

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Menter a Busnes](#)

[The Enterprise and Business Committee](#)

17/09/2015

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi 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

Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Keith Davies	Llafur Labour
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru The Party of Wales
William Graham	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Jenny Rathbone	Llafur (yn dirprwyo ar ran Jeff Cuthbert) Labour (substitute for Jeff Cuthbert)
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Stephen Fidler	Dirprwy Gyfarwyddwr, Is-adran Bysiau a Thaccsis, Yr Adran Drafnidiaeth Deputy Director, Buses and Taxis Division, Department for Transport
Tom Oscroft	Cynghorydd Polisi, Is-adran Masnach Morol a Seilwaith, Yr Adran Drafnidiaeth Policy Adviser, Marine Commerce and Infrastructure, Department for Transport
Colin Poole	Rheolwr Strategaeth Rheilffyrdd Rhanbarthol, Yr Adran Drafnidiaeth Regional Rail Strategy Manager, Department for Transport
Rhodri Glyn Thomas	Aelod Cynulliad, Plaid Cymru, (Aelod Pwyllgor y Rhanbarthau (eilydd)) Assembly Member, Plaid Cymru) (Committee of the Regions Alternate Member)

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

Gregg Jones	Pennaeth Swyddfa'r UE Head of EU Office
Rachel Jones	Dirprwy Clerc Deputy Clerk
Andrew Minnis	Ymchwilydd Researcher
Gareth Price	Clerc Clerk

*Dechreuodd y cyfarfod am 09:31.
The meeting began at 09:31.*

Cyflwyniadau, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **William Graham:** Good morning, and welcome to Members. I hope that you're suitably refreshed after the recess. I remind you that the meeting is bilingual, with the appropriate translation. I'm not aware of a fire alarm, but should there be one, Members should follow ushers on their way out. We have already agreed who will start the various items of questioning, but I'm told to remind Members that new guidance on declarations of interest is now in force. Thank you very much. I have apologies from Gwenda Thomas, Mick Antoniw, Rhun ap Iorwerth and Jeff Cuthbert, and may I welcome Jenny Rathbone, who is currently substituting for Jeff Cuthbert? Thank you very much.

09:32

Sesiwn Ddiweddarau gyda'r Adran Drafnidiaeth Update Session with the Department for Transport

[2] **William Graham:** So, if we could look at item 2, which is an update session with the Department for Transport. Thank you very much for joining us today. I hope you can hear us well.

[3] **Mr Poole:** Yes.

[4] **William Graham:** Excellent; thank you. Could I ask you, just for our record, to give your names and titles one after another?

[5] **Mr Poole:** Good morning. My name's Colin Poole; I'm regional rail strategy manager in the Department for Transport's rail executive.

[6] **Mr Fidler:** I'm Stephen Fidler, I'm the deputy director for buses and taxis at the department.

[7] **Mr Oscroft:** My name is Tom Oscroft; I'm a policy adviser in the maritime directorate here at the Department for Transport, working on port issues.

[8] **William Graham:** Thank you very much, and may I thank you on behalf of the committee for your papers? I'll go straight into the questions, if I may, and the first question is from Dafydd Elis-Thomas.

[9] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr, Gadeirydd. Nid wyf yn siŵr os ydw i fod i ddatgan fy mod yn berchennog hapus ar gerdyn teithio bysiau gan Lywodraeth Cymru, wedi'i ddsbarthu gan Gyngor Bwrdeistref Sirol Conwy. Beth bynnag, fe garwn i ofyn cwestiwn ynglŷn â datganoli pwerau dros fysiau yn benodol. Fe garwn i wybod beth yw barn yr adran erbyn hyn ynglŷn â'r pwerau y mae Llywodraeth Cymru eu hangen i wneud newidiadau rheoleiddio bysiau. Yn arbennig, pa bwerau sydd eu hangen er mwyn gallu creu cyfundrefn o drafnidiaeth integredig yng Nghymru, yn enwedig rhwng bysiau, trenau a thacsis?

Lord Elis-Thomas: Thank you very much, Chair. I'm not sure if I should declare that I am the happy owner of a Welsh Government concessionary travel card, distributed by Conwy County Borough Council. However, I would like to ask a question on the devolution of powers over buses specifically. I would like to know what the department's view is by now on the powers that the Welsh Government needs to make bus regulatory changes. Specifically, what powers are required in order to create an integrated transport system here in Wales, particularly between buses, trains and taxis?

[10] **William Graham:** Did you hear the translation?

[11] **Mr Fidler:** I did, indeed. Thank you very much. That worked absolutely fine. It may be helpful if I just expand briefly on what we put in the memorandum about our understanding of the legislative competence that the National Assembly has and how that might be used. So, our understanding is that, at the moment, the vast majority of powers in relation

to buses are already devolved to the National Assembly. There remain the powers in relation to bus registration, which are intended to be included in the Wales Bill, following 'Powers for a Purpose', but our understanding of that is the Welsh Assembly, at the moment, has the competence, should you wish to do so, to legislate in relation to franchising powers, quality contract powers and the way in which quality partnerships within Wales operate as well. So, if there were particular changes to the current arrangements that were felt needed to enhance integration, whether it was felt that the current quality partnership arrangements didn't work quite properly or strongly enough, or indeed the quality contract mechanism that exists to actually go beyond that and to allow the deregulated market to be suspended, then we believe that those changes could be made already, should that be the decision that was taken. So, I think there's a lot of flexibility available to the Assembly and to the Welsh Government here to take a look at the specific circumstances in which you might want to make changes to increase integration, whether that is around timetables and the opportunity that might be allowed for that around the quality contract mechanism, or whether that's around things like ticketing, where there may indeed be possibilities to do that through partnership arrangements as well as quality contracts.

[12] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr. Wrth gwrs, nid ydym wedi gweld y Bil Cymru ddiweddaraf eto. Mae rhywun yn meddwl tybed, fel un sydd â diddordeb yn natblygiad y cyfansoddiad, sawl Bil y mae angen ar Gymru cyn y byddwn ni wedi cael datganoli effeithiol. Ond, gan nad ydym yn debyg o weld y Bil tan fis nesaf, ac efallai yn hwyr yn y mis nesaf, fel rwy'n deall, mae'n anodd iawn i mi allu gofyn yn synhwyrol ar hyn o bryd a ydy'r hyn a fydd yn y Bil hwnnw yn mynd i sicrhau bod yr holl bwerau, y byddem ni'n ystyried sydd yn angenrheidiol ar gyfer trafnidiaeth integredig effeithiol, ar gael i ni. Ond fe ofynnaf gwestiwn cysylltiol â hynny, sef: sut y mae'r pwerau sydd gan y Cynulliad

Lord Elis-Thomas: Many thanks. Of course, we haven't yet seen the latest draft of the Wales Bill. As one who has an interest in the development of the constitution, one wonders how many Bills Wales needs before we will have had effective devolution. But, as we're unlikely to see the Bill until next month, and possibly late in the next month, as I understand it, it's very difficult for me to ask any meaningful questions as present on whether what will be contained within that Bill will ensure that all of the powers, which we would feel that are necessary for integrated transport, are available to us. But, I will ask a question related to that, namely: how do the powers that the National Assembly and the

Cenedlaethol a Llywodraeth Cymru ar Welsh Government currently have hyn o bryd yn cyfateb i'r pwerau yn y correspond to the powers in the Bil bysiau ar gyfer Lloegr? Pa English buses Bill? What differences wahaniaethau sydd rhwng y are there between the legislative fframwaith deddfwriaethol yn Lloegr framework in England and the a'r fframwaith yng Nghymru? Diolch framework here in Wales? Thank you. yn fawr.

[13] **Mr Fidler:** There are a number of differences at the moment between the legislative frameworks, which stem back to the Local Transport Act 2008. They're particularly in relation to the quality contract arrangements under which the local authority has the ability to deregulate the local market. In the 2008 Local Transport Act, that power was changed in England so that it was no longer a decision that was taken by UK Ministers. Rather, it was a decision that was effectively left to the local authority, ultimately, but with an independent review by what was known as the quality contract board.

[14] The first of those processes is going on now in Tyne and Wear and it is quite widely perceived to not be working as effectively as it might have done and to be taking quite a lot of time and expense on both the sides of those opposed to the scheme and those in favour of the scheme. That is essentially what bus franchising and the buses Bill is going to be addressing at its core, namely looking at the route by which it is possible to move to a contractual franchise market by Government. The intention in the buses Bill is to actually streamline that process so that it is not the same as the quality contract process today. There will probably be a number of other minor changes as well, but essentially it's about the route of getting to that outcome and making that route easier and making that very clearly a local decision for which, under a devolution arrangement, a group of local authorities or an individual local authority would be clearly responsible and accountable.

[15] The current situation in Wales is a little different because the changes to introduce that quality contract board, as I understand it, in 2008 don't apply in Wales. In Wales, the ability to agree or approve the quality contract scheme remains with Welsh Ministers. So, it could be argued either way, and I don't have a strong personal view, that that might make it easier or harder. But, it perhaps means that the changes that we're planning to make for England may or may not be relevant in the same way in the Welsh context. That's part of the conversations that we're having on an ongoing basis with the Welsh Government. Because the Assembly has, in our view, the

legislative competence, it may well be that we don't need to make changes in the UK buses Bill to impact on the Welsh arrangements. It may be that colleagues would like us to do so and for use to be made of a legislative consent motion. But, we're having those conversations at the moment.

[16] The other change that we're considering making, and it's at an early stage in Ministers' thinking at the moment, is—. What they have said quite clearly, I think, is that they want to make sure that we have the right set of options for places that don't want to go to contracts and franchising. So, that may involve some further changes and amendments to quality partnerships. And, again, we'd like to explore, and we're the stage of exploring, with our colleagues in the Welsh Government, whether that's something that is of interest from a Welsh perspective or not.

[17] **Yr Arglwydd Elis-Thomas:** A Lord Elis-Thomas: May I ask further gaf i ofyn ymhellach i hynny? Un o'r pethau rwy'n ei groesawu'n fawr iawn wrth gwrs yw'r rhwydwaith bysys T, oherwydd mae'r rhwydwaith yma yn rhwydwaith sydd wedi cael ei sefydlu gan Lywodraeth Cymru ac mae'n cynnwys bysiau newydd ardderchog, yn enwedig yn y canolbarth—rwy'n hoff iawn o'r bws sy'n mynd o Abermaw i Wrecsam, wrth gwrs, gan ei fod yn lle gwasanaeth trên. Ond, mi fyddwn i eisiau sicrwydd na fydd unrhyw newidiadau yn effeithio ar allu Llywodraeth Cymru i gymryd camau i arloesi gwasanaethau cyhoeddus newydd, yn enwedig rhai tebyg i'r gwasanaethau T. Os caf i eich sylw chi ar hynny, diolch yn fawr.

Lord Elis-Thomas: May I ask further to that? One of the things that I warmly welcome, of course, is the T bus network, because this network was established by the Welsh Government and it includes excellent new buses, particularly in mid Wales—I'm very fond of the bus that goes from Barmouth to Wrexham, of course, as it replaces a train service. However, I would want an assurance that any changes will not impact on the ability of the Welsh Government to take steps to innovate in providing new public services, similar to the T service that's been established. If I could have your comment on that, thank you.

[18] **Mr Fidler:** Certainly. I think that that's an assurance that I would hope we'd be in a very good position to give. I think what Ministers are keen on is that the changes that we're making allow greater innovation, rather than less innovation, and I'm sure that would apply in a Welsh context as well. And we are very alive to the fact that there may be some cross-border issues in particular, depending on what areas take up powers, that we need to work

carefully with colleagues to address, to avoid any unintended consequences.

[19] **Lord Elis-Thomas:** Just on that, there is no border between Wales and England; there is only the marches, God bless us. [*Laughter.*] I know you like that, Chair.

[20] **William Graham:** Very good, yes.

[21] **Lord Elis-Thomas:** Thank you very much for that.

[22] **William Graham:** Keith.

[23] **Keith Davies:** Diolch, **Keith Davies:** Thank you, Chair. I will Gadeirydd. Gwnaf i ofyn yn Gymraeg also ask my questions in Welsh. My hefyd. Y cwestiwn sydd gyda fi—mae question relates to some issues that Dafydd wedi gofyn sawl un ohonyn Dafydd has already raised, but why nhw—yw pam ych chi nawr yn have you now decided that the only penderfynu taw'r unig rai fydd yn areas that will be able to decide if gallu penderfynu os ydyn nhw eisiau they want a franchise are these masnachfrait yw'r awdurdodau combined authorities with a directly cyfunol sydd â maer? Pam nhw yn elected mayor? Why them alone? unig?

[24] **Mr Fidler:** The original thought process was related to the original devolution deals that were done under the previous administration, which were originally with Greater Manchester, and I think the general view was that the very clear accountability that came from having a combined authority with an elected mayor ensured that decisions could be very clearly taken in one place, with accountability to the local electorate for those decisions. One of the big benefits of that, from a buses policy perspective, is that, in a combined authority model—and, I suppose, in some of the models of local government in England—you have all of the necessary powers to really make buses a success in one place, whether that's control over the road network, or key elements of it, or, certainly, that's the way many of the combined authorities are moving, whether that's parking policy, or some of the other key things that may be needed. We've actually moved on slightly, in the UK Government's position on that so far, and the big change in that was the agreement to give franchising powers to Cornwall. Cornwall has some similar characteristics, in that it's a unitary authority, but it's not going to have an elected mayor, nor is it a combined authority. So, the detail is still very much being worked through, but the intention is to potentially make it available to

a wider set of places through devolution deals.

[25] **Keith Davies:** Rwy'n falch o glywed hynny, achos buom ni fel pwyllgor ym Manceinion, ac roedd yn gweithio mor dda ym Manceinion, roeddwn i'n meddwl y byddech chi'n gobeithio y byddai pob ardal yn Lloegr yn gwneud yr un peth. Gobeithio y byddwn ni'n gwneud yr un peth yng Nghaerdydd ac i lawr yn y gorllewin, yn Abertawe. Diolch.

Keith Davies: I am very pleased to hear that, because we, as a committee, have visited Manchester, and it worked so well there, I would have expected you to have expected all areas of England to do something similar. I hope that we will do something similar in Cardiff and further west, in Swansea. So, thank you.

[26] **William Graham:** In order to help us to understand the scope of the proposals to devolve bus registration powers to Wales, could you expand on your comment in your paper that officials are currently exploring with colleagues in the Wales Office and the Welsh Government to establish whether any further legislation is perceived as necessary by Welsh Ministers?

[27] **Mr Fidler:** Yes, certainly. That comment was particularly in relation to the way in which we are approaching the buses Bill, and, I think, relevant to what I said a minute or two ago, just really confirming that there aren't any further changes that would be, if you like, helpful for the Welsh Government for us to make in the context of the buses Bill as we go through, and also just really confirming our understanding that we believe that, once the Wales Bill is through, everything related to buses, other than the issues to do with operator licensing and vehicle standards, which are international and reserved—all the other powers, including bus registration, would then be devolved. That's our understanding. It's not been, I don't think, absolutely crystal clear in the legislation, certainly before the 2011 changes, and we're just wanting to make sure that there's nothing, if you like, falling through the gaps with our colleagues in the Assembly.

09:45

[28] **William Graham:** That's very helpful. The Welsh Government said they may need further powers in relation to this. Has that been fully explored with you?

[29] **Mr Fidler:** I think it's fair to say we haven't absolutely fully explored it yet. We're having this conversation—we actually had one earlier on this week,

where I think some of the thinking may have moved on from their perspective or may not have done. But, we haven't identified between us anything significant at this point.

[30] **William Graham:** Thank you very much. Joyce.

[31] **Joyce Watson:** Good morning. I want to explore how the St David's Day agreement will change the role of the traffic commissioner in Wales, in terms of appointment, function and accountability, and whether the Wales Bill will lead to a traffic commissioner based in Wales—currently it's based in Birmingham—and whether it will be directly responsible to Welsh Ministers.

[32] **Mr Fidler:** Certainly. I think, as you may be aware, what the UK Government said in the 'Powers for a purpose' document was that the Welsh Government would be consulted on the appointment of future traffic commissioners for Wales but that the appointment would remain a reserved matter. I don't anticipate, at the moment—it's not my lead policy area—there being a legislative requirement that governs where that traffic commissioner is based. The practical arrangements, as I understand them today, are that all public inquiries for Welsh operators are conducted in Wales, as are all driver conduct hearings for drivers who are based in Wales, unless they express a preference for it to be held elsewhere, and we would certainly expect those to continue.

[33] In terms of accountability and responsibility, the model, I would anticipate—I'm no expert in this area—being similar to that in Scotland, where the Scottish traffic commissioner has some direct responsibility and accountability over devolved matters to the Scottish Government. Once bus registration powers are devolved, certainly what I'm anticipating is that that would be effectively equivalent within Wales. However, for reserved matters, the accountability would remain with the UK Government.

[34] **Joyce Watson:** Do you see that causing any practical issues on the ground? Have you got any evidence that it has created some practical issues with this almost possibly confused situation of some issues being devolved and some not being devolved?

[35] **Mr Fidler:** There's been some experience of operating with effectively that model with the Scottish traffic commissioner for a number of years. It appears to be working very well in practice—that's my understanding. There's a very clear delineation between what is a reserved matter and on

what that traffic commissioner acts—there's a pool of traffic commissioners across Great Britain—and in what circumstances it's actually devolved and is, in this case for Scotland, but, in the future, a Wales-responsible traffic commissioner. So, I don't think there are practical issues, certainly not ones that couldn't be overcome fairly easily.

[36] **William Graham:** Thank you for that. I'd like to move now on to rail franchising. Oscar, please.

[37] **Mohammad Asghar:** Thank you, Chair, and good morning to you all in London. My question will be just on rail franchising. What are the scope and implications of the proposed devolution of rail franchising, and will the UK Government have any role in procuring the next Welsh franchise?

[38] **Mr Poole:** Thank you for that question. If I can set the context and perhaps answer that second question first, the agreement with the Welsh Government is that we devolve executive franchising functions in time for the Welsh Government to have sole lead on the procurement of the next Wales and Borders franchise. The target date is January 2017, and that's a couple of months before the Welsh Government might expect to launch any competition for a new franchise. It will be up to the Welsh Government, assuming we successfully conclude those arrangements, whether they wish to draw on the department's expertise in procuring that franchise. We've made very clear that we're very open to discussions on that point.

[39] In terms of the shaping of the post-devolution franchise map, I think it would be helpful to explain that our agreement last November with the Welsh Government is that Welsh Ministers should be able to specify services that are entirely within Wales and also cross-border services, provided that they don't primarily serve English markets, subject to consultation with the Secretary of State. The inclusion of any other cross-border services would have to be by specific agreement with the Secretary of State. I think we certainly recognise that stakeholders are keen to understand the potential implications of that for their services.

[40] We and the Welsh Government are now engaging Arriva Trains Wales, the current franchisee, on some technical work to inform the specific proposals on which current services and stations should be remapped, and which franchises managed by the Secretary of State they would be remapped to. Our aim is to agree specific proposals on that around the end of this year. We have clearly said that we intend to publicly consult on specific proposals

next year. I think the final decisions will form part of an overall final agreement with the Welsh Government on all aspects concerned with the devolution of functions, prior to the UK Government tabling a statutory instrument to effect the transfer of functions. I think it's also perhaps worth emphasising to the committee that we have agreed—the UK Government has agreed—to ensure that the Welsh Government is no better or no worse off as a result of any remapping.

[41] **Mohammad Asghar:** Thank you very much. How will the proposed devolution of the Welsh franchise map be developed? Specifically, what are the implications of moving services serving English markets to English franchises, given that cross-border services are currently the most commercially viable in the Welsh franchise?

[42] **Mr Poole:** I think I may have already covered some of that. I think that the key point is that we are developing specific proposals. We haven't got a specific proposal as yet. I have emphasised that it is only a subset of cross-border services, and nobody should think that we are contemplating a wholesale transfer of cross-border services from the Welsh franchise. Again, I would stress the point that we have agreed that the Welsh Government should be properly compensated if there is—well, there will be—a financial consequence from remapping services, because they currently fund cross-border services within the Wales and Borders franchise.

[43] **Mohammad Asghar:** Thank you.

[44] **William Graham:** Eluned?

[45] **Eluned Parrott:** Just picking up on the remapping exercise, clearly, in the last reorganisation of the franchise, commuter services between Cardiff and south Wales and Bristol were removed from the Welsh franchise and given to other operators. The impact of that has been a deterioration in the service for Welsh users. I wonder if you can give us some indication of whether or not that experience has been taken into consideration. Also, on what basis do you define serving English markets, as opposed to serving Welsh markets, when clearly, many of these services are serving both?

[46] **Mr Poole:** I think you've highlighted what is, in practice, quite a difficult issue. In doing this exercise to come up with specific proposals, I think we're trying to balance a number of considerations. Firstly and most importantly, we're looking at the interests of rail passengers, particularly to

ensure the continuation of cross-border services and that they can develop in the future to support economic growth in both countries. We also have to look at the considerations in terms of the impact on the efficiency of the rail industry and the consequences for subsidy for both our Governments. We also have to balance interests and accountability so that operators and funders can be held accountable to local and national political representatives. So, I think there is a range of factors that we have to take into account in coming up with specific proposals. I recognise the issues that you've specifically raised about services in south Wales. Connections to Bristol is one of the issues that we will have to come up with some proposals on in defining, in clear terms, what the scope of Welsh Ministers' powers are in the future.

[47] **Eluned Parrott:** I just wanted to clarify, though, in terms of deciding whether a service is serving an English market or a Welsh market, do you have a definitive way of deciding that?

[48] **Mr Poole:** Not at the moment, and that is the reason why we are going through this process that I've described. We have, as you rightly pointed out, a principle that is not clearly defined and we need to come up with a practical and clearly defined solution that takes account of those three considerations that I've highlighted.

[49] **Eluned Parrott:** Thank you.

[50] **William Graham:** Joyce.

[51] **Joyce Watson:** Following—

[52] **Mr Poole:** Sorry, could I just emphasise that we intend to consult on specific proposals in due course? We recognise that there are a number of stakeholders who want to be involved in that final decision.

[53] **Eluned Parrott:** Thank you.

[54] **Joyce Watson:** And moving on from that, and unpicking that with your previous comment about the agreement that Wales would be no better or no worse off in this franchising, how are you going to work that out? This is a key part in working that equation out. How long is that going to be considered for? Is it going to be considered as no better or no worse off for the whole franchising period, or is it going to be considered just at that point

when you're making that agreement? Because I think that that's pretty important.

[55] **Mr Poole:** Yes. I hope it's fairly obvious that we would take account of the fact that we would be making a one-off change that will have a long-term financial impact on the Welsh Government. Clearly, we would take that into account in reaching a final agreement with them. I think, just to emphasise, the key point is that at the moment the Welsh Government funds all cross-border services; so, this is really about the consequences of any services—that is, cross-border services—that are transferred to the Secretary of State. We would also want to take account of any consequences that the re-mapping had on the costs of running the remaining Welsh operation because, clearly, there may be implications in terms of rolling stock and staff. We would clearly take that into account as well. But I think, you know, in terms of timescale, we are looking at reaching a funding settlement on that particular issue as part of a final agreement. At the moment we're planning on doing that by the middle of next year.

[56] **William Graham:** Jenny Rathbone.

[57] **Jenny Rathbone:** All this is in the context of the services that are serving north to south Wales being amongst the most decrepit in the whole of the United Kingdom. So, the lack of investment over years and years means that people in Wales are very anxious that devolution could simply mean giving us these elderly services without the investment that's required to upgrade them to twenty-first century needs. So, when you say, 'No better, no worse', how, in fact, are you going to ensure that the investment that's required to bring these up to the twenty-first century is going to be provided along with that devolution?

[58] **Mr Poole:** Well, I think that those particular services that you're talking about are likely to fall within the services that the Welsh Government would be able to specify. You know, our agreement is to compensate them for anything that is transferred. It will be a matter for the Welsh Government how it specifies its future services.

[59] **Jenny Rathbone:** But that's simply transferring to us a service that is absolutely not fit for purpose—three carriages between north Wales and south Wales, which are packed to the gunwales at peak times—and a provider who says they are unable to purchase another carriage.

[60] **Mr Poole:** Well, it will be a matter for the Welsh Government how it chooses to specify services in the best interests of Wales as a whole.

[61] **Jenny Rathbone:** Indeed, but—

[62] **Mr Poole:** That's obviously the purpose of devolution.

10:00

[63] **Jenny Rathbone:** Indeed. But the capital investment required, is that going to go with devolution, or are we simply going to be left to flounder without the money that's needed? So much money has been spent on other routes—London to Liverpool, London to York, et cetera—why has Wales been neglected for so many years and what is the UK Government prepared to do to rectify that neglect?

[64] **Mr Poole:** Well, we have reached an overall funding agreement with the Welsh Government as part of the November agreement. I think you'd need to ask the Welsh Government. It's for them. They've agreed this settlement with us and I think it's for them to decide their priorities within the overall framework in which the Welsh Government is funded.

[65] **Jenny Rathbone:** Okay, but the anxiety is that you will cherry pick the Wales to Manchester, Wales to Birmingham routes and that we will therefore be left with routes that are less profitable, because the overall investment has made them not attractive, as a way of achieving the modal shift that we have to have. So, I think when you say, 'No better, no worse', there's huge anxiety that it will actually be worse. So, I hope that civil servants will be able to come up with a financial formula that will be able to demonstrate that that is in fact the case.

[66] **Mr Poole:** As I say, we have agreed that principle—no better, no worse—with the Welsh Government and we will abide by it, by what we've agreed to.

[67] **Jenny Rathbone:** Yes, okay. But that sounds to me like a mechanism for ensuring that we continue to have third-class rail services compared with other parts of the United Kingdom.

[68] I think I'm particularly concerned to highlight the funding allocation that was made to the Welsh Government in 2006, when we assumed

franchise management responsibilities would—. It was not index linked, and therefore it has been decreasing in real terms, year on year. Is that the sort of settlement that we might expect?

[69] **Mr Poole:** To be clear, what was agreed in November—because we did agree the principles of the funding, going forward, with the Welsh Government—was that the block grant would be unaffected. The second point is the point we've discussed in some detail: that we would ensure that the Welsh Government are no better, no worse off as a result of any remapping from 2018. We've agreed to contribute £125 million to the cost of Valleys lines electrification, which Welsh Government are now sponsoring. We've agreed to take over the funding and sponsorship of electrification between Bridgend and Cardiff, and both those elements reduce the financial impact on the Welsh Government of operating electrified services on the Valleys lines. We've also agreed to provide reasonable protection to the Welsh Government against the impact of regulatory reviews and track and station access charges. So, that's what the Welsh Government has agreed with us.

[70] **Jenny Rathbone:** Okay, thank you for that. I'd also be keen to understand, of the £38 billion that Network Rail's investing in England and Wales, how much is going to the train operators.

[71] **Mr Poole:** That £38 billion figure you quoted refers to Network Rail's total programme of spending over the five-year control period for 2014 to 2019, so it's not a measure of expenditure on train operators. So, that includes maintenance, renewal and enhancement.

[72] **Jenny Rathbone:** Okay, but I understand that a substantial part of the cost of upgrading the route between London and Swansea is the amount of money that goes to the train operators during the period of actually doing the upgrading work.

[73] **Mr Poole:** Okay. I think you're moving into an area that I'm not the expert on. I think what you're referring to is the arrangements under access agreements between Network Rail and train operators, under which the train operators are compensated for when track is taken out of use for possessions for enhancement work.

[74] **Jenny Rathbone:** Okay. So, you don't have a figure for how much of that £38 billion actually goes on money going straight into the train

operators' pockets.

[75] **Mr Poole:** I'm afraid I don't, but I would just say, on the background and why there are those arrangements, it's clear that there's an economic and financial impact on the train operators of disruption to the network that is unavoidably necessary in connection with upgrading the infrastructure to provide a better infrastructure for the UK as a whole. So, it doesn't go straight into the pockets of the train operators.

[76] **William Graham:** Eluned.

[77] **Eluned Parrott:** Thank you. I'd like to ask some questions about the statutory framework for the rail franchises. You talked a little earlier about the fact that executive functions for specifying the next Wales and borders franchise have been given to the Welsh Government. I'm wondering whether there had been any discussion about giving the Welsh Government or, sorry, the National Assembly for Wales any powers to amend the statutory framework for the rail franchising as well, because, clearly, that might be helpful, in some ways, moving forward. We are currently operating entirely within a framework that's set elsewhere.

[78] **Mr Poole:** Thank you for that question. I think the answer is, 'Not to my knowledge'. It was not a recommendation of the Silk commission, nor does it form part of the Smith Commission agreement in relation to Scotland.

[79] **Eluned Parrott:** Thank you. Moving on, I want to talk a little bit about the comparison between the Welsh powers and the Scottish powers. In particular, I am interested in a recommendation from the Smith Commission that you have accepted, which is that section 25 should be amended so that,

[80] 'power will be devolved to the Scottish Government to allow public sector operators to bid for rail franchises funded and specified by Scottish Ministers'.

[81] I'm wondering whether any consideration has been given to enable that in Wales as well.

[82] **Mr Poole:** Thank you. The answer to that is that in the St David's Day command paper, the UK Government agreed to consider which non-fiscal parts of the Smith Commission agreement, including that commitment, might be implemented for Wales. That consideration is ongoing, and further

discussions with the Welsh Government will take place shortly in the context of preparing the Wales Bill.

[83] **Eluned Parrott:** Thank you, that's really helpful. I'm wondering, kind of further to that, in terms of the practical implications of enabling a public sector operator to bid for franchises. Obviously, we still have a process whereby there must be an open franchise-bidding process, where a number of operators bid against one another in a competitive way. I'm wondering what consideration has been given to the practical implications of allowing a public sector operator, potentially funded by the franchise letter, to bid against private sector operators and whether or not that would constitute an almost certain legal challenge if the public sector organisation were to be successful.

[84] **Mr Poole:** I'm afraid I really can't comment in detail on that, because, obviously, this is a matter that, certainly in England, we are not contemplating. I think that's an issue that the Scottish Government might be able to give you a useful view on. I recognise exactly the kinds of concerns or issues that you're raising because, clearly, any kind of procurement of this nature is in the context of EU procurement rules and so there would be important considerations such as how to ensure there was fair competition. But, as we're not considering that within England, I think that's not something I can really help you with at the minute.

[85] **Eluned Parrott:** If you forgive me, it seems a little strange to give Scotland a power that it seems unlikely that they would legally be able to use. I'm wondering, therefore, whether there have been any discussions with the Scottish Government about changing the way in which the franchise mechanism works to enable an award of some form of franchise or direct commissioning process without an open tender.

[86] **Mr Poole:** I can't really comment, as I don't know whether there have been discussions on that particular issue. What I think is probably helpful for me to explain is that there are separate issues about legislative provision in relation to having public sector operators and the legislative provision regarding direct awards. Just to, sort of, clarify: the Smith Commission agreement didn't make any agreement or proposals about changes to circumstances in which a franchise could be awarded directly. I think it's helpful to explain that the circumstances in which any franchising authority, whether it's Scottish Ministers or the UK Government or, indeed, in the future, Welsh Ministers—. The circumstances in which a contract can be

awarded without a tender exercise are primarily determined by EU law, in particular the current regulation (EC) 1370/2007, together with the provisions of section 26 of the Railways Act 1993, which requires the franchising authority to issue a statement of franchising policy that must set out the circumstances in which a direct award may be made. As you probably know—and I've heard this has been discussed previously in your committee—the ability to award without a tender process is of course subject to changes in EU law, and there are current proposals under consideration in relation to that.

[87] **Eluned Parrott:** Okay, thank you very much. That's very interesting. Can I move on to other elements within the St David's Day command paper? Obviously, it was notable that the command paper didn't include proposals to devolve funding or responsibility for the rail infrastructure for Network Rail in Wales. I'm wondering why that was the case. Your paper states that there was no consensus on devolution of that funding. Could you give us an idea of who opposed it?

[88] **Mr Poole:** So, I think what I can say is the background to the St David's Day command paper was that the Government wanted to establish a clear devolution settlement that would stand the test of time. The Secretary of State for Wales therefore led a cross-party process to secure political consensus on further devolution to Wales. The recommendation to devolve Network Rail funding was not one on which political consensus was reached. I'm afraid it's really not my role as an official to comment on why such a consensus wasn't reached in the political process.

[89] **Eluned Parrott:** I'm just wondering where in the political process, because obviously, in discussions in Wales, it's one of those areas where there was a good degree of consensus. In terms of the practicalities, clearly, you said there's no consensus at this point in time; I'm wondering whether any continued discussions go on in terms of whether or not these powers could be devolved in future. You'll be aware, of course, that Network Rail have established for themselves a Network Rail Wales operation. It has separated out the accounting functions, so in theory, really, it has made it a lot easier to devolve the network, should that be desirable in the future.

[90] **Mr Poole:** Well, I think the Government has made clear to the Welsh Government that it doesn't generally think it's desirable to re-open discussion on issues that were discussed as part of that St David's Day process. I think at the present time there is no intention to re-open that

issue. I think what it is probably helpful to say is that that has no bearing on the fact that we continue to work very closely with the Welsh Government on the development of proposals for each control period, and that process will continue unaffected by these discussions that have taken place. We've made that point to the Welsh Government.

[91] **Eluned Parrott:** Obviously, in terms of control periods and operations for major investments, that is a matter, obviously, for the UK Government and the Welsh Government to negotiate around. You'll be aware that the Welsh Government has, over many years, invested in the infrastructure of the rail network in Wales, and I'm wondering why, on that basis, this is something that the UK Government doesn't want to keep open for future discussion.

[92] **Mr Poole:** Well, I think I've said what the position is. I think the reality is that you never say never—this issue may well come round again—but there are no current plans to re-open that discussion. We will continue to work constructively in the way you've described, to make sure that the Welsh Government can bring forward appropriate investment proposals, and we're working very closely on those at the present time as well, as we have done in previous control periods.

[93] **Eluned Parrott:** Okay, thank you.

[94] **William Graham:** Joyce Watson.

[95] **Joyce Watson:** I want to look at the delivery of schemes during control period 5, which is 2014–2019, and any action that has been taken to address any underperformance, particularly focusing on how Welsh Ministers are involved and the scope of the various DfT-commissioned reviews.

10:15

[96] **Mr Poole:** Thank you. I think, just to set the scene, the Secretary of State made very clear in his statement on 25 June that, while some aspects of the programme were going well, there were many things that were not going well, and the programme was costing more and taking longer than was expected, and he's taken a number of steps to address that. Sir Peter Hendy has replaced Mr Parry-Jones as chairman of Network Rail. The Secretary of State has appointed Richard Brown, a respected industry figure, as a special director of Network Rail to update him directly on progress, and he's ended

the role of public members in Network Rail to simplify Network Rail's governance.

[97] You referred to the reviews and reports that he's commissioned; there are three. He's asked Sir Peter Hendy to re-plan how the rail upgrade programme will be carried out, and he will report to the Secretary of State this autumn, and the Secretary of State will update Parliament and stakeholders. He has asked Dame Colette Bowe, who is a non-executive director of our department, to look at lessons learned from the processes of planning for CP5 and make recommendations on what can be done better for future control periods. Her report will also be published this autumn. The third report is that the Government has asked Nicola Shaw, who is the chief executive of High Speed 1, to advise it on how to approach the longer term shape and financing of Network Rail. She will work closely with Sir Peter Hendy, and her report is due to be published before the 2016 budget. Just for your information, committee, the terms of reference of those three reports have recently been published by the UK Government.

[98] So, in terms of how the Welsh Ministers are involved, I think these are independent reports that are being commissioned, and it's a matter for those leading them who and how they engage. I would just make it clear that we certainly welcome the Welsh Government making recommendations—making comments and suggestions—to those three teams. In terms of engagement with Ministers and the UK Government, the Secretary of State informed Edwina Hart immediately on the steps that he announced in June, and Government Ministers are, of course, very happy to discuss progress with those reviews at meetings with their Welsh counterparts.

[99] **Joyce Watson:** Thank you for that, but there is obviously potential for delays in the delivery of some of those schemes in Wales, particularly the Great Western and the Valleys electrification. Have you any comments that you can make at this time on the expected time frame of the delay?

[100] **Mr Poole:** No, because the chair of Network Rail has been tasked, as I said, with re-planning the enhancements portfolio, and the Secretary of State looks forward to receiving that report this autumn. I would just remind the committee that, in making his statement in June, the Secretary of State made it clear that the electrification of the Great Western main line to Swansea was his top priority, and that has been reiterated on a number of occasions by the Prime Minister.

[101] **Joyce Watson:** And we welcome, obviously, that statement; it's just when that priority might be realised that we're really interested in.

[102] But I also would like to ask about the implications of the Minister for Economy, Science and Transport's comment that she may 'choose others' to deliver Welsh Government-funded projects, other than Network Rail.

[103] **Mr Poole:** Well, that's a matter for the Welsh Government, and she's certainly free to make those decisions. Network Rail—I think you may have heard directly from them—are very open to third-party involvement and investment in railway infrastructure, and there is a detailed code of practice on how they will do this. Clearly, there are some limits, because Network Rail has responsibilities for the integrity and safety of the network, which imposes some restrictions on what work is contestable. But, in principle, that is clearly an option that Welsh Government Ministers are able to pursue, and there are many examples of Network Rail working with third parties on other projects, both in Wales and in England.

[104] **Joyce Watson:** Thank you.

[105] **William Graham:** Could I just ask, in terms of the Hendy review, if it re-profiles substantially CP5, would that have major implications for CP6?

[106] **Mr Poole:** I think it's too early to say, because we need to see what Sir Peter Hendy recommends to the extent that, yes, delivery of some schemes that are completed in the next control period may have implications for the amount of schemes that could be started in the next control period. We also have to bear in mind, obviously, as I mentioned, that we have a number of reports being commissioned that may affect exactly how we plan for CP6. So, I think it's really too early to say; there are a number of things we need to take into account before knowing the answer to that question.

[107] **William Graham:** Thank you very much. Keith.

[108] **Keith Davies:** Diolch, **Keith Davies:** Thank you, Chair. As we Gadeirydd. Wrth sôn am gyfnod are now talking of control period 6, rheoli 6, ym mha ffordd y gallwn ni I'd like to ask you how we can ensure sicrhau eich bod chi'n ystyried that you take Wales's needs into anghenion Cymru wrth i chi account as you develop CP6. How will ddatblygu'r cynllun? Ym mha ffordd y you take account of Wales's needs? byddwch chi'n ystyried anghenion

Cymru?

[109] **Mr Poole:** Well, we will basically follow the process we've followed in previous control periods, where we've worked closely together with the Welsh Government to ensure that each high-level output statement reflects Welsh Government priorities. So, we're following a tried and tested process here. The process, as you know, is initially industry-led, but the funders—Welsh Government and ourselves—are closely involved in that process. And once we get to the stage of an initial industry plan, there will be more intensive discussion between Welsh Government and the UK Government both at official and ministerial level on the overall package for England and Wales.

[110] **Keith Davies:** Beth yw'r ffordd orau felly i Lywodraeth Cymru hyrwyddo ei blaenoriaethau, yn enwedig, dywedwch, trydaneiddio gogledd Cymru, er enghraifft? Beth yw'r ffordd orau iddyn nhw hyrwyddo?
Keith Davies: So how best can the Welsh Government promote its own rail priorities, particularly, let's say, the electrification of the north Wales mainline, for example? What's the best way for the Welsh Government to approach that?

[111] **Mr Poole:** I think they are already engaged in the right way; they are developing the business case for the priority schemes that they wish for, and working with us to identify funding sources for those schemes to the extent that they can't be recouped from additional industry revenue. We are also working with other interested parties, such as, in the case of the north Wales line, Welsh local authorities, encouraging them to help the Welsh Government in providing evidence for that business case, I think particularly in relation to some of the wider economic benefits of investment in rail that are not necessarily fully reflected in a benefit-cost calculation.

[112] I think what I would also say is that, in working with our Welsh stakeholders, we encourage them to focus on the outputs they want from the railway, whether that's in terms of reduced journey times, increased capacity or improved connectivity. And I think this process has worked best when people focus on the outputs they want, rather than sort of focus on a particular technological solution, such as electrification.

[113] **Keith Davies:** Diolch yn fawr; thank you.

[114] **William Graham:** We've made very good time, Members; thank you

very much, and also to you for your answers. Before I move on to ports, are there any questions on rail we want to—. Dafydd.

[115] **Lord Elis-Thomas:** Can I follow up the particular issue in relation to the north Wales connection? I appreciate the fact that one should not look at potential electrification as the only option to develop services, but would you not agree that the restoration of the rail and road corridor from Holyhead across to the Marches—the A55 and the associated rail corridor alongside that—into a trans-European network would make a substantial difference to the opportunity for developing that facility, and the fact that there has been a hiatus in the status of that connection between Ireland, Holyhead and through into Hull and beyond to Rotterdam has prevented further investment taking place in that corridor?

[116] **Mr Poole:** Thank you. I think what I can usefully say is it is evident from the work that Network Rail are leading at the moment with the involvement of ourselves and the Welsh Government on the rail investment priorities for CP6, that, clearly, that line is a particular focus and there are a number of options that have come out of their consultation that are in that corridor. So, I think the work is recognising the strategic importance of that rail corridor, both for Wales, for the UK and internationally.

[117] **William Graham:** I've just been handed a note that the TEN-T regulation requires north Wales to have electrification by 2030. So, will that be a factor?

[118] **Mr Poole:** I'm afraid I'm not an expert on TEN-T regulations and exactly what they say, so I can't really comment on what conditions might be required.

[119] **William Graham:** Thank you very much. Okay. I'll move now to ports, if I may, and the fact that the UK Government ports policy is currently market-led and the implications for Wales if it has a more interventionist approach.

[120] **Mr Oscroft:** Thank you. I would agree with your characterisation of the UK policy towards port development, that it is market-led and it is a permissive and supportive framework that we've put in place, which has been around for a number of years, but most recently restated in our national ports policy statement from 2012. I think that that policy has been successful in attracting large amounts of investment into UK ports, for example, the London Gateway, Felixstowe, Southampton, as well as Liverpool, which I

think shows that the UK is a good place to invest in ports. Clearly, after devolution, policy decisions on port development policy in Wales will be a matter for the Welsh Government, and it wouldn't be right—. I don't know what their policy is; no doubt, colleagues in the Welsh Government are developing that at the moment, but that's really something for them to take forward.

[121] **William Graham:** The current policy reflects the key role of ports as hubs particularly for the development of the wider economy, and we're going to look at later today at marine energy. Would you feel that that can be further developed?

[122] **Mr Oscroft:** We obviously recognise the importance of ports as drivers of economic development themselves and also locations for other maritime industries and businesses that need very easy access for imports and exports. We've also said in our national ports policy statement that we recognise the importance of ports for the offshore energy business in terms of installation and servicing and maintenance of windfarms. I don't think we've got a specific policy as regards marine energy at the moment; that's more an issue for my colleagues in the Department for Energy and Climate Change, but, clearly, if there were opportunities for ports to have that investment related to marine energy on their sites and premises, then I imagine that's something that they'd want to consider as a welcome potential source of diversification and business.

[123] **William Graham:** Clearly, once ports policy is devolved, there will be a need for co-ordination with other ports within the United Kingdom. How do you foresee that happening?

[124] **Mr Oscroft:** In the UK at the moment, of course, ports development policy is already devolved to the Scottish Government and also to the Northern Ireland Executive, and it will be to the Welsh Government some time in the next year or so, depending on the passage of the Bill. And we do agree that there are a number of issues that are common across all the ports administrations in the UK. We have had regular, if informal, contact with our colleagues in the Scottish Government, the Welsh Government and the Northern Ireland Executive on an ongoing basis. We've taken steps to put that on a more formal basis, to have regular annual or biannual meetings between officials from the four ports administrations, if you like, and also representatives of the trade organisations, such as the British Ports Association and the United Kingdom Major Ports Group Ltd, to discuss issues

that affect us all, share information and also to look at ways in which we might develop joint approaches or work together. But, obviously, the implication of devolution is that you will get differences of emphasis between the approaches in the various ports administrations. But it's good to share information about them.

[125] **William Graham:** Thank you for that. Currently, our experience in Wales is that the port and harbour development consent process is rather slow. Do you have a view on how that could be improved until we get full devolution?

10:30

[126] **Mr Oscroft:** Yes, that's certainly an issue that's been raised a number of times by ports and developers. We obviously do take that seriously. There are a number of steps that we have taken to help improve the process for consents for development. One is through the Planning Act 2008, which is a new, more streamlined approach for getting consent for the largest harbour facility development projects in England and Wales, over a particular threshold, set out in the Act, that is those who applied to get a development consent order, which effectively covers most if not all the other consents that are typically needed in terms of a harbour order and marine licensing consent and also any local authority planning permission or other areas.

[127] For harbour development projects that are less than the threshold that the Planning Act would apply, we have developed a coastal concordat between the various regulators—so, that's the Marine Management Organisation, the Environment Agency, Natural England, local authorities and UK departments—as a way of trying to streamline the approach for developers. So, they have a single point of entry into the system of getting consents and, where there is overlap or unnecessary regulation, it can be dispensed with. That provides clarity to developers about the information that they need to provide, particularly environmental information, in support of their plans. So, I think that there are some steps that we have taken, and there may well be scope for further improvements and we're obviously always open to that.

[128] **William Graham:** Thank you very much. Keith.

[129] **Keith Davies:** Thank you, Chairman. We did have the opportunity to visit Anglesey to look at Energy Island, and marine energy formed a big part

of our discussions in Anglesey. But, the other issue that we've discussed as well has been the development of motorways of the sea. I wonder if the department has been involved in that kind of discussion.

[130] **Mr Oscroft:** Yes, I think that's one of the TEN-T programmes, as I understand it. I know that the department does clearly have a role in discussions with the EU about the bids for the TEN-T programme, including motorways of the sea. I know that definitely covers the link between Dover and Calais, and I think there was a recent announcement that there was quite a substantial amount of money going to those two ports to help them develop and improve that link. I'm not sure if the motorways of the sea network extends to the link between north Wales and Ireland as well, I'm afraid. I would need to look into that.

[131] **Keith Davies:** Okay, thank you.

[132] **William Graham:** Joyce.

[133] **Joyce Watson:** We talked about devolution of ports policy, but what I'd like to truly understand is whether that is going to be a total devolution of port policy or will there be a continued interest in ports policy and some retention of that by the UK Government? We need to just be clear about what we're talking about.

[134] **Mr Oscroft:** In the St David's Day agreement, I think the UK Government accepted the Silk commission recommendation that port development policy, including harbour orders and oversight of trust ports be devolved to the Welsh Government and also, of course, legislative competence to the National Assembly. But, how this would be done for trust ports would be subject to the findings of the trust ports study that we're currently carrying out. So, depending on the outcome of that study, that may have some influence on what is devolved or not in relation to trust ports—it may or may not.

[135] Also, in other areas, the UK Government would continue to be responsible for port safety policy and also port security, as we are in Scotland and Northern Ireland. The UK Government would still, of course, lead for the UK on any negotiations in the European Union about new legislation affecting ports across the UK, as we're currently doing as regards the port services regulation. Obviously, we work to keep the devolved administrations closely in touch about the progress of EU negotiations. We will clearly continue to do

that.

[136] **Joyce Watson:** Can I also follow on from that, because we've been talking about rail and ports separately this morning, but there is obviously an interconnection between those two in many places? I would rather hope that there's been some recognition, since nobody's mentioned it, of that connectivity—and I choose that word advisedly—between them. Is it the case that when you're looking at devolution, you look at any of the other impacts that might be coming this way about the devolution of the rail franchising and also the connectivity in places in Wales—I live in Pembrokeshire, so I'm clearly talking about Fishguard, Pembroke Dock and places like that—and how those devolution settlements have been mindful of that connectivity, particularly when we've talked about—and Jenny explored it at length—not being any better or worse off when we're taking over the rail franchise?

[137] **Mr Oscroft:** In terms of port devolution, I think the St David's Day announcement recognised that a strong argument in favour of port devolution was so that the Welsh Government and the National Assembly would have competence over transport links as well as ports, particularly for the road network. That's a strong argument, so that those two could be taken forward within the same sort of framework.

[138] As regards rail, I don't know whether there's anything you want to add to that, Colin?

[139] **Mr Poole:** I think the only thing I would add is, in a sense, just to go back to the overall purpose of devolution: it is to enable the Welsh Government to develop Wales for the interest of the Welsh people and, therefore, the further devolution of powers is giving them greater freedom to ensure that there is proper co-ordination between the different modes of transport. I think it's probably not for us, in this department, to debate the overall funding agreement between Government and Wales, which is obviously not our area of responsibility, but I note what you've said about those issues.

[140] **William Graham:** There are no more questions, so thank you very much. Could I thank our witnesses today for the way that you've answered our questions? I am very grateful to you. Also, I record the thanks of the committee to the Secretary of State for allowing you to appear today. Thank you very much.

10:37

Papurau i'w Nodi Papers to Note

[141] **William Graham:** We're a little ahead of time, so if I could just raise with you one of our items, which is papers to note—could we agree those? Thank you very much. We will recommence at 11 o'clock, when our next witness will be present. Thank you.

*Gohiriwyd y cyfarfod rhwng 10:37 a 11:01.
The meeting adjourned between 10:37 and 11:01.*

Ymchwiliad i Botensial yr Economi Forol yng Nghymru Potential of the Maritime Economy Inquiry

[142] **William Graham:** Well, shall we resume on item 3, the inquiry into the potential of the maritime economy? We particularly welcome Rhodri Glyn Thomas—thank you very much coming today—and Gregg Jones. Thank you for your paper. Could I ask you to give your name and title for the record?

[143] **Rhodri Glyn Thomas:** Rhodri Glyn Thomas, eilydd ar Bwyllgor y Rhanbarthau ar ran Cynulliad Cenedlaethol Cymru; a Gregg Jones, pennaeth swyddfa'r Cynulliad Cenedlaethol ym Mrwsel.
Rhodri Glyn Thomas: Rhodri Glyn Thomas, a substitute on the Committee of the Regions on behalf of the National Assembly for Wales; and Gregg Jones, the head of the National Assembly's European office in Brussels.

[144] **William Graham:** Thank you very much. I think I have agreed with you that you don't want to make a statement in opening, so we'll go to the first question, which is Dafydd Elis-Thomas's.

[145] **Yr Arglwydd Elis-Thomas:** Wel, gennyf gael gofyn y cwestiwn cyntaf i ti. Efallai y byddai o ddiddordeb i'r pwyllgor, ac yn ehangach, pe byddet ti'n gallu esbonio beth yw natur cynhyrchu barn—barn ddrafft, fel yw
Lord Elis-Thomas: Well, it's a pleasure and a privilege, Rhodri, to be asking you this first question this morning. It may be of interest to the committee, and to people more broadly, if you could explain the nature of producing an own-initiative

hi ar hyn o bryd—o dy hunan ddewisiad di, a pham y gwnest ti ddewis ynni'r cefnfor, oherwydd hwn yw'r drydedd neu'r bedwaredd farn yr wyt ti wedi mynd â hi drwy'r pwyllgor arbennig yr wyt ti'n aelod ohono fo—Pwyllgor y Rhanbarthau.

[146] **Rhodri Glyn Thomas:** Ie, y pedwerydd adroddiad yr ydym ni wedi ei baratoi, a phob un o'r rheini gyda Gregg Jones, fel yr ymgynghorydd arbenigol, ac rwyf yn ddyledus iawn iddo fe am y gwaith y mae wedi ei wneud. Fe ddeilliodd y ddau gyntaf o'r ffaith fy mod i wedi mynd ar is-bwyllgor i edrych ar gyllideb y Comisiwn Ewropeaidd. O'r pwyllgor hynny, fe ddaeth dau ddatganiad, gyda'r un cyntaf yn ymwneud â synergedd rhwng y gyllideb Ewropeaidd a chyllideb yr aelod-wladwriaeth, a chyllideb is-wladwriaeth ar gyfer y gwledydd bach a'r rhanbarthau, gan edrych ar y math o broblemau a oedd yn codi o hynny, fel yr oedd yr arian yn dod o Ewrop, trwy'r aelod-wladwriaeth, i lawr at y projectau a rhaglenni a oedd yn weithredol ar y ddaear. Ac yna fe gawsom ni gais gan Iwerddon, a oedd yn llywyddu ar y Comisiwn Ewropeaidd, i edrych ar y synergedd rhwng cytundebau â phartneriaethau preifat a rhai cyhoeddus, ac edrych ar y math o sefyllfaoedd a oedd yn codi yn y fan honno, ac edrych yn arbennig ar waith y banc Ewropeaidd, a gweld sut y gallai rhanbarthau a gwledydd bychain fanteisio ar y banc Ewropeaidd, sydd, wrth gwrs, yn

opinion—a draft opinion, as it is at present—and why you chose ocean energy as the subject, because this is the third or fourth opinion that you have taken through the particular committee that you are a member of—the Committee of the Regions

Rhodri Glyn Thomas: Yes, it is the fourth report that we have prepared, each of them with Gregg Jones as the special adviser, and I am deeply indebted to him for the work that he has done. The first two opinions emerged from the fact that I had become a member of a sub-committee to look at the budget of the European Commission. From that committee, two opinions emerged, the first of which related to synergy between European budget and member state budgets, and budgets at the sub-state level for the small nations and regions. We looked at the kind of problems that arose from that, as the funding trickled down from Europe, through the member states, down to the projects and programmes that were in operation on the ground. And then we received a request from Ireland, which held the European Commission presidency at that time, to look at the synergy between agreements with public and private partnerships, and to look at the kinds of situations that arose there, looking in particular at the work of the European bank, to see how regions and smaller nations could take advantage of that bank, which, of course, is the European

eiddo i'r Comisiwn Ewropeaidd. Mae'n fanc gwahanol iawn i fanc masnachol.

Commission's bank. It is very different from a commercial bank.

[147] Yna, fe wnaethom ni adroddiad a ddaeth gerbron y pwyllgor amgylchedd yn y fan hyn, pan oeddet ti'n Gadeirydd ar y pwyllgor hwnnw, yn ymwneud â rheoliadau pysgodfeydd, ac fe gawsom ni yn y fan honno i edrych ar y modd yr oedd y rheoliadau hynny yn effeithio ar bobl oedd â fflyd cymharol fach o ran pysgota, ac o ran y porthladdoedd bychain, ac edrych ar y manteision a allai godi o ran sicrhau bod yna ychwanegu gwerth ar y lan i'r hyn oedd yn cael ei gasglu gan y cychod pysgota. Fe wnaethom ni ymdrech i geisio rheoli rhai o'r fflydoedd mawr pysgota oedd yn teithio'n bell ac yn pysgota yn helaeth iawn, ac fe aethom i drafferthion mawr gyda'n cyfeillion yn Llydaw a Phortiwgal a gwledydd eraill nad oedd yn arbennig o werthfawrogol—

We then produced a report, which was submitted to the environment committee in this place, when you were Chair of that committee, in relation to fisheries regulations, and we had an opportunity there to look at the way in which those regulations impacted those people who had a relatively small fishing fleet, and in the small ports. We looked at the benefits that could emerge in terms of ensuring that value was added onshore in terms of what was caught by the smaller fleets. We also made an attempt to try and control some of the large fishing fleets that travelled long distances and were fishing very aggressively, and we got into great difficulties with colleagues in Brittany and Portugal and other countries who were not particularly appreciative—

[148] **Yr Arglwydd Elis-Thomas:** Heb sôn am yr Alban, yn sicr.

Lord Elis-Thomas: And Scotland also, I suppose.

[149] **Rhodri Glyn Thomas:** Roedd yr Alban yn olrêit—Llydaw, Sbaen a Phortiwgal oedd y problemau mawr a gawsom ni. Fe aeth hi'n ddadl fawr iawn yn y pwyllgor NAT, ar y pryd, ynglŷn â hynny. Wedyn, fe ddaeth y cyfle i wneud yr adroddiad hwn pan ddaeth i bwyllgor ENVI, rwy'n aelod ohono bellach.

Rhodri Glyn Thomas: No, Scotland were fine—it was Brittany, Spain and Portugal who caused the greatest problems. It became a very heated debate in the NAT committee, as it was, on that particular issue. Then, we had an opportunity to turn to this issue. It came to the ENVI committee, of which I'm now a member.

[150] **Yr Arglwydd Elis-Thomas:** Beth yw'r acronymau yma rwan—NAT ac ENVI—os gwelwch yn dda?

Lord Elis-Thomas: What are these acronyms—NAT and ENVI—please?

[151] **Mr Jones:** ENVI is environment—

[152] **Rhodri Glyn Thomas:** Ie, yr amgylchedd a materion sy'n ymwneud â'r amgylchedd. Fe ddaeth, i raddau helaeth, o'r gwaith a oedd wedi dod o adran MARE, a oedd dan arweiniad Lowri Evans bryd hynny. Fe roedden nhw wedi bod yn edrych ar bwysigrwydd y math newydd yma o ynni sydd yn codi o'r môr ac roeddent yn awyddus iawn i weld Ewrop yn bwrw ymlaen â hyn. Mae yna fap—*road map*—yn cael ei gyhoeddi'r mis yma—

Rhodri Glyn Thomas: It's the environment and issues related to the environment. It emerged, to a great extent, from the work carried out by MARE, led by Lowri Evans at that time. They had been looking at the importance of this new kind of marine energy and they were very eager to see Europe progressing in this area. A road map, I believe, is to be published this month—

[153] **Mr Jones:** Fis nesaf.

Mr Jones: Next month.

[154] **Rhodri Glyn Thomas:** Fis nesaf—gan y Comisiwn, a fydd yn dangos y llwybr y maen nhw am weld Ewrop yn ei ddilyn ar hyn. Y peth pwysig yw bod arfordir Ewrop yn arbennig o addas ar gyfer hyn. Mae arfordir Cymru'n arbennig o addas. Mae yna bum cynllun lagŵn wedi cael ei glustnodi ar gyfer y Deyrnas Unedig, ac mae pedwar ohonynt yng Nghymru. Mae'r un yn Abertawe; mae yna un i fod yn y gogledd ym Mae Colwyn; ac un ym Mro Morgannwg; ac un yng Nghasnewydd. Felly, mae'r cynlluniau yma'n eithriadol o bwysig. Beth mae Ewrop yn awyddus i'w weld hefyd ydy bod y dechnoleg yn cael ei chreu a'i datblygu yn Ewrop. Mae hynny'n eithriadol o bwysig i Gymru,

Rhodri Glyn Thomas: Next month—by the Commission, which will demonstrate the route that they want to see Europe taking in this area. The important thing is that the European coastline is particularly appropriate for this, and so is the Welsh coastline. There are five lagoon projects that have been proposed for the UK and four are in Wales. There's one in Swansea; there is another in north Wales in Colwyn Bay; one in the Vale of Glamorgan; and one in Newport. So, these proposals are exceptionally important. What Europe is eager to see is that the technology is developed within Europe. That is extremely important to Wales, because when you think of what

oherwydd pan feddylwch chi am beth ddigwyddodd gydag ynni gwynt, er bod yna lawer iawn o ffermydd gwynt a thyrbinau gwynt wedi cael eu gosod yng Nghymru, bach iawn o ran y diwydiant a'r is-strwythurau oedd wedi cael eu cynhyrchu a'u datblygu yng Nghymru.

[155] Felly, mae'r adroddiad wedi cael ei baratoi ar bolisiau a rhaglenni sydd yn weithredol o fewn Ewrop o ran y Comisiwn a hefyd o ran Senedd Ewrop. Mae yna gyfle, drwy hynny, inni gysylltu â rhai o'r adrannau a rhai o'r swyddogion mwyaf blaenllaw yn Ewrop. Fe ddaeth Lowri Evans i'r cyfarfod lle'r oeddwn yn cyflwyno'r adroddiad drafft i'r pwyllgor ENVI ac fe siaradodd hi ar ran y Comisiwn yn frwdfrydig iawn ac yn gefnogol iawn. Roeddwn yn ddiolchgar iawn oherwydd nid yw'r prif swyddogion ar y lefel honno yn aml iawn yn mynychu. Ond, mi roedd ganddi hi ddiddordeb mawr yn y prosiect ei hunan.

[156] Felly, mae yna gysylltu â'r Comisiwn, Mae'n rhaid i'r Comisiwn, maes o law, ymateb i'r adroddiad. Yn aml iawn, mae Aelodau o Senedd Ewrop hefyd yn manteisio ar y cyfle i gysylltu hyn â gwaith sydd yn weithredol yn Senedd Ewrop. Ond, rydym wedi cael cyfle hefyd yn y fan hyn i drafod gyda swyddogion yma yn y Cynulliad. Fe gawsom ni gyfarfod gydag Edwina Hart a'i swyddogion hi—

happened with wind energy, although there are a number of wind farms and wind turbines erected in Wales, there was very little in terms of the infrastructure of the industry that had been developed and produced here in Wales.

Therefore, the report has been prepared on the basis of policies and proposals that are in the pipeline in Europe in terms of the Commission and the European Parliament. There is an opportunity for us, therefore, to contact some of the departments and some of the foremost officials in Europe. Lowri Evans did attend a meeting where I presented the draft report to the ENVI committee and she spoke on behalf of the Commission and was very enthusiastic and very supportive. I was very grateful because, generally speaking, senior officials do not attend those kinds of meetings. But, she was hugely interested in the project itself.

Therefore, there is contact with the Commission. The Commission will be required, in due time, to respond to the opinion. Very often, Members of the European Parliament also take the opportunity to relate this to work that is ongoing in the European Parliament. But, we have also had an opportunity, in this instance, to hold discussions with officials here in the Assembly. We had a meeting with Edwina Hart and her officials—

- [157] **Yr Arglwydd Elis–Thomas:** Yn y Llywodraeth. **Lord Elis–Thomas:** You are talking of the Welsh Government.
- [158] **Rhodri Glyn Thomas:** Yn y Llywodraeth, ie. Mae'n ddrwg gen i; beth ddywedais i? **Rhodri Glyn Thomas:** Yes, I do apologise. Sorry, what did I say?
- [159] **Yr Arglwydd Elis–Thomas:** Y Cynulliad. **Lord Elis–Thomas:** Assembly.
- [160] **Rhodri Glyn Thomas:** Y Llywodraeth, ie, yn sicr. **Rhodri Glyn Thomas:** I meant the Government, you're quite right.
- [161] **Yr Arglwydd Elis–Thomas:** Sori, rwy'n bedant cyfansoddiadol. Rwy'n cyfaddef hynny. **Lord Elis–Thomas:** Sorry, I am a constitutional pedant. I'll admit to that.
- [162] **Rhodri Glyn Thomas:** Rwy'n cytuno'n llwyr. Fe gawsom ni gyfarfod gydag Edwina Hart a'i swyddogion ac mae hithau wedi creu grŵp *task and finish* i edrych ar ynni o'r môr. Fe gawsom ni gyfarfod hefyd gydag un o swyddogion Jane Hutt, ac mae'n dda gweld bod Llywodraeth Cymru nawr wedi clustnodi rhyw €100 miliwn o arian Ewropeaidd ar gyfer datblygu, hyrwyddo a chefnogi'r diwydiant yng Nghymru. **Rhodri Glyn Thomas:** I agree entirely with your point. We had a meeting with Edwina Hart and her officials and she has created a task and finish group to look at marine energy. We also had a meeting with one of the Jane Hutt's officials, and it's good to see that the Welsh Government has now allocated some €100 million of European funding in order to promote and develop the industry here in Wales.
- [163] Mae yna gais ychwanegol wedi mynd i mewn ar gyfer yr arian ychwanegol sy'n dod o gynllun neu becyn Juncker. Felly, rydym yn gobeithio y bydd yna gefnogaeth i'r diwydiant yng Nghymru. Felly, mae hyn yn digwydd ar y ddwy lefel. Mae'n digwydd yn Ewrop, ac rydym ni hefyd yn gallu dylanwadu ar yr hyn sydd yn digwydd o ran Llywodraeth Cymru yn y fan hon, a sicrhau bod **There has been an additional request for funding coming from the Juncker package. Therefore, we do hope that there will be support for the industry in Wales. So, it's happening on both levels. It's happening in Europe, and we can also bring influence to bear in terms of what happens in the Welsh Government here and ensure that Wales is seen to be playing its full part within the structures in Brussels**

Cymru yn cael ei gweld yn chwarae ei rhan o fewn y strwythurau ym Mrwsel yn Ewrop. Rydym ni wedi bod yn lwcus gan ein bod wedi gwneud yr adroddiadau ar y gyllideb a chlustnodi gwaith Banc Buddsoddi Ewrop. Roedd hynny'n gyfle yn Ewrop i ddangos pwysigrwydd y banc a hefyd i ailgynnau diddordeb yng Nghymru yn y banc. Bellach rydym yn gweld pethau fel y campws, yn sicr, ym Mhrifysgol Abertawe, sef yr enghraifft gorau, mae'n debyg, o fuddsoddiad gan Fanc Buddsoddi Ewrop yng Nghymru. Mae'r adroddiad hwn eto yn gyfle inni sôn am bwnc sy'n gyfredol ac sydd ar flaen yr agenda yn Ewrop, a gweld rôl Cymru yn hynny.

[164] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr am hynny. A gaf i ofyn un cwestiwn arall cysylltiol? Hynny yw, i ba raddau yr wyt ti'n gallu cael yr amser a'r egni, fel Aelod Cynulliad, i wneud y rhan yma o dy ddyletswyddau? Pa flaenoriaeth yr wyt ti'n ei rhoi i'r cynrychioli ar Bwyllgor y Rhanbarthau? Efallai ei bod hi'n bwysig dweud yn gyhoeddus—. Hynny yw, mae'r Cynulliad Cenedlaethol hwn yn cael ei gynrychioli yn uniongyrchol ar y corff hwnnw, ac mae hwnnw'n un o ganlyniadau datganoli. Felly, mae'n rhan o rôl—. Rwyd ti'n gwneud y gwaith hwnnw fel Aelod Cynulliad. A wyt ti'n teimlo dy fod ti'n cael digon o gefnogaeth i wneud y gwaith hwnnw a bod digon o amser i wneud y gwaith, ynteu a fyddem yn gallu

and within Europe. We've been very fortunate because we prepared those opinions on the budget and looked specifically at the European Investment Bank, and that gave us an opportunity within Europe to demonstrate the importance of the bank, and also to rekindle interest in Wales in the European Investment Bank. We see now developments such as the campus in Swansea University, which, I suppose, is the best example of investment from the European Investment Bank in Wales. This report once again gives us an opportunity to discuss an issue that is very topical in Wales and that is at the top of the agenda in Europe also, and identify Wales's role in that.

Lord Elis Thomas: Thank you for that. I have one related question. To what extent do you have the time and energy, as an Assembly Member, to carry out this aspect of your work, and what priority do you give to your representation on the Committee of the Regions? It may be important to make public—. This National Assembly is represented directly on the Committee of the Regions, and that is one of the outcomes of devolution. Therefore, it is part of your role as an Assembly Member. Do you believe that you are given sufficient support for that work and that you have sufficient time to carry out that work, or could we perhaps benefit from having more Assembly Members in the near future, which would enable us to do this work even

manteisio o gael rhagor o Aelodau Cynulliad yn y dyfodol agos, a fyddai'n galluogi ni wneud y gwaith hyd yn oed yn fwy effeithiol? Sut yr ydym ni'n cymharu efo rhanbarthau eraill deddfwriaethol yn Ewrop sydd â chynrychiolaeth debyg?

[165] **Rhodri Glyn Thomas:** O ran amser, rwyf yn rhannu'r amser rhwng Ewrop ac, wrth gwrs, fy ngwaith fel Comisiynydd yn y fan hon. Mae hynny'n cael ei gydnabod yn y ffaith fy mod yn eistedd ar un pwyllgor yn unig, lle mae Aelodau eraill yn gorfod eistedd ar fwy nag un pwyllgor. Byddem yn meddwl, yn ddelfrydol, yn enwedig gyda'r baich deddfwriaethol sydd yn codi yn y lle yma, mai ar un pwyllgor yn unig y dylai pob Aelod eistedd, er mwyn cael y cyfle i sgriwtimeiddio deddfwriaeth yn gywir. Mae hwnnw'n bwynt gwleidyddol, Gadeirydd.

[166] **Yr Arglwydd Elis-Thomas:** Nac ydy. Mae hwnnw'n bwynt cyfansoddiadol.

[167] **Rhodri Glyn Thomas:** Mae'n deg i ddweud y byddai hynny'n golygu, wrth reswm, y byddai angen mwy o Aelodau yma yn y Cynulliad.

[168] O ran y modd yr ydym yn blaenoriaethu'r gwaith, mae Mick Antoniw, sef yr aelod llawn a minnau fel eilydd, yn cael caniatâd gan y pleidiau—. Mae yna drefniant ein bod ni'n cael caniatâd i fod yn bresennol yn y cyfarfodydd ym Mrwsel. Er

more effectively? How do we compare with other legislative regions in Europe that have similar representation?

Rhodri Glyn Thomas: In terms of time commitment, I share my time between Europe and my work as a Commissioner in this place. That is recognised in the fact that I only sit on one committee, where others have to sit on more than one very often. I would think, ideally, particularly with the legislative burden that arises in this place, that all Assembly Members should only sit on one committee so that they have that proper opportunity to scrutinise legislation properly. But that's a political point, Chair.

Lord Elis-Thomas: No, it's a constitutional point.

Rhodri Glyn Thomas: It is fair to say that that would mean, of course, that we would need more Members in this Assembly.

In terms of how we prioritise our work, Mick Antoniw, who is the full member of the Committee of the Regions, and I am a substitute to him, is given consent by the parties to attend meetings in Brussels. For example, I will be in Brussels myself

enghraifft, mi fydda i ym Mrwsel yr wythnos ar ôl nesaf tra bydd deddfwriaeth yn mynd drwy'r lle yma. Mae'r trefniant yn ei le er mwyn sicrhau nad yw'r sefyllfa o ran cydbwysedd y pleidiau yn y fan hon yn cael ei heffeithio gan fy absenoldeb i. Byddai'r un peth yn digwydd petai Mick yn gorfod mynd i gyfarfod. Felly, mae'r flaenoriaeth honno'n cael ei chydabod gan y pleidiau yma yn y Cynulliad.

the week after next while there is legislation going through this place. But arrangements are in place in order to ensure that the situation in terms of party balance in this place is not impacted by my absence. The same thing would be true if Mick had to attend a meeting. Therefore, that priority is recognised by parties here in this Assembly.

[169] **William Graham:** Thank you very much. I'm sure Members would be most interested in the way in which the process occurs, but perhaps the questioning could remain on maritime energy. Keith, please.

[170] **Keith Davies:** Diolch, Gadeirydd. Rwy'n cytuno â'r hyn yr oeddet ti'n ei ddweud am ynni gwynt. Rwy'n credu bod ynni cefnfor llawer yn bwysicach, ac rwy'n credu y bydd yn cynnig mwy o gyfleoedd inni yng Nghymru. A allet ti esbonio pa gyfleoedd yr wyt ti'n credu y bydd yn codi ar yr ochr hwn? Hefyd, wrth gwrs, bydd gennym rhai problemau. Beth yw'r problemau mwyaf?

Keith Davies: Thank you, Chair. I agree with what you said about wind energy. I think that marine energy is far more important, and I think it will provide greater opportunities for us here in Wales. Could you explain what opportunities you believe will arise from this? Also, of course, there will be some problems. What are the major problems that we will face?

11:15

[171] **Rhodri Glyn Thomas:** Os edrychwn ni ar yr ochr gadarnhaol yn gyntaf, mae yna gyfle gwirioneddol yma â'r safleoedd yma wedi cael eu dynodi bellach—y pedwar safle—ar hyd arfordir Cymru—

Rhodri Glyn Thomas: If we look at the positives, first of all, there is a very real opportunity here with these sites that have been designated—the four sites that I mentioned—along the Welsh coast—

[172] **Keith Davies:** Dylwn i fod wedi dweud, wrth gwrs, ein bod ni fel pwyllgor wedi bod yn Ynys Môn, fel

Keith Davies: I should have said, of course, that we as a committee visited Anglesey, as the energy

ynys ynni, i weld beth oedden nhw'n ei gynnig yna. Nid dim ond yng Ngholwyn neu Abertawe y mae e, mae e dros Gymru gyfan, byddwn i'n meddwl.

[173] **Rhodri Glyn Thomas:** Wel, mae'n bwysig iawn ein bod ni yn edrych ar sefyllfa Cymru a'r modd rŷm ni yn mynd i ddatblygu ynni adnewyddol a fydd yn sicrhau bod yna gyflenwad digonol o ynni yn mynd i'r grid i ateb gofynion poblogaeth Cymru, a hefyd i gyfrannu at anghenion y tu allan i Gymru. Mae'r cyfle hwnnw gennym ni.

[174] Un o'r pethau a ddywedwyd wrthym ni wrth i ni gasglu'r wybodaeth oedd, wrth gwrs, fod ynni gwynt yn rhywbeth sydd yn creu pob math o dyndra rhwng pobl sydd yn gefnogol iawn o greu ynni adnewyddol a phobl sy'n poeni am yr effaith mae'n cael ar y tirlun—

[175] **Keith Davies:** Dere i Ddyffryn Aman a Chwm Tawe, reit. Mae e fel petawn ni'n cael y tipiau glo nôl. Dyna fy marn i.

[176] **Rhodri Glyn Thomas:** Wel, mae'r ddadl yma'n bodoli. Un o gryfderau'r math yma o ynni morol yw, wrth gwrs, fod yr is-strwythur yn gymharol fach, felly nid yw'r effaith mae'n ei gael ar yr amgylchedd ac ar y tirlun yn fawr. Er, pan wnaethom ni gynnal cyfarfod ar gyfer rhanddeiliaid ym Mrwsel, fe wnaethom ni'n siŵr

island, to see what they were proposing there. So, it's not only in Colwyn Bay or Swansea, it's across the whole of Wales, I would have thought.

Rhodri Glyn Thomas: Well, it's very important that we do look at the situation in Wales and the way in which we are going to develop renewable energy that will ensure that we do have a sufficient supply of energy going into the grid to meet the needs of the people of Wales and also to contribute to the needs outwith Wales. We do have that opportunity.

One of the things we were told as we gathered evidence was, of course, that wind energy was something that created all sorts of tensions between those who are very supportive of renewable energy and those who are concerned about its impact on the landscape—

Keith Davies: Come to the Amman valley and the Tawe valley. It's like getting the coal tips back. That is my view.

Rhodri Glyn Thomas: Well, this argument does exist. One of the strengths of this type of marine energy is that the infrastructure requirements are relatively small, so the impact that it has on the environment and on the landscape is not particularly great. Although, when we did hold a meeting of

bod y lobi amgylcheddol yno ac fe gawsom ni drafodaeth ddiddorol iawn rhwng y datblygwyr a'r lobi amgylcheddol, oherwydd, yn amlwg, os ych chi'n mynd i greu unrhyw fath o strwythur fel hyn, mae e'n mynd i gael effaith ar yr amgylchedd. Y cwestiwn yw sut y gallwch chi leihau'r effaith andwyol a, hwyrach, cyfrannu pethau positif tuag at yr amgylchedd trwy'r datblygiad yma.

stakeholders in Brussels, we did ensure that the environmental lobby was in attendance and we did have a very interesting debate between the developers and the environmental lobby, because, clearly, if you're going to create any structure of this kind, it's going to have an environmental impact. The question is how you can mitigate that detrimental impact and actually make positive contributions to the environment through these kinds of developments.

[177] Mae yna gyfle, y tro yma, i edrych ar ddatblygu'r diwydiant yn ogystal â bod yn lleoliad ar gyfer y prosiectau yma. Mae e'n gyfle, hefyd, i ddatblygu rhai o'r ardaloedd yma ar yr arfordir—y porthladdoedd yn arbennig, pan mae rhywun yn meddwl am lagŵn Abertawe a'r cyfleoedd sydd yno. Felly, mae yna botensial enfawr a dyma yw'r datblygiad nesaf o ran ynni adnewyddol. Dyma'r peth blaengar sydd yn mynd yn ei flaen ar hyn o bryd, ar lawer ystyr. Mae ynni gwynt yn rhywbeth sy'n perthyn i'r gorffennol, lle mae hwn yn edrych ymlaen at y dyfodol.

There is an opportunity, this time, to look at developing the industry as well as being the location for these projects. It's also an opportunity to develop some of these coastal areas—our ports particularly, when one thinks of the Swansea tidal lagoon and the opportunities there. So, there is huge potential and this is the next big development in terms of renewable energy. This is the innovative side of renewable energy at present, in many senses. Wind energy is a thing of the past, whereas this is for the future.

[178] Yr anfanteision yw, yn y lle cyntaf, ei fod e'n ddiwydiant nad yw wedi'i ddatblygu i raddau helaeth iawn. Mae'r elfen lagŵn wedi cael ei brofi a'i ddatblygu, ond mae'r elfennau eraill sy'n perthyn i'r tonnau a'r llanw ac yn blaen yn llai datblygedig, a'r cwestiwn mawr ydy o

The disadvantages are, first of all, that it is in an industry that isn't yet fully developed. The lagoon element has been proven and developed, but there are other elements related to wave and tidal power and so on that are less developed, and the major question is where is the funding

le mae'r arian yn mynd i ddod i fuddsoddi yn y datblygiad hwnnw. Mae yna bob math o feysydd yn cael eu hargymell, hyd yn oed o ran tymheredd y dŵr, yn ogystal â'r tonnau eu hunain. Ond, ar y dechrau, mae'r broses honno'n mynd i fod yn ddrud ac mae hefyd y cwestiwn o sut y mae modd cysylltu â'r grid cenedlaethol. Nid yw'n gymaint o broblem mewn gwlad fechan fel Cymru, ond mae e'n broblem oherwydd, wrth gwrs, mae'r arfordir yn weddol bell oddi wrth y grid. Ond os ewch chi i wledydd sy'n fwy, hyd yn oed yr Alban, mae'r cysylltiad yn y fan honno yn llawer iawn mwy anodd ac yn llawer iawn yn fwy pell. Felly, y cwestiwn yw sut y gellir gweithio o fewn Ewrop i sicrhau bod y cysylltiadau yma â'r grid yn cael eu datblygu.

[179] Rŷm ni'n codi'r cwestiwn, ac wedi codi'r cwestiwn yn ystod ein trafodaethau, a oes modd defnyddio arian Ewropeaidd ar gyfer yr is-strwythur yma i gysylltu â'r grid, nad yw'n cynnig mantais uniongyrchol i unrhyw gwmni ond sy'n galluogi'r datblygiadau yma i ddigwydd. Rwy'n meddwl bod y grŵp y mae Edwina Hart wedi'i sefydlu yn edrych ar hynny ac mae Jane Hutt hefyd yn edrych ar hynny o ran yr arian sy'n dod lawr o Ewrop. Felly, mae yna fanteision, ond mae yna hefyd—fel gyda phob diwydiant arall—broblemau cychwynnol, ac mae'n rhaid ceisio dod dros y rheini.

going to come from to invest in those developments. There are all sorts of areas being recommended, even in terms of ocean thermal energy, as well as wave energy. But, at the outset, that process is going to be expensive and there is also the question of how you can ensure connectivity with the national grid. It's not such a problem in a small nation such as Wales, but it is a problem, because, of course, the coastline is relatively far from the grid. But, if you go to larger countries, even Scotland, connectivity there is far more difficult and the distances are far greater. So, the question is how we can work within Europe to ensure that connectivity with the grid is developed.

We do raise the question, and have raised the question during our negotiations, as to whether we could use European funding for the infrastructure necessary to connect to the grid, which does not offer a direct benefit to any company, but does allow these developments to take place. I think that the group that Edwina Hart has established is looking at that and Jane Hutt is also looking at that issue in terms of the money being drawn down from Europe. So there are benefits, but, as with all other industries, there are initial problems, and we do have to try to overcome those problems.

[180] **Keith Davies:** Ond rwy'n cofio trafod gyda rhywun o'r lagŵn yn Abertawe am yr arian sydd eisiau ar y dechrau, a'r hyn y dywedodd ef wrthyf i oedd mai rhywbeth newydd yw hwn a bod eisiau'r *turbines* arnyn nhw ac nad oedd unrhyw le yng Nghymru na Lloegr a oedd yn cynhyrchu'r *turbines* hyn. Ond, pe baent yn cael rhywun lleol i ddechrau, wedyn bydden nhw'n gallu tyfu ar hynny a byddai'r cwmni, yn y pen draw, yn gwneud elw. Ond, fel rwy't ti'n ei ddweud, cael yr arian i ddechrau yw'r her.

Keith Davies: But I remember discussing with someone from the Swansea tidal lagoon the funding required at the outset, and what he told me was that this is a new development and that they need the turbines, and there's nowhere in England or in Wales that actually produces these turbines. But, if they could actually get a local company to establish, then they could actually develop that and the company, ultimately, would be profitable. But as you say, it's that initial investment that you need that is the challenge.

[181] **Rhodri Glyn Thomas:** Ie. Wedyn, mae'r cwestiwn yn codi ynghylch sut y gellir defnyddio datblygiad fel y lagŵn yn Abertawe i ddatblygu'r porthladd yn Abertawe ac i ddatblygu diwydiant Abertawe'n gyffredinol, a fyddai'n cynnig cyfle i'r math hynny o fenter i ddatblygu ochr yn ochr â'r lagŵn. Os wnewch chi hynny, wrth reswm, rych chi'n cryfhau'r economi leol yn fawr iawn.

Rhodri Glyn Thomas: Yes. The question then arises around how we can use a development such as the Swansea tidal lagoon to develop the port of Swansea, and to develop industry more generally in Swansea, which would provide opportunities for those kinds of initiatives to develop alongside the lagoon. If you do that, then, naturally, you strengthen the local economy very much.

[182] **Keith Davies:** Diolch.

Keith Davies: Thank you.

[183] **William Graham:** Jenny Rathbone.

[184] **Jenny Rathbone:** I just wondered if I could pick up on one of the issues you focus on in your paper, which is skills development and how that could be shared across Europe. Obviously, we have the marine energy engineering department in Cardiff University, which has expertise, but what are the challenges for developing the skills that are needed to harness the power of the oceans, and how can this be done, either within Wales or collaboratively across Europe?

[185] **Rhodri Glyn Thomas:** One of the things we've been looking at is—. Obviously, the development of this kind of energy is an industrial development and in that sense, you have people competing against one another to try and gain an advantage within the market. The question is: how could they share the work they're doing in terms of development of the industry and the research they're doing? How could that be shared? One of the things we've suggested is that we could look at the Atlantic area as a macro region that is seen as specifically developing the industry, which would create a situation where a lot of this information could be shared. We could bring in the universities, as you say, and try and ensure that all the skills and the knowledge that is available is brought together to develop the industry as a whole.

[186] We've not only got the developments in Wales; we've got developments in Ireland and in Scotland. There are also other countries such as Portugal and there's development happening in Brittany. We could bring all these regions and countries together and look at developing that as a macro region.

[187] **Jenny Rathbone:** So, what are the barriers to that happening?

[188] **Rhodri Glyn Thomas:** Well, what we have had to be very careful with was to ensure that people didn't feel that we were only trying to promote the Atlantic area and that actually, it was something for the whole of Europe. So, basically, all you need to develop energy from the sea is a coastline. But, the actual industry can be developed anywhere, so even countries and regions that don't have a coastline are able to contribute. The strength, of course, of this kind of development is that it is continual; it's not dependent, as turbines are, on the wind. The sea comes in and out regularly, and therefore, you have a regular source of energy. But you are right: you need to develop that side by side with other things. Because of the initial expense of it, if you try and develop it just as a form of energy without doing anything else, it is going to be cost-prohibitive. Therefore, you have to look at all the add-ons you can do and see how that makes it something that is worth developing.

[189] **Jenny Rathbone:** I was particularly interested, amongst the examples you gave in your added paper, was the first community-owned tidal power turbine grid in Shetland. I've always assumed that tidal power was just too complicated for community energy operations to get involved in. Do you know anything much about that and how they've managed to develop a community-owned tidal energy grid? That's fascinating.

[190] **Rhodri Glyn Thomas:** The interesting thing, of course, about tidal energy is that it does actually tend to be developed in those areas that have been supported in the past by European funding, as we've had structural funds, because of the fact that their position makes it very difficult for them to compete economically. You know, the Shetlands would be a prime example of that, in that they are way out of mainland Scotland. There is a tremendous problem there in terms of developing an economy. I think that what they've seen from the discussions we've had is this opportunity to bring the whole community together to develop a source of energy that would not only be beneficial for them because of their position—. Transportation of energy is expensive; the further you are away from the grid the more expensive it is. This would be something that they could develop locally, but it is also something that could contribute towards the economy and they could actually be selling on energy through that. So, that, I think, is a very interesting concept. It has happened a little bit—again, in Scotland—with wind energy. I can't remember exactly where, but with one development what they did, rather than do the community benefit, was to actually give one turbine to the local community. It's something that has been discussed in Wales. It hasn't happened as yet, but I think that local ownership of anything of this kind is very, very important because you get the buy in. It's not, you know, this structure that has been forced upon us for the benefit of others; it is something that belongs to us and is part of our community. Denmark have done this very well with the wind industry, where they've actually had local ownership of a lot of these turbines, which meant people haven't been so averse to them because they can experience the benefits of them. So, I think it's a very interesting concept. It's got a long way to go, but it's not beyond the bounds of possibility; although, as you say, you know, it makes the process more difficult.

[191] One of the things we found when we did the opinion on public-private partnerships was that because public partnerships were so easy people weren't prepared to look at public-private partnerships because that becomes more difficult. I think that what is interesting here is that, because of the nature of the development, some of those more difficult partnerships are possible, and indeed they would be advantageous to the development of the industry. You know, if we could do that in Wales—obviously keeping that money within the local economy is very important.

[192] **William Graham:** Now, we're not making the best of progress in this. Oscar.

[193] **Mohammad Asghar:** Thank you very much, Chair. Rhodri, thanks very much for all the information for this maritime economy and for your draft opinion on this and the wonderful future prospects for energy in Wales. What are your views? You know, what do you think of and anticipate for the current and future role of the Welsh Government in developing ocean energy in Wales?

[194] **Rhodri Glyn Thomas:** Well, I think there are tremendous opportunities, and we're already ahead of the game because of the fact that we already have four prospective sites for it. We have a coastline, and we have the tide to develop it, but there are the difficulties, which I have referred to already, in terms of grid connection, in terms of the initial expense of developing the industry. So, I think that it is something that will need support by the Welsh Government. My view is that if it is seen as something that is a priority for the Government in terms of its policy in developing energy and is not beneficial to any individual company, it can be done through European funding. That is, there is a tremendous opportunity there, but it does mean everybody coming together to support it.

[195] **Mohammad Asghar:** You've said, in your own opinion, that there is evidence that more could be done by national Government to prioritise the development of ocean energy here.

[196] **Rhodri Glyn Thomas:** I think we're seeing signs now that the Welsh Government is doing that. The €100 million, which has already been earmarked in terms of European support, and the further application for financial support from the Juncker package shows that there is a commitment, but I think it does mean bringing people together in Wales—bringing the industry together in Wales—and also looking at the Atlantic macro region as something that could develop it, and we could benefit from what's happening in other parts of that region and other small countries and regions could benefit from what's happening in Wales. That is the great strength of doing something within the Committee of the Regions—it brings those regions and small countries together. Sometimes, as we did with the fishing regulations, we find ourselves in a political fight, but on this issue, there is tremendous support, and the only questions we've had, really, are questions about whether this is just for the Atlantic area. Once we manage to get over that, it is an opportunity to bring people together, hopefully, to move forward. But, yes, it does need a commitment from each and every Government to ensure it's going to happen.

11:30

[197] **Mohammad Asghar:** A couple of points: you mentioned there a north Atlantic treaty for different things, therefore energy, by the look of this, and €100 million from Europe in funding for this. But what sort of support are you getting from Welsh Government for this sector? That's my question.

[198] **Rhodri Glyn Thomas:** Well, in terms of Welsh Government, they've earmarked this money from European funding. Edwina Hart has set up this task and finish group, so they obviously see this as a priority and an opportunity, and of course we have all the advantages of the Welsh coastline to offer.

[199] **William Graham:** Jenny.

[200] **Jenny Rathbone:** I just want to follow up on the role of the grid, because grid's a private company, and at the moment small communities can't sell their energy to the next community or anybody else; they have to go to the grid, and the grid has the capacity to simply kill any project dead, as we've seen in Powys. What work is being done on that in Europe to ensure that there is a grid network to ensure that marine energy can then be transported to where it's needed?

[201] **Rhodri Glyn Thomas:** I think there's a recognition that in all the regions and countries where these developments are happening that the grid connection is a major problem because of distance, and the cost that is incurred as a result of that. I'm not aware of any specific work being done in Europe, but I know that the task and finish group set up by Edwina Hart is looking specifically at grid connection and how the problems that the industry faces in terms of that can be addressed. So, here in Wales something is happening. Gregg, do you know of anything else in Europe?

[202] **Mr Jones:** I mean, the energy union is a big priority of the Juncker Commission. There's a general view that energy markets are fragmented across the EU. There's been a strong push by certain politicians in the European Parliament for the North sea to develop a more integrated grid, and again, going back to what Rhodri said about a macro region approach, the North sea is shared by a number of member states, and non-member states as well, so you can't do it alone. That seems to be the key message with energy moving across countries or across shared resources, such as a sea. It

is still very fragmented, but it's on the agenda.

[203] **Jenny Rathbone:** Certainly, having been to Germany, and talked to politicians there, they're very keen to see how we can transport energy from Wales, where we've got all this tidal and wind energy, to Germany, to enable them to meet their non-nuclear, renewable-based electricity needs. So, that seems to me absolutely key to ensuring that it is financially attractive to develop these ocean energies.

[204] **Rhodri Glyn Thomas:** From the work we've done, we've certainly come to the conclusion that, unless you have that macro region, and development on that level, it's going to be very difficult financially to ensure that the industry develops, because if every region and country are doing their own thing, and if you have companies competing against one another, that is going to create a situation where it's not going to be financially viable.

[205] **Jenny Rathbone:** Okay, so the UK is a signatory to this, but does that translate into ensuring that the grid connections are there where they're needed?

[206] **Rhodri Glyn Thomas:** Not necessarily. What it needs is pressure from those areas specifically within the UK, from Wales and Scotland, that the grid connection is very important, and that we have to ensure that that particular challenge is met. Obviously, it's beneficial to the UK Government because they have a problem in terms of the energy they need to develop to meet the needs of the population. Unless they actually work in that area, it's not going to happen.

[207] **Jenny Rathbone:** Okay.

[208] **William Graham:** Thank you. On funding, clearly, no amount of money is ever enough. You're suggesting here a €100 million allocation of structural funds, but we all know that these particular projects are immensely costly. We've seen the projection for the one in Swansea; the one between Newport and Cardiff, I think, is probably five or six times the size. So, very substantial capital is required. The initial earmarking of the funds that you're suggesting is more for the development of technology, is it? How do you foresee it?

[209] **Rhodri Glyn Thomas:** It is going to need financial investment. The Newport project, if it went ahead and was successful, would create basically the same amount of energy as the Wylfa nuclear power station. Now, if you

want, as Germany has decided to do, to develop energy without a nuclear element to it, you have to have large projects. Therefore, the Welsh Government and the UK Government would have to prioritise these large projects in the same way that they would have to do with the barrage, if that was to go ahead as a large energy developing project. So, these are major developments, which obviously would need financial support from the Government. All we've had at the moment is that the Chancellor of the Exchequer has allowed the lagoon project in Swansea to progress, but there's been no investment from the UK Government.

[210] **William Graham:** No. One of the elements of this is the strike price, isn't it? Would you be confident that, as more of these developments become a reality, that is likely to reduce?

[211] **Rhodri Glyn Thomas:** Well, one would hope that that would be the situation. The problem we have at the moment is we don't know how far the industry can develop, whether these other areas that are less tested and less researched will become viable. If that happens, as well as the lagoon project, you're going to get other projects that can develop, side by side with the lagoon projects—further energy. So, it depends very much on scale. The greater the scale of the development, obviously, the price gets lower.

[212] **William Graham:** Great; thank you. Jenny, were you interested in environmental issues?

[213] **Jenny Rathbone:** If we could just come back to the Welsh Government, you rightly point out that the UK Government has not yet invested any money in the Swansea development, which is the biggest one we have on the blocks at the moment—

[214] **Rhodri Glyn Thomas:** Well, it's the most developed one we have.

[215] **Jenny Rathbone:** Yes, the most developed. I agree that others could be just as important in terms of energy generation. The powers that the Welsh Government have at the moment are very limited in this field, and they are rather beholden to the UK Government and the priorities that they choose to set. Even if we were to be given responsibility for the projects up to 350 MW, that might still not encompass most of the ocean energy projects that are being discussed.

[216] **Rhodri Glyn Thomas:** It might include Swansea, but it certainly

wouldn't include the one in Newport. The Swansea one, although it's very well developed, is a comparatively small development, but if all four were to progress, obviously that would be a major contributor towards the energy needs of the UK. It does very much need the commitment of the UK Government. The UK is the member state, and obviously all the discussions take place on a member state level. Now, again, as we've suggested in the paper, and from the discussions we've had within Europe, if the UK Government were to prioritise tidal energy as a policy that they would want to develop in the UK, then it could be argued that any investment that they make would not be seen as something that gives any benefit to any individual company—it just develops the industry—and therefore the competitive element wouldn't come into it in that sense, and it wouldn't be a barrier in terms of investing money.

[217] But it does need that commitment at a UK level, and hopefully the fact that the Welsh Government, within the scope they have to support this, have made a clear sign that they want to—. I mean, if we're talking about this Atlantic macro region, if every Government—regional, national or at member state level—put in the same commitment as the Welsh Government, that would be a large amount of money that had been earmarked to develop the industry within that area.

[218] **Jenny Rathbone:** To date, I have had difficulty identifying any commitment on behalf of the UK Government towards tidal or any other renewable energy, and they seem to be putting all their money into nuclear and fracking, which doesn't—

[219] **Rhodri Glyn Thomas:** I'm not aware of any commitment by the UK Government. The Scottish Government have made a commitment and the Welsh Government have made a commitment, but I'm not aware of anything from the UK Government as such.

[220] **William Graham:** Thank you. Eluned.

[221] **Eluned Parrott:** Thank you. I just wanted to ask about, you know, as we move forward now, clearly there have been in the last two to three years two other opinions from the committee around the issue of the blue economy and how we can maximise that. I notice that your opinion has been adopted now, I think, by the Commission and is now going forward to Plenary. Is that correct?

[222] **Rhodri Glyn Thomas:** Yes.

[223] **Eluned Parrott:** What happens with these opinions once they are adopted? To what extent are those previous two papers being acted upon? What concrete outcome comes from the opinions that the committee raises?

[224] **Rhodri Glyn Thomas:** Well, what happens is that, if adopted at Plenary—. At the moment, from the discussion we've had within the Commission, there were 12 amendments that were all accepted at the Commission level, so there wasn't any opposition within the Commission, so hopefully it will be accepted at Plenary. Once that happens, then the European Commission itself has to formally respond to the report and address the issues raised in the report. The interesting thing in terms of this particular opinion is that it will coincide with the publication of the Commission's road map for the development of the industry. So, our suggestions and recommendations can be seen side by side with the road map and see how it fits into the roll-out. So, it's a very timely coincidence that we're doing this at the same time.

[225] So, hopefully it will become a priority for the European Commission. At the same time, we've been able to work with the Welsh Government and with Ministers and officials, and hopefully we're seeing already that there is interest there and that they seem to be prioritising as well. So, I think it's very much trying to ensure that it is followed up in Europe. We're also getting interest from the Parliament itself, and hopefully some of the MEPs we've met will ensure that this will be discussed at the Parliament level as well, but it seems to be happening and what we have to ensure is that Wales is part of that discussion and seen as part of that discussion. You know, the main thing that could come out of this as far as we're concerned is to see that Atlantic area macro region being developed, because that will offer hope for the future of the industry, but it will offer wonderful opportunities for Wales as well.

[226] **Eluned Parrott:** And looking forward to that Plenary meeting, clearly there were 12, I think you said, amendments at the Commission stage. Is it likely that more amendments will be brought forward at Plenary, and do you have any indication that there's time and what substantive issues might be raised?

[227] **Rhodri Glyn Thomas:** We're not aware of any substantive issues that might be raised. I think that the whole question of the Atlantic area versus

the rest of the European Union might be one that people would want to be clearly identified—that it is something very much for the whole of Europe. But, there was no opposition in terms of the opinion when it went to the Commission—the amendments were to do with clarification, and language in certain instances.

11:45

[228] We were held to account for translations. I tried telling them, 'It's not my fault if the translation doesn't make sense in another language; I just use Welsh'. And, again, we will be presenting the report in Welsh in the Committee of the Regions. It's the third time we've done that now, is it?

[229] **Mr Jones:** Fourth.

[230] **Rhodri Glyn Thomas:** The fourth time we've managed to do that. And, again, we've had the support of the Assembly and the translation department of the Assembly—

[231] **Lord Elis-Thomas:** She's there as we speak. [*Laughter.*]

[232] **Rhodri Glyn Thomas:** And will be there again in October. So, we are seeing now that the Welsh language is being used in these discussions. So, that shows that Wales is contributing towards this particular debate.

[233] **William Graham:** Joyce.

[234] **Joyce Watson:** I want to take you back to a comment that you made earlier about the skills needed. I remember, but I can't remember where, being in a forum discussing the necessary skills for the new technologies, and was told quite clearly by engineers that those skills already resided in some of the wind technologies that have been worked on, and certainly, they're very similar skills to those used in the oil industry, which I would know about, of course. So, it didn't seem to me, and I want to ask you to expand, that there was a shortage of skills for this industry in Wales.

[235] **Rhodri Glyn Thomas:** In terms of the workforce, I think that we do have the advantage of people who have worked, both in the wind industry and also the oil industry. Obviously, there are difficulties facing that industry in Pembrokeshire at the moment, and it may well be that the kinds of skills that are being developed there could be very useful in terms of the

development of maritime energy in Wales. I think the problems lie a lot more with development and research of the potential of the industry. What you've got at the moment is lagoon, which is more or less fully developed in terms of research, but there are other elements that need investment, and that, I think, is the main problem. People would have to be upskilled, and perhaps gain new skills, in order to contribute towards the industry, but as you say, we have those skills in Wales at the moment and other parts of Europe.

[236] **William Graham:** We're a little bit beyond our permitted time, so just very quickly.

[237] **Joyce Watson:** Right. I was going to go on to financing. The current UK Government took away the green tariff, which was, as I understand it, to be used for the development of technologies, be it skills or whatever. Did you discuss with other countries how they are raising any funds, or did you become aware of them raising any funds, to drive these new technologies within their own jurisdictions?

[238] **Rhodri Glyn Thomas:** Not in any depth, but we did have discussions with colleagues from Scotland and from Ireland as well. There is a fund in Ireland that has been earmarked for the development of the industry, is there?

[239] **Mr Jones:** I'll need to check that.

[240] **William Graham:** Okay; you can come back on that one.

[241] **Rhodri Glyn Thomas:** But there is some movement in that sense, but we didn't have any in-depth discussions on it.

[242] **William Graham:** Jenny, a quick question from you, please.

[243] **Jenny Rathbone:** Yes, just quickly on the environmental issues and how we're engaging with community groups. We've seen how wind energy projects have been derailed by the failure to properly consult, and I just wondered what work, or how the discussion going ahead in your Plenary, will ensure that environmental groups are fully involved so that they can clarify that.

[244] **Rhodri Glyn Thomas:** What we did with the stakeholder meeting that we had in Brussels—. It's part of the process: you have to have a stakeholder

meeting, where you bring in people with a direct interest. In this case, we had people from the industry and people from Small Ports—the organisation that represents small ports throughout western Europe, mainly. They were there obviously to promote the benefits. Then we had the environment lobby there as well, who weren't totally opposed, but raised some concerns. I think the interesting question here is: to what extent can we ensure that the impact on the environment is limited, but also, what potential benefits can come to the environment? Because when you do this work, obviously you can build into it things that will actually help the maritime environment. So, I think there's a very interesting discussion to be had there.

[245] **William Graham:** Finally, Rhodri, could I ask you—. You will know, shall we say, that the world is scarred by redundant energy projects of one kind or another, so what consideration have you given, particularly if you are dealing very much with natural resources, to any of these schemes failing, again with a huge cost to the public purse, perhaps, for putting them right?

[246] **Rhodri Glyn Thomas:** This, I think, is the challenge when you're talking about the less developed forms of tidal energy. Careful consideration has to be given in terms of how much money is invested in the development and to what extent we will see the benefit of that in terms of the energy incurred, but, the main thing about tidal energy is that it's consistent and therefore—

[247] **William Graham:** Quite so. I accept that entirely, but if the scheme itself fails, the safeguard—. Because it is a huge scheme. They are very large, aren't they, and if they fail, who puts it right?

[248] **Rhodri Glyn Thomas:** I think, within an Atlantic macro region, what we would hope to see, and it's going to be challenge, is people working together and benefiting from one another's experience in this field to ensure that that is limited. Obviously, some will fail, but we need to limit that as much as possible and to ensure that people are benefiting from the kind of research that is happening. But, there is a challenge there to bring people together. But, with the cost element being a major challenge here, it seems to us to make sense that people work together to get the greatest benefit from it.

[249] **William Graham:** Thank you very much, Rhodri, for your presentation today. I think, from the tenor of our questions today, I can confidently wish you well with your opinion and tell you there will be a transcript to check, of course, in due course. Thank you very much for your attendance, both of you.

[250] Rhodri Glyn Thomas: Diolch yn fawr.

11:41

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd
o'r Cyfarfod**
**Motion under Standing Order 17.42 to Resolve to Exclude the Public
from the Meeting**

Cynnig:

Motion:

*bod y pwyllgor yn penderfynu that the committee resolves to
gwahardd y cyhoedd o weddill y exclude the public from the
cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in
17.42(vi).*

*accordance with Standing Order
17.42(vi).*

[251] William Graham: The public meeting is now closed.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 11:53.

The public part of the meeting ended at 11:53.