147] **The First Minister:** We must be mindful of the rules that govern financial regulation, state aid and Government involvement. We have Finance Wales, but it is not always clear what we can do without incurring significant problems. Therefore, it is important that we do what we can. As for how we encourage social enterprises, I have outlined a number of measures for which we are looking to do that. With regard to credit unions generally, there is great scope to grow credit unions. We know that, in other parts of the world, such as Canada, where they started, and the Republic of Ireland, where they have been established for many years, they provide significantly higher levels of loans than is the case in Wales at present. I look forward to a time when credit unions are able to provide far bigger loans than at present.

[148] **Paul Davies:** Rwyf eisiau mynd yn ôl at y parthau menter yr oeddech yn sôn amdanynt yn gynharach. Mae'n hynod bwysig ein bod yn gweld parthau menter yn datblygu cyn gynted ag y bo modd. Pa gefnogaeth benodol ydych chi fel **Paul Davies:** I want to go back to the enterprise zones that you talked about earlier. It is extremely important that we see enterprise zones being developed as soon as possible. What specific support have you as a Government asked for from the Treasury in

Llywodraeth wedi gofyn amdani oddi wrth y Trysorlys i symud y polisi hwn yn ei flaen? order to move this policy forward?

[149] **Y Prif Weinidog:** Mae'r mater hwn wedi cael ei ddatganoli, felly ni fyddem yn disgwyl siarad â'r Trysorlys i gael unrhyw fath o gyllid oddi wrtho. Barn y Trysorlys yw ei fod yn rhoi arian i ni bob blwyddyn, a dyna ni. Mae'n rhaid i ni wario'r arian hwnnw mewn ffordd sy'n addas i Gymru. Fodd bynnag, mae trafodaethau wedi bod, er enghraifft am lwfansau cyfalaf uwch o ran y parthau menter, ac mae'r trafodaethau hynny'n parhau.

The First Minister: This matter has been devolved, so we would not expect to speak to the Treasury about securing any kind of funding. The Treasury's view is that it gives us the money annually, and that is it. It is then up to us to spend that money in a way that is appropriate for Wales. However, discussions have taken place, for example on enhanced capital allowances with regard to the enterprise zones, and those discussions are ongoing.

[150] **Mark Drakeford:** I have two separate supplementary questions, if I may, Chair. My first question is on enterprise zones. A justifiable criticism of conventional previous enterprise zones is that, rather than creating new jobs, they simply moved jobs from where they previously were into the zones to take advantage of the tax breaks and so on that were available. Can you confirm, First Minister, that one of the key purposes for the Welsh Government of the new enterprise zones will be to try to create new jobs in them?

[151] **The First Minister:** Yes. They would not serve their purpose if that were not the case. One way of ensuring that is to take the approach that we have done, where each enterprise zone is, in effect, themed. The approach that was taken some 30 years ago to enterprise zones had mixed results. Some were more successful than others, and it was not clear what it was that brought firms into the enterprise zones beyond the geography of those zones. We know that one of the most effective ways of positioning Wales in investment terms is to say to potential investors, 'Come to Wales because there is already a cluster of skills available in your particular area of business'. Having themed enterprise zones helps to strengthen that clustering effect. There is no point in our trying to be completely untargeted, and trying to attract investment of any kind into Wales in areas where we have no previous expertise. It is important that we are able to build on the expertise that we already have, and the enterprise zones seek to enhance that process.

[152] **Mark Drakeford:** On social enterprises, do you believe that the Welsh Government will be prepared for the commission to which you referred to consider the idea of social enterprise zones, not necessarily geographically, but, for example, by sector? In social care, for example, just as enterprise zones aim to clear out of the way some of the impediments that exist to businesses operating, we could look at ensuring that the ability of social enterprises to grow in particular sectors could be enhanced in that same way.

[153] **The First Minister:** That is an extremely interesting idea, and one that we can look at developing in the future.

[154] **David Melding:** First Minister, could I ask how city regions may be utilised in promoting enterprise? I believe that it is fair to say that, since unitary authorities were introduced, the economic leadership role of local government has not always been consistently achieved. Do you see this as perhaps having more potential with city regions?

[155] **The First Minister:** Yes. We have 22 economic development departments in Wales, in local authorities, and it is difficult for them to function as effectively as they might, notwithstanding, of course, the quality of the people who work in those departments. We also need to realise that there are regions in Wales that cut across local authority boundaries when it comes to economic activity. Cardiff is one such city region, if I can put it that way. We

know that thousands of people commute into Cardiff every day from other local authority areas, so it is unrealistic to look at Cardiff in isolation, or indeed at the areas of Rhondda Cynon Taf, Caerphilly or Bridgend in isolation, given that so many people work in Cardiff from those local authority areas. So, a city region approach can provide the basis for very effective delivery in the future, not least if we look at the issue of transport.

11.00 a.m.

[156] With the full electrification of the Valleys lines, there exists the opportunity to create a south Wales metro system whereby the trains are more frequent and faster. That is a far more effective way of connecting communities across a wider area than looking purely at Cardiff. For example, a village like Taff's Well is in Rhondda Cynon Taf but has a significant amount of people commuting into Cardiff. So, a city region approach, just to use that one example, can lead to greater connectivity and economic activity across local authority boundaries. Our local authorities are so small that there are very few local authorities that can encompass not just their political boundaries, but their economic boundaries.

[157] **David Melding:** We will now turn to look at business support and business creation. I will ask Mark Drakeford to lead us through this section.

[158] **Mark Drakeford:** First Minister, why is the Welsh Government in the business of providing business support? Would it not be better if we took the market at its word, cleared out of the way, let good ideas swim and bad ideas sink, and just let the market do its business?

[159] **The First Minister:** We can do both. It is not the Government's role to run businesses or to save every business. That is not what the market does. Once a business is set up, it is at the mercy of the market. That is the nature of business. What the Government can do, of course, is create the right conditions for business to flourish and to target support at areas where there is great potential for growth. That, I believe, is what we have done, for example through the digital development fund and the life sciences fund. They are designed to encourage business and not to get in the way of job creation.

[160] **Mark Drakeford:** The American Nobel prize-winning economist, Joseph Stiglitz, having looked at areas where economies thrived and where economies were failing to thrive, recently reported and concluded that there was little or no evidence that public investment crowded out private activity, but that successful economies were places where public investment operated in such a way as to crowd in investment from beyond the public sector. What element does the Welsh Government provide that can help to create that result in Wales? What can the Government do that allows business to see Wales as an attractive place to locate to?

[161] **The First Minister:** Let us take the area of construction, for example. We know that, for a number of years after 2008, the only construction work being carried out was pretty much done by public authorities. That, of course, helped to keep businesses afloat and to keep people in jobs. One of the things that the previous Government did was to front-load as much capital investment as possible in order for businesses to have work and to keep people in employment. I have never seen evidence of public investment crowding out private investment. In an ideal world, public investment would attract private investment and would help private businesses to keep going in difficult times. To me, the job of the Government is not to spend all of its time intervening in the market, even though, at UK level, there are clear examples of where that has to be done, with the energy markets being a sore example, where the free market just does not work and there has to be an enormous amount of complicated regulation that consumers cannot understand. Nevertheless, I think that it is wholly legitimate for the Government to be able to assist businesses to create jobs, as long as those businesses are viable in the future. The last thing that the Government should be doing is propping up

businesses that are doomed to fail. There are many examples of businesses that we have helped in Wales, where they have been able to create jobs in areas that we know will be sustainable.

[162] **Mark Drakeford:** One area where the Welsh Government has made substantial efforts to assist business is to help those people who have business ideas, start-ups and things that they want to get off the ground. How successful is our record in Wales in providing that support in a way that businesses find both accessible and usable?

[163] **The First Minister:** I would hope that we have been successful. If you look, for example, at the high-potential start-up pilot scheme, which was established to help and support up to 90 new high-potential business ventures in Wales, it was launched in January 2012 and will run until the end of December 2014. That, of course, has been designed to help those people with good ideas to start up. We know that one area that could be fruitful for us in the future is to help our universities to encourage more spin-off businesses to be created around them. We have seen the model work in the US and we have seen it work in Cambridge. There is no reason why it cannot work for Welsh universities and we are seeing signs of that now.

[164] As I mentioned earlier, we also have the business start-up service, which is designed to increase the number and survivability of start-ups in Wales. Clearly, helping businesses to start is not effective if those businesses fold soon afterwards. The survivability of a business is key in terms of ensuring that it grows, for obvious reasons, in the future.

[165] There are other examples of tailored start-up support available, for example, to graduates who seek to start a business with the potential to grow. That, to my mind, is an example of Government helping to seed corn a business at a time when we know that there are many businesses with good potential that are not able to access capital from the banks, either at all or on terms that they are able to afford, particularly since 2008. In my mind, there is a legitimate role for Government to be able to assist those businesses to start and survive. That means, of course, inevitably, that some businesses will get help and will not survive, but Government has to be robust enough to accept that that will happen, as long as the element of risk is acceptable. The last thing that the Government should become is a lender of the last resort to the riskiest businesses—clearly, that would not be acceptable. However, if we are truly to help high-potential businesses to start, we must accept that some of them will not be successful. That, nevertheless, is a risk that banks have historically always taken and something that Government must accept in the future.

[166] **Mark Drakeford:** The Welsh Government is currently undertaking a review of generalist advice services to ensure that they do not overlap and compete with one another and that we get the best result for public investment. Which part of Welsh Government has responsibility for keeping support for business under review to ensure that it is also delivering the best possible outcome for the investment that the public makes?

[167] **The First Minister:** That is a matter for the Department for Business, Enterprise, Technology and Science. I have been aware of issues in the past where people have suggested that either they do not know from where to get support or that there is such a plethora of support that they are not entirely sure which is best for them. That is why we look to keep under review the level of business support that is available. Often a scheme will be produced and some businesses that are worthy of support will not quite fit into it, so another scheme starts as a result. We have to be careful that we do not end up with a number of different schemes that are designed with a view to being as inclusive as possible but get to a position where there are so many of them that it just becomes confusing. That is why we always keep these things under review. However, ultimately, it is a matter for BETS.

[168] **Eluned Parrott:** You say that it is not the Government's role to prop up businesses that are doomed to fail—in your words. How do you go about picking winners? Is it an art or a science? Do you have procedures and processes that you undertake to assess which companies are likely to be successful?

[169] **The First Minister:** Yes, procedures are in place. Let us take, for example, what we have done with the sector panels. We know that the sector panels that we have set up are targeted at areas where there is potential to grow. We look at life sciences as one example; renewable energy is another area. If we look, for example, at the defence industry, we know that there is expertise in Wales and that there is potential for those industries to grow in the future. So, yes, we make an assessment of what we believe the world will need over the next 10 years and then look to help those industries meet that challenge. There will be some areas where, potentially, it is difficult to see where the market might be for a particular product in years to come. Now is not a good time to own a generalist music shop, because we know that more and more music is downloaded. We also know that there are difficulties, for example, in some areas of retail; those are well documented. However, we tried to look at those areas where we believe there is potential for growth in the world and at those businesses that have the most potential for growth in those areas.

[170] **Eluned Parrott:** In terms of targeting growth potential, I understand why that is your approach, but are you content that businesses that are able to sustainably service a niche market are also able to access adequate business support?

[171] **The First Minister:** Yes. When we talk about a niche market, we are not necessarily talking about a market that is particularly small. If we look, for example, at Welsh lamb, it serves, in effect, a niche market—a premium market where price is not necessarily the main determinant of selling in that market. It is a big market, even though it is a niche one. It is important that businesses are able to access the right level of advice. Am I able to say that every single business will have advice that is completely tailored to that business? Clearly not. Some people who set up in business have a great deal of expertise and knowledge of that area when they set it up. All we can do, as a Government, is provide the right level of tailored advice in order to allow them to prosper in the future in terms of how their businesses are structured and run.

[172] **Eluned Parrott:** Do you think that there is a problem in the number of different schemes of support that you have? Do you think it would be easier for businesses to access advice if, rather than having a portfolio of different branded schemes and categories, there was a single point of contact? There is no real reason for consumers—in this case, businesses—to need to know that they are being dealt with by one department, or one section or another, is there?

[173] **The First Minister:** It is important that advice is as tailored as it can be. The relationship that we would have with a large anchor company would be quite different to the relationship that we would have with an SME—their needs are very different.

[174] In terms of the different funds that exist, they are targeted at areas where we think that there is potential for growth. It is important that, when we produce the right scheme, it sends out the right message. Take for example, the life sciences fund. That is not just an amount of money to help life sciences: it sends the message that Wales is serious about developing research and development in life science, whereas having a general fund available does not necessarily help in positioning Wales as a place to invest in particular sectors. So, it is important that those funds are available as well, because of the message that it sends to the outside world.

[175] **Eluned Parrott:** I do not disagree with that; I agree that it sends an important

message, but do you not think that perhaps a single gateway for businesses to access information might help to simplify things for them?

[176] **The First Minister:** James, to my left, has helpfully indicated that he would like to give me a break from speaking, so I will ask James to come in on this.

[177] **Mr Price:** All I want to say is, outside the anchor company issue, which the First Minister talked about and which we try to be very specialised about—in fact, the First Minister will deal with a number of those directly—all other companies are directed to the 03000 number as a first point of contact, at which point they go through a standard diagnostic and they do not need to be bothered with the different programmes and grants, because we tell them which ones are applicable to them. That is something we do routinely and it is really important. Also, the number of schemes to which they can be referred has reduced significantly. I think we deal with something like 24,000 inquiries per year from the 03000 number.

[178] **David Melding:** First Minister, the final area that we want to look at is enterprise, education and youth entrepreneurship. I ask Elin Jones to lead us in this section.

[179] **Elin Jones:** Brif Weinidog, rydych eisoes wedi ateb rhai cwestiynau am ysgolion, felly gofynnaf am rôl prifysgolion mewn hybu menter. A ydych chi'n credu bod prifysgolion yn gwneud digon i hybu mentergarwch ac i gymryd camau i mewn i fusnes gyda'u graddedigion?

Elin Jones: First Minister, you have already answered questions about schools, so I will ask about the role of universities in promoting enterprise. Do you think that universities do enough to promote entrepreneurship and to take steps into businesses with their graduates?

[180] **Y Prif Weinidog:** Credaf fod y sefyllfa wedi gwella yn ddiweddar. Ddegawd yn ôl, nid oedd llawer yn cael ei wneud gan brifysgolion i helpu eu myfyrwyr i mewn i fusnes ac nid oedd digon yn cael ei wneud gan brifysgolion i ddatblygu'r eiddo deallusol oedd ganddynt a throi hwnnw i mewn i fusnesau. Mae hynny wedi newid. Mae prifysgolion yn deall yn awr bod rôl ganddynt i greu gwybodaeth, sy'n bwysig. Mae rôl ganddynt hefyd i greu entrepreneuriaeth o amgylch y prifysgolion eu hunain.

The First Minister: I think that the situation has improved recently. A decade ago, universities did not do a lot to help students into business and not enough was done by universities to develop the intellectual property that they had and to convert that into businesses. That has changed. Universities understand now that they have a role in creating knowledge, which is important. They also have a role in creating entrepreneurship around the universities themselves.

11.15 a.m.

[181] O ran colegau addysg bellach, crëwyd chwe hwb rhanbarthol i helpu pobl ifanc i fynd i mewn i fusnesau, ac mae prifysgolion yn rhan o hynny hefyd. Felly, mae strwythur yn ei le i sicrhau bod myfyrwyr yn cael eu helpu i mewn i fusnes mewn ffordd nad oedd yn bodoli sawl blwyddyn yn ôl.

In terms of further education colleges, six regional hubs have been created to help young people to go into businesses, and universities are a part of that. So, the structure is in place to ensure that students are assisted into business in a way that did not exist several years ago.

[182] **Elin Jones:** Beth yw rôl y Llywodraeth o ran gweithio gyda phrifysgolion i fynd gam ymhellach eto a

Elin Jones: What is the Government's role in terms of working with universities to take a further step forward and promote business to

hyrwyddo busnes i fyfyrwyr? Rwy'n meddwl yn benodol am fyfyrwyr nad ydynt yn astudio busnes, ond gwyddoniaeth neu gerddoriaeth, er enghraifft, a'r potensial iddynt fynd i mewn i fusnes yn hytrach nag i swydd gyflogedig.

[183] **Y Prif Weinidog:** Rôl y chwe hwb sydd wedi'u sefydlu o amgylch Cymru yw hynny. Maent hefyd yn sicrhau bod y cyngor sydd ar gael i fyfyrwyr yn gyngor cryf, ac felly mae'r gwasanaeth dechrau busnes o'r newydd a'n holl systemau eraill o roi cyngor wedi dod at ei gilydd ym mhob hwb i gynni *one-stop shop* i fyfyrwyr. Efallai fod mwy o fanylion gyda James am yr hybiau a sut maent yn gweithio.

[184] **Mr Price:** I do not know the detail about them. The headline thing that the Government tries to do is provide quality assurance and aspiration in terms of people who have been successful entrepreneurs in the past. I do not think that we have mentioned that today there is a big entrepreneurship conference going on.

[185] Looking at the Global Entrepreneurship Model report in detail, and picking up on your point, where we have focused significant activity in the past on people who are under 18, the figures for Wales are much higher than for the rest of the UK. When you go on to higher education, we are marginally higher than the rest of the UK, which is why we are pushing more in that area at the moment. The thing that we have added is that it is not just about people who are doing business courses, but people who are doing everything.

[186] However, there is a balance to be struck to avoid forcing people to think about entrepreneurship when it is not right for them, and allowing them to think about going into professional careers. So, what we are trying to do is give people all the options and provide them with quality support to understand how to take the options forward and leave it open to them. There was evidence in the past that suggested that if you try to force people too much, you will encourage some to go into entrepreneurship when it is not right for them. We are trying to let the market work, but providing people with quality support and aspiration to allow them to make up their own minds.

[187] **Elin Jones:** Hoffwn ofyn am y gwaith o hyrwyddo creu busnesau ymysg y di-waith—yn benodol, pobl ifanc o 18 i 25 oed sy'n ddi-waith. Rydym yn gwybod bod y lefelau hynny'n annerbyniol o uchel i ni i gyd yn yr ystafell hon. Beth yw rôl y Llywodraeth o ran gweithio gyda phobl ifanc sy'n ddi-waith i hyrwyddo'r syniad o gychwyn busnes? Sut y bydd Llywodraeth, a Llywodraeth Cymru yn benodol, yn mynd ati i gael y drafodaeth honno ac i roi cyngor i'r bobl ifanc hynny, achos nid ydynt yn mynd i goleg addysg bellach na phrifysgol? Felly, beth yw'r broses o drafod gyda'r bobl ifanc hyn y potensial i rai ohonynt sefydlu busnesau?

students? I am thinking particularly about students who are not studying business, but science or music, for example, and the potential for them to go into business rather than into an employed post.

The First Minister: That is the role of the six hubs that have been established around Wales. They also ensure that the advice that is available to students is strong advice, so the business start-up service and all our other advice systems have come together in each hub to offer a one-stop shop to students. Perhaps James has more details about the hubs and how they work.

Elin Jones: I want to ask about the work of promoting business start-ups among the unemployed—specifically, young people aged 18 to 25 who are unemployed. I know that those levels are unacceptably high to us all in this room. What is the Government's role in working with young people who are unemployed to promote the idea of starting a business? How will the Government, and the Welsh Government in particular, go about having that discussion and giving advice to those young people, because they do not attend a further education college or university? So, what is the process of discussing with these young people the potential for some of them to set up

businesses?

[188] **Mr Price:** Obviously, that is really important and it is even more important in the current economic climate than it was before. Again, if you look at the GEM report, which you will have done, it indicates that necessity-driven entrepreneurship is higher in Wales now than it was before. That is to be expected, because people cannot get a job, so they look at other things that they can do.

[189] There are two real ways that we are doing it. The first is through general entrepreneurship promotion. You will hear quite a lot more on the radio now than you did before that is specifically aimed at young people, and on the networks to which young people listen, to try to engage them and make them want to think about starting up a business. We have specifically tailored courses, for want of a better word, that they can go on. In certain areas of Wales, we run enterprise taster sessions for people to find out what it is like to run a business without being committed to it. At present, there is one running in the Valleys area and one in the Môn a Menai area as well. We are trying to do quite a bit in that area; it is an opportunity for people. Again, what we are trying to do is to provide people with the opportunities and aspirational role models, and allowing people to make up their own minds about what route is best for them. However, if they want to do it, we will support them.

[190] **Mark Drakeford:** Hoffwn fynd yn ôl at ysgolion am funud, Brif Weinidog, a rhywbeth y gwnaethoch sôn amdano yn gynharach, sef undebau credyd. Hoffwn dynnu sylw at un o'r pethau llwyddiannus y mae Llywodraeth Cymru wedi buddsoddi ynddo, sef creu undebau credyd yn ein hysgolion. Rwy'n credu ei bod yn bosibl i bobl ym mhob ysgol uwchradd yng Nghymru ymuno ag undeb credyd yn eu hardal. Mae llawer o enghreifftiau hefyd o blant mewn ysgolion cynradd yn rhedeg undebau credyd yn yr ysgol, gan chwarae pob rhan yn yr undeb. Yr hyn yr wyf yn tynnu allan o'r enghraifft honno yw os ydym eisiau meithrin teimlad o fusnes ymysg pobl ifanc, un o'r ffyrdd gorau o wneud hynny yw rhoi profiad ymarferol iddynt yn yr ysgol. A ydych yn cytuno â'r syniad hwnnw?

Mark Drakeford: I would like to return to schools for a minute, First Minister, and something that you mentioned earlier, namely credit unions. I would like to draw attention to one of the Welsh Government's successful investments, which is the creation of credit unions in our schools. I believe that it is possible for people in every secondary school in Wales to join a credit union in their area. There are also many examples of primary school pupils running credit unions in their schools, playing all the roles in a union. What I take from that example is that if we want to create business acumen among young people, one of the best ways of doing so is to give them practical experience in school. Do you agree with that idea?

[191] **Y Prif Weinidog:** Rwy'n credu bod hynny'n iawn. Mae'n bwysig bod pobl ifanc—yn enwedig y rheini sydd ar drothwy penderfynu beth maent am ei wneud yn y dyfodol—yn cael profiad o weithio mewn sawl maes gwaith. Er enghraifft, mae rhai'n cael cyfle i fynd i mewn i gwmnïau sy'n gweithio yn y byd peirianeg. Mae'n syniad da bod pobl ifanc yn cael y cyfle i weithio mewn ffordd ymarferol. Rwyf wedi ei weld mewn rhai ysgolion uwchradd, lle mae cystadleuaeth bob blwyddyn rhwng ysgolion, lle maent yn cael help i greu cynllun busnes ac i ddatblygu busnes—nid un iawn, ond mewn ffordd gweddol realistig—er mwyn

The First Minister: I think that that is quite right. It is important that young people—particularly those who are on the threshold of deciding what they want to do in the future—gain experience of working in several areas of work. For example, some have the opportunity to go into companies that work in the field of engineering. It is a good idea for young people to have the opportunity to work in a practical way. I have seen it in some secondary schools, where an interschool competition takes place each year, where they are helped to create a business plan and to develop a business—not for real, but in quite a realistic way—to give them an

iddynt gael y cyfle i wybod beth yw'r opportunity to experience the challenges and
sialensiau a'r gwobrau o weithio ym myd rewards associated with working in the
busnes. business world.

[192] **Eluned Parrott:** First Minister, you touch on science policy in your paper. One of the key elements of that was the establishment of Sêr Cymru to bring in new talent to higher education in Wales. From my discussions with higher education, one of the problems identified was at the other end of the career scale, for early-career researchers who struggle to find jobs in research in Wales. We are losing talent that we have trained ourselves: people we have invested in are moving away because they do not have that opportunity early on in their careers. What action have you taken to ensure that that problem is addressed and that the brain drain is cut off?

[193] **The First Minister:** I do not know whether the Member is referring to whether our universities are successful enough in getting research funding.

[194] **Eluned Parrott:** No, there are things like the enhanced knowledge transfer partnerships, which you mentioned, and the Prince of Wales Innovation Scholarships project. I think that the partnerships were a replacement for that project, as opposed to being a completely new scheme. Is there an opportunity to give more consideration to the need to develop early-career researchers in Wales?

[195] **The First Minister:** It is important that our universities be in a position where they can offer the right opportunities for research to their most able graduates, if I can put it that way. Our universities are not successful in bidding for the correct level of research funding that they should get, bearing in mind our population, and that must change. This, to my mind, is one of the arguments for the need to encourage greater critical mass in universities, in order for their departments to become larger and for them to be able to put together more credible bids for funding. I think that is being done in Welsh higher education. We are seeing the trend towards mergers and, where mergers are not possible, such as for Bangor and Aberystwyth, we see a trend towards working more closely together in order to jointly bid in the future. The key to ensuring that people remain in Wales to carry out research work is to ensure that there are more successful research funding bids. That way, people will want to stay, because they will have the funding that they need to carry out their research.

[196] **Eluned Parrott:** Key to getting European research funding is the ability to set up international collaborations, as opposed to local collaborations, which are viewed as being, in some ways, parochial. They are looking for cross-European research collaborations, and that is one of the challenges that we face. Do you feel that the reconfiguration agenda has diverted attention away from other forms of collaboration?

[197] **The First Minister:** No, I do not. The worry that I always had was that, without reconfiguration in HE, our universities would be regarded as being far too small to be competitive at either a European or a world level. One thing that we must always bear in mind is that our universities in Wales are not there to compete with each other; they are there to compete on a European or world stage and, as such, they have to be big enough to be able to do that. That has been the trend elsewhere in the world, and it is a trend that we in Wales cannot buck. There will be occasions, as I have said, where that is not possible. I gave Bangor and Aberystwyth as an example: it is very difficult for them to merge, because they are so far apart. However, they are working very closely together in order to enhance both universities. That is the way of the future, and, in order for our universities to be able to compete at a world level, they have to be of sufficient mass.

[198] **Eluned Parrott:** Moving on to the role of the arts, humanities and social sciences, Elin touched on the opportunities for young people training in those disciplines to become

entrepreneurs, but there is a more strategic consideration of the role of those subjects in the development of Wales, not only as an economy but in other areas. We have a science policy. Will non-science academic research get a strategy of its own?

[199] **The First Minister:** That is something that we would be willing to consider, because it is right to say that, for example, there are areas of research and knowledge that create jobs. Culture is one of them. I well remember attending a lecture some years ago in the city of Newry, which is just across the Northern Ireland side of the border in Ireland, given by Dr Mererid Hopwood. It was quite startling, but in a good way, because it illustrated to me and many others in the audience the link between culture and creating jobs. We know that there will be some areas of research that, on the face of it, do not appear to have potential for job creation, but, on closer examination, actually do. I will consider the point that you make in order to see what could be done to assist.

[200] **David Melding:** Thank you very much, First Minister. That concludes the questions that we wanted to put to you. I thank you and your officials for your attendance this morning. That was a very productive session, and we had a good exchange on the strategic matters of Government, for which you bear the primary responsibility. That is the purpose of this committee, and I am sure that that will be the manner in which we conduct proceedings in the future.

11.29 a.m.

**Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod**

**Motion under Standing Order No. 17.42 to Resolve to Exclude the Public from
the Meeting**

[201] **David Melding:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42(vi).

[202] I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11.29 a.m.
The public part of the meeting ended at 11.29 a.m.*