



Cynulliad Cenedlaethol Cymru The National Assembly for Wales

Y Pwyllgor Menter a Busnes The Enterprise and Business Committee

**Dydd Mercher, 19 Chwefror 2014
Wednesday, 19 February 2014**

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Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal,
cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Mae hon yn fersiwn ddrafft o'r cofnod.
Cyhoeddir fersiwn derfynol ymhen pum diwrnod gwaith.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, a transcription of the simultaneous interpretation is included. This is a draft
version of the record. The final version will be published within five working days.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mick Antoniw	Llafur Labour
Rhun ap Iorwerth	Plaid Cymru The Party of Wales
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)
Julie James	Llafur Labour
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Edwina Hart	Aelod Cynulliad, Llafur (Gweinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth) Assembly Member, Labour (The Minister for Economy, Science and Transport)
Rob Hunter	Cyfarwyddwr, Cyllid a Pherfformiad, Llywodraeth Cymru Director Finance and Performance, Welsh Government
Yr Athro/Professor Gareth Morgan	Cadeirydd y Panel Sector Gwyddorau Bwyd Life Sciences Sector Panel Chair
James Price	Cyfarwyddwr Cyffredinol, Economi, Gwyddoniaeth a Thrafnidiaeth, Llywodraeth Cymru Director General, Economy, Science and Transport, Welsh Government
David Williams	Cadeirydd y Panel Sector Ynni a'r Amgylchedd Energy and Environment Sector Panel Chair

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

Olga Lewis	Dirprwy Glerc Deputy Clerk
Claire Morris	Clerc Clerk
Siân Phipps	Clerc Clerk
Ben Stokes	Y Gwasanaeth Ymchwil Research Service

Dechreuodd rhan gyhoeddus y cyfarfod am 09:46.
The public part of the meeting began at 09:46.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **William Graham:** Good morning, ladies and gentlemen. Perhaps we could make a start on the formal part of our meeting. I express a welcome to all Members and witnesses and to members of the public, if there are any. May I explain that the meeting is bilingual and headphones can be used for simultaneous translation of Welsh to English on channel 1, or for amplification on channel 0? The meeting will be broadcasted and a transcript of the proceedings will be published at a later time. May I remind all Members to turn off their mobile phones and other electronic equipment, as they might interfere with the broadcasting equipment? In the event of a fire alarm, people must follow the directions of the ushers, and if I could just explain quickly for the witnesses, there is no need to touch the microphones, as they will come on automatically. I have apologies from David Rees and from Byron Davies.

09:47

Ymchwiliad i Ddulliau Llywodraeth Cymru o Hyrwyddo Masnach a Buddsoddiad Mewnol: Sesiwn Dystiolaeth 10 Inquiry into the Welsh Government's Approach to the Promotion of Trade and Inward Investment: Evidence Session 10

[2] **William Graham:** Members will have seen the papers. Thank you very much for the evidence that you have given us today. I would like to start the questioning, if I may. On what basis did you decided to undertake an evaluation of a policy or a programme, and specifically, what criteria do you apply when deciding whether to commission an evaluation? I am sorry; I think I have asked the wrong question. Excuse me. *[Laughter.]* I apologise; I turned over two pages. No wonder you looked so confused. *[Laughter.]*

[3] **Professor Morgan:** Well, it was an interesting one.

[4] **William Graham:** In terms of the role of the sector panels, could you explain the current role of the sector panels, and whether it has changed as a consequence of the recent review?

[5] **Professor Morgan:** I can speak in terms of the life sciences sector panel that I chair. The role of the panel has been advisory. Our remit was to advise on the best way to develop our particular sector in Wales. That sectorial approach allowed experts in the particular field to gather together to form a panel. Therefore, that gave a particular focus.

[6] The original chair of the panel was Sir Christopher Evans, who was a greatly recognised entrepreneur himself, so he really knew the business of how to develop the life sciences sector through entrepreneurship, having built companies himself. His very direct approach to doing that was one that the rest of the panel subscribed to at an early date. We very quickly formed an outline strategy, which was approved, and moved very quickly towards delivery. I think that the fact that we were able to focus in our particular area—we had real experts who knew what they were doing and had done it before—allowed us to develop a strategy and start a process of implementation very quickly.

[7] **Mr Williams:** From our perspective, the panel was very much focused on economic growth. I agree that it is an advisory role. We try to be quite forceful in our advisory approach because Wales has certainly lagged behind in terms of renewable energy and growth within the power and environmental sector over the last 10 years. Typically, we were taking two years to make a planning decision. The success rate was around 20%. I am pleased to say that, in the three years that the panel has existed, the 20% has risen to 50%, which is a huge

improvement, although it is still taking two years. We now have to focus on that timescale. The regulatory bodies are, of course, a key part of that.

[8] Our advice to the Government has been that there are three key drivers in this sector: money, grid and consents. Actually, the thing that you really control within the Welsh Government at the moment is the consents and regulatory process, which is why we have been very active in advising on that, and also active in the setting up of Natural Resources Wales. We have given a lot of advice and some criticism in terms of the way that it has been set up. I would say that, as far as we are concerned, the jury is out on whether that has been a success. However, I would say that our role has very much been an advisory one.

[9] **William Graham:** I gather that the Minister is keen for your work to move from planning and for there to be more of an emphasis on delivery. Do you feel that your sectors have been able to incorporate that change?

[10] **Mr Williams:** Absolutely. We were very critical of the Welsh Government when we first came in, because of what was going on and because we were finding it difficult to develop in Wales. We have addressed the issues regarding delivery—things to do with what we call key account management, identifying who your large customers are in Wales, if you were to behave like a business. One of your large customers is Hitachi. It is a matter of having the resource, because you are looking at an £8 billion investment. You should have a resource that is absolutely dedicated to delivering that £8 billion investment. It is then money well spent.

[11] In terms of the Texan companies investing in Milford Haven, we again advised that those organisations should be a priority on the desk of someone within the Welsh Government. We commended the formation of the enterprise zones, but, of course, you did not have parity with England. Until you had parity with England, it was clear that anyone looking at the UK would not come to Wales.

[12] So, we have been quite focused on delivery. We have come to the end of our natural life, at the moment, and terms of reference are currently being drawn up for the next generation of the sector panel, as far as we are concerned.

[13] **Professor Morgan:** Might I just comment on the speed of operation theme that David brought up? I think that that is crucial. It is a difficult mix—mixing public sector with private sector. Each has its own way of operating, and it is a matter of different expectations of how fast something could be done. The entrepreneur wants things done yesterday. Of course, I come from the university sector, and so I know that well. It needs its appropriate governance, approvals and so forth because it is answerable to the public in terms of doing that sort of thing. However, that is the real skill and the trick of delivering something in partnership with Government. The NHS and the universities in our sector, for example, have been able to make sure that those appropriate governance procedures, permissions and so forth are streamlined to their absolute very best. They have to be top rate in order for them to carry out their functions, because you need to move fast in this area, which is very competitive. All of business, and our sector particularly, is very competitive.

[14] In terms of the delivery, as I mentioned, we moved very quickly, having had our strategy approved, to deliver on our four strategic pillars, one of which was the life sciences sector fund, which was established very quickly and has already made two major investments. So, we are already seeing concrete evidence of delivery there. Another pillar was to create a life sciences sector hub, close here to the Senedd, where all the parties that I have mentioned—the NHS, the universities, the businesses and all the service industries that the businesses require, such as venture capitalists, lawyers and so forth—can be focused in one area. There has been great progress on that. That should be delivered in the summer.

[15] We have also made great progress on accurately mapping our sector—our ecosystem—and we are also beginning, through international activity, to advertise the sector much more widely in the important areas, such as Europe, China, the middle east and so forth. So, delivery is already under way.

[16] **William Graham:** We will now move to questions from Members.

[17] **Joyce Watson:** You have already touched on this, but perhaps you can expand on how the nine sector panels—of which you are two—operate in practice alongside each other and alongside boards and task and finish groups, and how that all fits together.

[18] **Professor Morgan:** I think that the focus initially was for the sectors to work out exactly what they needed and to focus on that. It was quite clear right from the outset that there were cross-cutting themes that meant that sector panels should work closely with each other. Slightly surprisingly, in the life sciences sector, which is viewed as an academic type of operation where high-quality jobs, but in small numbers, are created, it soon became clear that one of the great strengths in Wales is in manufacturing—of pharmaceuticals, devices and that type of thing. So, clearly, there was an immediate important need to liaise with the sector panel dealing with that. Of course, ICT, which is another sector, is vital for everything, but particularly for us in the mapping of our sector, for example, as I have mentioned.

[19] As has been mentioned, the panels have reached the end of their current remit. I think that one of the things that could be strengthened in terms of going forward with the new remit of the panels would be to formalise and regularise more the meetings between the panel chairs and, probably, to have joint meetings of panels, organised almost as a formal thing, so that we hardwire that sort of interaction in. It has happened on a case-by-case basis, where there was a need, but that co-ordination across the sector is probably something that could be developed further.

[20] **Joyce Watson:** You said that it has happened. How has it happened? Has it happened informally through people deciding to get together?

[21] **Professor Morgan:** It has happened at all levels. We have spoken chair to chair. Chairs have met, and then we have invited, for specific areas and projects, members of the other sectors to come to speak at our panel meetings.

[22] **Eluned Parrott:** I was just wondering whether I could build on that slightly for a second and ask both of you what contact you have had with the chairs of the enterprise zones, for example, and also the city regions—the policies that have been set up. Do you have any regular contacts with people involved in other task and finish groups?

10:00

[23] **Mr Williams:** From my perspective, I have met with the chairs of enterprise zones on an ad hoc basis. There is not a formal arrangement. I have had a few meetings with Nick Bourne, for example, who chairs the Pembroke enterprise zone, in particular because there are active marine developments going on, and it is much more appropriate to what we are doing. As has just been said, one of the key things going forward is to formalise the meeting of the chairs, and possibly even have a committee that consists of the chairs of the sector panels.

[24] **Eluned Parrott:** I want to ask you about the work that you have been doing. In the original terms of reference, the formulation of a strategy for each sector to serve the greater economic growth strategy was what you were mainly tasked with doing. Are all of the sectors, to your knowledge, approaching the end of their original remit? I see that they are. As

I understand it, one of the sector panels was disbanded in the summer—the food and farming one, as I understand it.

[25] **Mr Williams:** My understanding is that it sort of fell on its own knife and decided that it had fulfilled its remit.

[26] **Eluned Parrott:** In terms of implementing an industry strategy, a strategy is not an entity that is delivered and then left on the shelf, we hope; it is an entity that is delivered, implemented and monitored on a regular basis. In terms of a future iteration of the sector panels, what role would you anticipate those groups having in monitoring, reshaping and advising on changes to the strategy as it is implemented?

[27] **Professor Morgan:** I think that the implementation is a lot of work for a lot of people, and I do not think that it is the role of the chairs. In our sector, that is what the job of the hub is—to work with the Welsh Government life sciences team and to deliver in that way. A certain degree of on-the-ground work has been done by panel members supporting trade missions, and having negotiations and meetings with the appropriate parties and so forth. I would see that progressively moving towards the hub, although there may be a period of overlap as the hub sets up and gets going. Ultimately, though, I think that the role will be much more strategic. The other thing about strategies is, of course, that they need to be continually reviewed, tuned and changed, if necessary, if they are not working—or, if they are working, to make them work even better. That would be one particular role for the panel, with the monitoring role that you described, to ensure that the things that we have set up—such as the life sciences fund, which is making the investment—are giving an appropriate return to everybody concerned, and that the hub is doing its job of making sure that all the workings of the ecosystem of life sciences are functioning at their best.

[28] **Mr Williams:** I think that we will see a bit of a morphing going forward. The seeds on the regulatory side are planted—if I can say that. I have high hopes now, with Natural Resources Wales being given an economic growth agenda as well, that that will start to come through, which inevitably takes us on to the money side of it. The big bugbear that I have—and I have become a victim of it myself—is that, once you get to a scale in Wales, you are inevitably drawn to the financial centre in London. We recently raised £160 million, and I found myself in London five days a week, talking to the financial institutions. The next thing is to get a credible financial centre in Wales, and for senior business leaders to not have to do that, because inevitably, it drags you back. I found myself thinking, ‘I am going to have to live close to London if we are going to take the company to the next generation’. People ask: why is Wales a nation of SMEs? I feel that part of the reason is that, when you get to a certain scale, you have to deal outside of Wales. Communication is not sufficient at the moment to be able to live in Wales and to deal with those financial centres. So, the key for us next is to focus on the money side of it, and that means working in tandem with the financial services sector panel to look at how we can get a credible financial centre in Wales.

[29] **Eluned Parrott:** I presume that you have all adopted your own approach in terms of developing a strategy and action plan for your sectors that are specific to your own needs. How do you anticipate that the Department for Economy, Science and Transport will incorporate those into the economic growth masterplan? In terms of your sector, how do you expect it to influence the department’s activity in bringing inward investment to Wales?

[30] **Mr Williams:** Gosh; I am not sure that I know how to answer that question. Do you mind if I think about it?

[31] **Professor Morgan:** I would go back to our fund and hub. We have a couple of serious delivery arms there for bringing finance in and building that sector, which has a natural knock-on effect on the rest of the economy. We have already mentioned connections

with ICT, manufacturing and so forth. That is how we would do that—the fund and the hub functioning to make sure that that goes in the best possible way.

[32] **Mr Williams:** From our perspective, we have focused much more on the power sector so far. The next generation is to look at the decarbonising transport sector, which will have a bearing. We have already made recommendations in terms of what the Welsh Government should be doing. If there is a Welsh Government reorganisation, the panels have to morph to cope with that reorganisation. It is interesting because, when we first came in, you had a skills department. One of our deliverables, if you want to call it that, was that skills are not a key barrier to the sector in Wales. As there was a skills department, I think that took a lot of accepting. It is a secondary barrier. However, if you get to the point where skills are a problem, it is really good, because you have actually got the industry. No-one has said, ‘We’re not going to invest in Wales’ because we do not have the skills. They worry about that once the investment has been made.

[33] **Rhun ap Iorwerth:** Bore da. A very good morning to you. We are starting to touch on the subject of our inquiry now, which is international trade and inward investment, so if we could perhaps now focus on that. I will ask a question in the most general terms, first of all, to the two of you—you can be as general as you like. What works well and what does not work so well in terms of Welsh Government’s attitude towards international trade and inward investment?

[34] **Mr Williams:** I was lucky enough to accompany the First Minister to China three years ago. From my perspective, I felt that we were trying to second-guess what was going to be happening in China. The big focus at the time was on Chongqing, but, retrospectively, that was probably not the right thing to do, because the key person we were focusing on is not in a position of power at all now. Unfortunately, we put a lot of our eggs in one basket as far as China was concerned. Look at Chinese investment in Wales—I cannot see it on my list. So, I guess that we are not that good at predicting the future.

[35] The other thing, coming back to my point on Texas, was that there was talk of a trade mission to Boston at a time when we had Texan oil companies crying out for help from Wales. We have to learn to focus trade missions as well on the key people. If you have a major investment, such as Hitachi, in the offing, a trade mission should go to Japan. It is about aligning the known future business with the plans for missions. In the early stages, I found myself going to meetings with Chinese companies and we would sit at the table and no-one would really know why we were there. We had brokered the introduction and they would say, ‘Why are you seeing us?’ and I would say, ‘Well, I am here on behalf of Wales; what do you do?’ Thankfully, we did find a way through it, but I guess that the planning and preparation for it could have been better. I am going back three years and things have moved but, as I say, it is more the alignment of your desires with known future business.

[36] **Rhun ap Iorwerth:** That is a very honest and useful answer. Professor Morgan, did you want to comment?

[37] **Professor Morgan:** Inward investment takes place at all sort of levels, so attracting new companies to come into Wales is one way of doing it. Again, I go back to this, but our fund has already signed the deal that will bring ReNeuron for example and develop the sector. That has been shown to work, assuming ReNeuron continues to be successful, but there is every reason to believe it will. So, that is important and can work well. Picking, as you said, the winning horses is a significant skill and task and it needs a lot of high-level intelligence as to what is actually happening and so forth. The China story that we have heard, with a lot of investment and nothing coming out of it, is not just Wales’s experience; that has been the case across the board. There has been a lot of activity in terms of Chinese investment, but it has been generally slow to come not just to the UK, but to other countries. Understanding exactly

what the Chinese are after in all these interactions is probably key to that.

[38] The other thing we have done is to focus on our anchor companies that are already here and supported them to bring in additional activity—GE Healthcare is an excellent example—whereby, by giving it support, it can then compete with other parts of their multinational company to bring something additional to Wales. That has been part of a strategy in building up the stem cell sector for example, of which ReNeuron is another component. We have shown that it can work and those successes show that it can work well. I think we probably go back to the theme of speed of operation in terms of what we would like to really get going faster, and then it could work even better.

[39] **Rhun ap Iorwerth:** You wanted to come back, Mr Williams.

[40] **Mr Williams:** Yes, I want to make one point on anchor companies. When we came into being, an anchor company in Wales was generally a very large organisation. One of the things we have done is to say, ‘Don’t just focus on large organisations, but actually focus on those SMEs that could become large organisations’. It could be a one-person company; it makes it harder, but there is a culture now of focusing on anchor companies that are SMEs as well, and I know that the Welsh Government is doing this. I think that that is a key success that we have had.

[41] **Rhun ap Iorwerth:** Thanks for laying out some of those challenges. You mentioned the speed of operation earlier and the difference between the way in which the private sector would approach a problem as compared with the public sector. The Government took the decision some years ago, of course, to bring these decision-making processes in-house. Do you think that was the right thing to do; is it working? You can, if you may, compare with the position that we were in some years ago when we had arm’s-length agencies and organisations making these decisions.

[42] **Mr Williams:** I think that bringing decisions in-house is a double-edged sword. Take planning and the larger power stations and section 36, which goes to Westminster, I did not think that we should have taken control of that while we were achieving 20% success. What you were in danger of doing was bringing that 20% success to a wider portfolio. Ironically, politicians do not like to make difficult decisions.

10:15

[43] **Lord Elis-Thomas:** Some politicians. *[Laughter.]*

[44] **Mr Williams:** I meant in general. Of course, a lot of the larger projects are difficult decisions. I always felt that it was very easy to be able to say, ‘Look, it is not my decision; it is being done in Westminster’ and then let that politician be unpopular. There was a strand of thought that felt that the reason you were doing it was to prevent development and not to encourage development. So long as that was not the case, then, yes, absolutely. However, from our perspective, the second part of what we are recommending is that you do not control the flow of money in Wales in terms of tariffs. When I took over as chair eight months ago, I recommended that you control the tariffs in Wales. Scotland has that ability, Northern Ireland has that ability and Wales needs it too.

[45] **Professor Morgan:** Most of my career has been outside Wales, and I only came back to Wales towards the end of the WDA tenure, so I do not have that much direct experience. I came back in the context of setting up the new medical school up in Swansea. Right from the outset, we created the Institute of Life Science because we wanted to merge our research and commercial activity all in one place and under one umbrella. I found that that concept was difficult to get across to the organisation at the time, in that it was new and innovative and, so,

it was strange. There was a bit of, ‘Why do you want to do that in Swansea when you are already doing it in Cardiff’ type of attitude. That was something I came across. That was very isolated and that is an anecdote. I really want to say that I did not have enough experience of the WDA in order to make fair comment on that.

[46] In terms of what I have said already, you will understand that I rather like this idea that we can have a panel of specialists in a particular sector, where I sit as an academic and a practising doctor with people from industry and so forth and work very closely with civil servants to deliver this. That model is fine and was appropriate for the time. However, to be a bit more philosophical about it, in my career elsewhere I have been through many reorganisations of institutes and hospitals and so on, and the model generally changes from being central to being devolved. It is often driven by the fact that it is not working. So, you move to a devolved structure and then that works, but it is the refreshing of it that makes it work. The same is true of taking a devolved structure and bringing it centrally—it is the refreshing of it that makes it work. Either can work, and it depends on the current circumstances and what is most appropriate at the time. It is a bit like saying that if the strategies need to be modified, reviewed and looked at continually, then your organisational structures and the way in which you do things need to be as well, so that you are smart and have what is needed for the current circumstances.

[47] **Rhun ap Iorwerth:** You are both fairly easy on the idea of being in or out of Government.

[48] **Professor Morgan:** Yes, as long as you make it work. I think that a pragmatic approach is important.

[49] **Mr Williams:** You have to do it with the intention of achieving growth.

[50] **Rhun ap Iorwerth:** I have just one last question, which is a big question, I suppose. Where should the balance be between promoting and helping indigenous businesses to grow and trying to attract investment from outside to help the Welsh economy?

[51] **Mr Williams:** From my perspective, I think it is dangerous to become an arbiter of that. It is very difficult to predict growth and, to be honest, I do not think that you should be resisting any potential inward investment at the expense of Welsh companies. Economic growth is economic growth and it will flow through.

[52] **Professor Morgan:** It comes down to picking the winners. It is wrong to have a policy of focusing on inward investment and missing the opportunity to pick up the potential high-growth indigenous companies, and, likewise, it is wrong to focus on the SMEs and pour money into operations that are never going to go anywhere. You have to take a broad, smart approach and see what is available at the time and invest there.

[53] **Keith Davies:** The south Wales chamber of commerce said that the way that the Welsh Government tries to explain how to support trade and inward investment is impossible. Have your sector panels found that it is difficult to know what approach is taken by the Welsh Government?

[54] **Professor Morgan:** It seems complicated from the outside, in that there are numerous routes for support. We have made progress over the three years since the panels were established in understanding exactly which fund is appropriate, who to speak to and so on. That could be improved further with webpages that are easily accessible and which have a couple of lines on what the funds are for, how much they are, how much is available, when you have to apply and who you have to phone to ask to get the money. That type of thing is better but it could be even better. I do not think that it is impossible.

[55] **Mr Williams:** I have come from an industry where your glass is always half full, so nothing is impossible. I think that a lot of improvement could be made. I have already talked about my experience in China and I have other experiences as well. One of the key components is to focus on the corporates and not the locations. There is a great temptation to pick somewhere that is nice to go but is not always the place where you should be. You need to start with a root-and-branch analysis of who your target organisations are and then go to see them.

[56] **Keith Davies:** From what you said there, the question of enterprise zones came to my mind immediately, as they are targeted for specific areas.

[57] **Mr Williams:** I do not know what the criteria are for setting up the enterprise zones. Ironically, there is a danger that some of the enterprise zones were targeted because there was very little happening there. In some ways, you can make a rod for your own back if you are not careful. The enterprise zones should be areas that will be attractive to external investors, aside from other things that you will throw at them.

[58] **Julie James:** I would like to go back to some of the things that you said earlier about access to finance and so on, as I was really interested by that. Professor Morgan will know that we have a lot of success with incubators, for example, coming out of our universities, with businesses that grow to around 10 employees and are bought by some incorporated business and disappear from Wales, never to be seen again. I have long thought that that is because the support for that business to grow to that next step is very difficult to get in Wales. I think that you were just confirming that. In terms of the effectiveness of what is offered by the Welsh Government, what do you think could be done to support companies that are in that position, either to get the inward investor to invest in a company in Wales so that it stays here, rather than going off to Shanghai or San Francisco or whatever, or to get the company to access finance from within the market and grow itself?

[59] **Mr Williams:** You have to get to a position where the corporate leaders are happy to live in Wales. That is it. If senior managers of large organisations cannot live in Wales, the large organisations will not be in Wales. It covers everything: executive housing, communication, the way that they travel and where they go. Interestingly, we are also a nation of subsidiaries of major organisations, where the chief executive will be somewhere else and the subsidiary will have a Welsh managing director or whatever. However, we have to make it attractive to those corporate giants.

[60] **Julie James:** I think that you touched a little bit on access to some of the services for which you need to go to London, and so on. Have you had a look at some of the proposals for some of the infrastructure Bills that we have—the planning Bill, for example—and the things that are designed to make it, we hope, easier to get the kind of development going that we want, in order to attract exactly that sort of person?

[61] **Mr Williams:** We have. At the moment, there is a danger that what you do is grow them quicker and, of course, they leave quicker. So, we have to address that. Professor Chris Evans is from Port Talbot and he currently lives in Oxford. My good friend started Gyrus that was, for a period, Wales's largest organisation. The first thing that it did when it became the largest company in Wales was go to Reading. I asked him why he went to Reading and he said, 'We had no choice; we needed to be close to Heathrow'. So, it is an infrastructural thing for the corporate leaders, which includes the airport, motorways and IT communications.

[62] **Julie James:** Do you think that the Welsh Government's current—albeit perhaps too slow—approach towards getting broadband, airports, electrification and all the rest of it, is going in the right direction, or just far too—I do not want to put words into your mouth—

[63] **Mr Williams:** It is. We must not underestimate the enormity of the task. I think that taking control of the airport was probably a good thing, but, you actually now need to do something with it. Communication to the airport needs to be addressed, possibly even via an express train from the centre of Cardiff, or from a pay-and-park car park in Cardiff—things like that. Then you need to get the major carriers back into Cardiff and make it an airport out of which corporate leaders can travel when they are bringing their companies to Wales.

[64] **Julie James:** That is really interesting. Do you think that the converse is true—you have already spoken a bit about it—and that the risks of companies leaving are all tied up in the same set of infrastructure difficulties?

[65] **Mr Williams:** As I say, I have fallen foul of it myself. I have had to buy a property in Oxford for the days that I am in London, but I absolutely refuse to move out of Wales, of course, and I retain a home in Wales. It is just the inconvenience. It is something that I have criticised for many years and, actually, I have fallen foul of it through the growth of my company in Wales.

[66] **Julie James:** One of the last things that I want to say is that I do not know whether you have had the chance to look at the new website that has been launched—www.justask.wales.com—but one of the things that it is trying to highlight is how very pleasant it is to live in Wales.

[67] **Mr Williams:** Absolutely.

[68] **Julie James:** Most of us are living here, because, we came for a short while and never managed to unhitch ourselves and leave again. Do you think that we should be playing that up rather more?

[69] **Mr Williams:** Certainly. You always play to your strengths, and it is one of the strengths; it is a wonderful place to live, as you said, but, of course, you have to address the weaknesses as well, and, until you get balance, you will not get that inward movement.

[70] **Julie James:** This is my last question. We have just been on a trip to Brussels, as a committee, and we spoke to some of the people who were working in Brussels, pitching Wales as part of UKTI and so on. Do you think that the way that we have packaged the offer that we have at the moment, as well as the plans that we have for infrastructure, planning change and all the rest of it, is sufficiently robust, or do you think that there is something else that we could do right now to help with that?

[71] **Mr Williams:** As I say, the thing is to be mindful of your weaknesses and there are some weaknesses that you will never address. You are not going to get a motorway into mid Wales and you have to address such issues another way, as you say, with broadband and encouraging video-conferencing and such things—high speed broadband will come in there. So, as I say, it is about playing to your weaknesses and understanding that they are and will always be weaknesses in some cases.

[72] **William Graham:** Rhun, do you have a supplementary question?

[73] **Rhun ap Iorwerth:** Coming in on that and following on from the question about the trip to Brussels, one part of our sessions that sticks in my mind was in relation to a question that was asked about which sectors work well when selling Wales. The answer came, ‘Well, pharmaceuticals, for example, are no good because they want to go to Cambridge; move on to the next one’.

10:30

[74] Do you find that attitude slightly worrying, that the sector that you are particularly interested in was put on the shelf with the attitude, 'Let's not concentrate too much on that because we're never going to make real gains?'

[75] **Professor Morgan:** There are all sorts of perceptions out there.

[76] **Rhun ap Iorwerth:** That was a Welsh civil servant selling Wales.

[77] **Professor Morgan:** Yes, but it is not necessarily true. We have a lot of pharmaceutical manufacturing here—we have companies here. It is very important that we get our message right and get our own heads correct about that sort of thing. It can be a very attractive place to come to work. I have had a slightly different attitude from what has been expressed today in terms of losing people, companies and so on. It is the same as what we had when we set up the medical school and appointed lots of young professors in Swansea. We said to ourselves, 'Look, we've appointed a great lot of professors here, but if, in 10 years' time, half or more of these haven't left and aren't professors in Cambridge or back in their countries, and we've got them, we won't have been successful'. That is the case in some of these smaller companies.

[78] For some of these smaller companies, it is the right thing for them to be taken over by Something Inc. and there you go, but you have to take advantage of that point. You have to grasp Something Inc. at that point in the proceedings and persuade it to try to keep the company developing here or say, 'Look, we've got a space now, have you got anything else?', and that type of thing. Particularly in our life sciences sector, if we want to get into the game, we cannot be afraid of some of the consequences of the game. It is predatory; it is dog eat dog; it is all about money and we have to expect to be operating in that area. We have to be smart and form relationships with the entrepreneurs and chief executives of this world, and get them to know what we can do really well. What we can do really well is incubate small companies, and we can do research and development. ILS had the Boots world innovation office based there for the first six years of its operation. We really need to be ambitious in that way, and not sell ourselves short.

[79] **William Graham:** I am conscious of the time. We still have some more questions to get through. I call on Dafydd Elis-Thomas.

[80] **Lord Elis-Thomas:** Obviously, I have admired what you have done in Swansea, and visited and so on. I am particularly interested in how you manage to get the university to be so proactive in what it is doing, and now, of course, two universities apparently are competing in Swansea for further links with commercial development. That is obviously a good thing. How could we improve the extent of research and development, and how can we link that in with research establishments with headquarters location? We have talked a bit about that. Also, how can we get the university sector more galvanised on this whole issue?

[81] **Professor Morgan:** It is certainly more galvanised than I think it was when I came back to Wales 10 years ago. ILS was a good example of that. This is one of the reasons why we really should be pushing the life sciences sector in Wales. We have a Nobel prize winner in life sciences at Cardiff University; we have a superb biological sciences operation under Chris McGuigan, which is massive in the pharmaceutical industry, developing new drugs; and, the medical school houses world-leading neuroscience in Cardiff—Julie Williams, who is now our chief scientific officer is one of the leaders of that. So, we have some very good academic research. Linking that with industry, which is what we did in ILS, is a feat and a trick, but it shows that it can be worked. As you have said, now, Swansea Metropolitan University is going to develop in SA1, and Swansea University has the second campus. It is

the model for the second campus and the proof of principle is ILS on a much smaller scale. So, the university sector is motoring in that respect. Could we do more? Yes, of course we could. Could we get it better? Yes, by building on what we are doing and those examples; so, we need more activity in that area to get more research involved. However, there are success stories coming out every day of Welsh companies developing new ideas and so on.

[82] **Lord Elis-Thomas:** This also applies to the interface between renewables, in terms of energy generation and marine conservation. There are all sorts of issues there that I am sure you are familiar with.

[83] **Mr Williams:** Yes, I was going to say that I am actually pleased to say that the sector is entirely nomadic. We have the environment everywhere; we need energy everywhere. I spend my life looking for the right conditions all over the world, and, if the right conditions exist, we will do a project there. There are hundreds of large organisations that will do exactly the same. If the conditions are right in Wales, they will come to Wales. There is no issue of, 'I need to be in Cambridge to put in a power station', for example. Research and development is actually less of an issue for the sector. It is an issue in looking at future niches—marine being one—but, of course, we are a very, very established sector, and the investment we are chasing now is, generally, 20 or 30 years old, going back to the nuclear investments, which could radically change north Wales in terms of inward investment. So, we are less reliant on R&D and we are certainly not dependent on specific geographical areas. It is just absolutely about the conditions of, as I said, money, grid and consensus.

[84] **Lord Elis-Thomas:** Obviously, I have a particular interest in Menai Bridge and Bangor, but where you have a particular intellectual base like that, surely that must be something that we can build on more and more.

[85] **Mr Williams:** Yes. We fully supported Menai Bridge, actually, but, of course, what you do not want is fully trained nuclear engineers working in McDonald's because the investment has not come. So, you need to be tracking what is actually going on in the industry as well.

[86] **Lord Elis-Thomas:** Thank you.

[87] **William Graham:** Mick Antoniwi.

[88] **Mick Antoniwi:** One of the reasons for getting investment is to be able to produce things that we then export. You mentioned as an example that, with business with China, there has obviously been an escalation of those profiles and those visits. How good are we at it? What is going right? What is going wrong? What should we be doing?

[89] **Professor Morgan:** I have been for the past two years to the Arab Health trade exhibition with the Welsh delegation of companies. We had seven companies last year; we went with 13 this year. Each of the companies has been very pleased with the interactions they have had, and they won contracts and developed their business. The seven that came last year came again this year, which is a good measure because, although it is subsidised, they have to pay and invest in that. Clearly, the small companies are voting with their feet in terms of joining the trade missions. The delegation to Düsseldorf this year was even greater, so we have that type of thing correct. We could do more. We work quite closely with UKTI. UKTI is very amenable to including Wales in its activities. I have worked particularly with Healthcare UK, which is the part selling the UK health service abroad. Howard Lyons, the CEO there, is a Swansea University graduate and he is coming down to speak in the MediWales conference next week. So, we are engaged there.

[90] There was a UKTI mission with Kenneth Clarke to China, which we did not go on.

There is another one to India soon. There is another one in the US. I think that we should be more active in getting our ticket there, going to those and doing more of that sort of thing.

[91] **Mr Williams:** I was going to say, actually, that there is not a good or bad answer, because my experience was that, from an academic standpoint, the trade mission to China was a great success in terms of knowledge sharing—although you have to be very careful; the Chinese are very keen to share in your knowledge, and you have to make sure that it is not just an export of knowledge to China, and we lose all our future products. I found myself in a position where—we own our own marine device, for example, and the Chinese were very keen to know all about it, and we were not so keen to actually share it with them. *[Laughter.]* I did not want to find that my device was coming out in China in two years' time. So, I would say that we are better at it from an academic standpoint, and there is some great work going on university to university, but, from an industrial perspective, we still have a way to go yet.

[92] **Mick Antoniw:** Do we have enough linking around Horizon 2020, for example, in terms of innovation, research and so on, which is also about forming partnerships, and very much moving outwards? Do we have enough focus on that—on the link between that sort of research, innovation, and so on, and the actual conversion of that into products that are then exported? Are we missing a trick in terms of the linking between the practical side of exporting and the quality of what we are doing in our universities, and so on?

[93] **Mr Williams:** I have absolutely no doubt that you are missing a link. The one thing you should do when you leave here is make sure that there are people who have Horizon 2020 as their remit. You could almost justify a department. We had a presentation from the energy island partnership—this is going back two years ago now—and it did an analysis of what the key risks were, but did not actually include money. This was before RWE npower pulled out. I said at the time, 'Your key risk is actually money—there is a grave danger', and it had never considered the possibility. It thought, 'Well, we have got RWE—it is a bottomless pit; we've got the money'. However, I think the point here is that you do need a department or a small team dedicated to that function.

[94] **Mick Antoniw:** Some of the evidence that we have had previously in discussions with UKTI, et cetera, is that it is happy to have us on board, and it fulfils that UK function and filters developers through interest, and so on. What it tells us is that there is a particular interest, and it has its super-duper computer system or whatever that filters it all into where the best opportunities are, and so on. I certainly had a feeling out of that that it was all a bit too mechanistic, and that we needed—. Yes, utilise it, but we needed to have our own edge. Do you get the feeling that we are beginning to create our own edge?

[95] **Mr Williams:** I do not get the feeling that we are yet, but the other thing to bear in mind with UKTI is that my impression was that Wales was a second-division player from a UKTI point of view. We went to the British embassy, and, of course, it mentioned that there was a trade mission from China, of very senior Chinese leaders, who were all going to London the week after, and the Welsh delegation did not know anything about that. In some ways, maybe we need a WTI. Relying on UKTI, when, actually, its No. 1 priority is Westminster, is also dangerous.

[96] **Mick Antoniw:** I think you have made that point.

[97] **Professor Morgan:** May I just comment on that?

[98] **Mick Antoniw:** Please do.

[99] **Professor Morgan:** I have worked with UKTI, and I think you are absolutely right in terms of that mechanistic approach. Suddenly it is scurrying around, asking, 'Where shall we

go?’ It knows the people, and it is as simple as, ‘Well, I met so-and-so last week, and they said that they were doing that’, and so it goes there. Actually, I think we need to develop our presence with it. UKTI is very amenable, but very busy as well, so it is not necessarily deliberate, but, if you are not there, if you are not on the mission, if you are not at the meetings—. At every UKTI event, we should have someone there, whether it is a panel member, a civil servant, or whoever. We have to be there. There is no substitute for that. You cannot just sit back, expecting it to say, ‘Oh, there is a stem cell company in Wales—we will do that’, because that will not happen. We have to have people around.

10:45

[100] **Mick Antoniw:** You have to have your finger on the pulse at every stage, do you not?

[101] **Professor Morgan:** Yes, absolutely.

[102] **Mick Antoniw:** May I just ask one short additional question, very quickly? It is about looking after and making use of the existing big companies that we have. It concerns me, for example, that with regard to GE Aviation, we still have not had a delegation out to its head office in Cincinnati, yet it is a massive company with a lot of potential. Are we doing enough in terms of using what we already have and maximising that?

[103] **Mr Williams:** I think that you have just given me another example of what I mentioned earlier. Clearly, we are not. We need to go away and look at who our key customers are and, as I said earlier, have key account managers looking after them.

[104] **Mick Antoniw:** Okay. Thank you.

[105] **Professor Morgan:** We need a strategic approach, however. There are thousands of these kinds of opportunities and limited numbers of people. We cannot have people jetting off around the world all the time. For every week you spend abroad, you have a couple of months of work to do at home picking up on the contacts, and just e-mailing all the people whose business cards you got on that particular trip. You have to be strategic about this. You have to decide where you want to go, where you are going to focus—‘Right, there’s an opportunity here, let’s work on that’. To find those opportunities and to be there, working with UKTI—there are already good links—I think that it should be mapped out so that we do not miss any tricks with UKTI.

[106] **William Graham:** On that note, I will bring this session to an end. Thank you very much for your evidence today, it was well worth while. There will be a transcript of this meeting that you will be able to check if you like when it is published in due course and come back to us if you feel that it was not fully and accurately reported. Thank you very much.

*Gohiriwyd y cyfarfod rhwng 10:47 ac 11:00.
The meeting adjourned between 10:47 and 11:00.*

Diweddariadau Chwe Mis ac Alldro Cyllideb 2012-13 Six-monthly Update and Budget Outturn 2012-13

[107] **William Graham:** Welcome back to our session. The clerk has kindly prepared a briefing for my assistance to explain where we are now as background to today’s session.

[108] During our scrutiny of the Welsh Government’s draft budget proposals for 2013-14 in October 2012, the committee recommended that, in order to help us understand whether the Government was meeting its objectives in delivering programme for government and national

transport plan commitments, the then Minister for transport should provide a six-monthly update on the delivery of each objective in June and December of each year. The current Minister supplied the first of those updates in November of last year.

[109] During our scrutiny of your budget proposals for 2014-15 in October of last year, we recommended that, as part of your six-monthly transport updates, we would like information on the outputs achieved by each individual programme and area of activity for your whole portfolio, along with the associated expenditure. We asked for the first update to be provided in February 2014 to enable us to carry out in-year scrutiny of the supplementary budget.

[110] I welcome the witnesses today. As usual, I ask you to give your names and titles for the record. We are most grateful for the information that you have supplied.

[111] **The Minister for Economy, Science and Transport (Edwina Hart):** Thank you very much indeed, Chair, and I very much welcome you to your new position. I hope that I will have an excellent relationship with you and the committee, as I had with the previous Chair. I am Edwina Hart, the Minister for Economy, Science and Transport.

[112] **Mr Price:** I am James Price, director of economy, science and transport.

[113] **Mr Hunter:** I am Rob Hunter, finance director for the department.

[114] **William Graham:** If we may go straight into questions, I am going to ask the first question, if I may, Minister. On what basis do you decide to undertake an evaluation of a policy or programme and, specifically, what criteria do you apply in deciding whether to commission an evaluation?

[115] **Edwina Hart:** It is very important to recognise that there is a need for an evaluation, but what does 'evaluation' actually mean? It is very easy to look at commissioning people externally to undertake an evaluation. That would be costly and it is sometimes very historical in terms of what you want to undertake. So, what we have tried to do is look at how we evaluate projects as we go through the process. For instance, European projects always have to be evaluated because of the European financial position. In terms of transport projects, they are always evaluated all the way through the process in terms of how we performance-manage them. So, evaluation is not a straightforward tool in terms of analysis.

[116] With your indulgence, Chair, I will ask Rob to cover how we deal with European evaluations and James to cover how we deal with the transport evaluations.

[117] **Mr Hunter:** In terms of the European structural funded-programmes, we currently have around 27 or 28 live programmes worth around £800 million, so it makes up a reasonable part of our portfolio. With those, we do not get a choice in terms of carrying out an evaluation. Those criteria are set down by the European Commission, so every project valued at over £2 million is subject to a formal independent evaluation. That normally takes the form of a mid-term evaluation.

[118] The aims are to establish whether the project has achieved the objectives that were set out at the beginning, how efficiently the outputs and results were achieved, and what would have happened without the intervention. So, we have a mid-term evaluation there.

[119] In addition, there are ex-ante evaluations that are carried out toward the end of the programme, looking back on what the project actually did, but also looking forward at what the market conditions are like for future rounds of funding. With regard to large projects, if we take the example of Finance Wales's JEREMIE programme, there was a mid-term evaluation around mid 2012. In mid 2013, there was an ex-ante evaluation of financial

engineering instruments, which will inform, alongside other reviews that the Minister has commissioned, our approach to providing finance or allowing access to finance to small and medium-sized enterprises in Wales.

[120] **Edwina Hart:** James can cover the transport evaluations. However, I also need to say that one of the largest projects Members will be aware of, and that there is always concern about, is the superfast broadband project, which, obviously, in terms of our investment, has had significant appraisals. While investment in transport infrastructure, which James will cover, is appraised, there is a comprehensive understanding of the issues around transport infrastructure about what you need to look at. Activity-based knowledge and application of good practice is the key to how you take evaluation through. So, it is about evaluation, but in its widest terms, is it not, James?

[121] **Mr Price:** Absolutely, Minister. The core thing in terms of any evaluation is to understand why you are doing it. To do evaluation properly, what you are trying to understand is the benefits of doing the policy or the intervention that you have just done. I would interpret the word 'evaluation' as being wider than that—it is about thinking about the policy intervention before you do it as well, and making sure that when you are doing it, it is having the desired outcomes; learning from it; stopping things if they are not working; changing things to make them better; and then evolving policy as you go on. That is how it is done in transport as it is done in the rest of the portfolio. However, in transport, because of some of the quasi-judicial nature of the processes that you have to go through for particularly large capital schemes—

[122] **Edwina Hart:** The M4, for instance.

[123] **Mr Price:** The M4 would be a good example of that. At every stage of the process, a form of evaluation is applied. So, before you go into a scheme, you will look to assess what the transport objectives are and what is it that you are trying to achieve. You will then consider a whole series of interventions that might deliver against that; that might be road, rail, walking or no intervention at all. Then, at each point, as you develop the scheme, you will look at the benefits that the scheme is meant to produce against the costs. Typically, in a transport scheme, that might be a five or six-year time period. The costs will change and the benefits will change, but at all times you look to see whether the cost-benefit analysis still stacks up, and changes will be made to schemes as a consequence to ensure they do. In some instances, schemes will be changed quite significantly.

[124] At the end of each scheme, we have always looked to see whether the scheme achieved its transport outputs. Transport outputs tend to be fairly narrowly defined—they certainly have been in the past, and they have tended to have been around time savings and accident reductions. All new schemes from now on—in fact, it started with the A40—are also subject to a formal, wider evaluation after the scheme has opened, which looks at the whole economic and social costs and benefits of a scheme, as well as the transport outputs.

[125] **William Graham:** Minister, how do you prioritise funding, and on the smaller schemes, how would you assess those without evaluation?

[126] **Edwina Hart:** In terms of the transport schemes that we are undertaking, we have very little small schemes. Obviously, there is prioritisation in terms of what we are looking at within our advanced transport programme. In terms of some of the schemes where you do an analysis, you know that you are going to have enormous economic benefits. For instance, you are going to speed up journey times, which is useful for business. Other schemes are there to make it easier for people in Wales to have access to safer and better road routes. If you apply some really definitive economic criteria on some road schemes, they would not actually pass muster, but you must look at the social implications. I am thinking particularly about the

improvements that we are trying to do to the north-south road network and the improvements in the road network in north Wales and west Wales. Those definitely enable people, tourism and everything. So, we do look at every road scheme in terms of how we evaluate through.

[127] Other evaluation considerations come out in the development of the policy. We must also recognise that, sometimes, policy decisions are political. If Governments puts something in their manifestos, they will go ahead with that policy. You will need to evaluate the outcome of it, but you will be fairly certain in your own mind that it is doing good. For instance, in terms of the flooding agenda that we have seen, I very much doubt that the Prime Minister decided before he made his statement about all this help to go out everywhere to evaluate the consequences of it as an outcome, but he knew that it was the right thing to do in terms of people. There are a lot of issues around that.

[128] In terms of prioritisation, I also take advice from my external groups. For instance, in the creative sector—within which I have task and finish groups—if something is emerging, I will take its advice—and it is private sector-led—on how it feels about it and how it will form in terms of policy. It helps us to ask, from its commercial perspective, ‘Is this a risk that is worth taking?’ in terms of being able to deliver. There is quite a holistic approach to the use of evaluations. Obviously, evaluation is far more substantial in other areas. For instance, we have evaluated Sustrans. There has been a proper evaluation to look at the outcomes there. We do tourism evaluations. We have done entrepreneurship and innovation evaluations. Those are far more focused in terms of the detail of what you can undertake. So, I think that it is a very holistic approach. I do not know whether the director has anything to add.

[129] **Mr Price:** I think that the Minister has covered it pretty fully, really. I would never recommend anyone to undertake an evaluation for evaluation’s sake. It must be about learning and improving. Too frequently evaluations are simply commissioned by external parties; I have seen it myself in years gone by. Certainly, when I worked in quangos, both in England and Wales, consultants in particular will ask you quite often what answer is wanted when you pay them the money. That is not what this is about. This is about learning, evolving and improving policy and delivery; it is not about having something on the shelf.

[130] **Rhun ap Iorwerth:** It seems that many of your evaluations are self-evaluations or self-assessments serving a very important purpose in terms of letting you know internally how Welsh Government projects are progressing. Of the list of nearly 40 evaluations that has been given to us, how many of those are published so that external scrutiny, including our scrutiny, can take place fully?

[131] **Edwina Hart:** Obviously, it would not be entirely appropriate, I do not think, to publish all evaluations. There are sometimes a lot of commercially confidential issues within these evaluations and, of course, there are exemptions in terms of the Freedom of Information Act 2000 because of these. The only objective that we have in publishing more detail now—and the programme for government looks at some annual issues on this—is to follow Europe, because I think that all European evaluations are published, are they not?

[132] **Mr Hunter:** I believe they are.

[133] **Edwina Hart:** In addition, many of the reports produced by my task and finish groups, which are effectively evaluations of policy, are published. It is not that we are not minded to do it; it is just that we do not think that it would necessarily be appropriate in all cases.

[134] **Mr Price:** No, that is right. Of course, management information is increasingly being published now, so jobs targets, achievements against job targets and many of the transport things will be published.

[135] **Rhun ap Iorwerth:** In terms of the grounds on which you decide to publish, would you say that, in the main, it is commercial sensitivity that might block publication?

[136] **Edwina Hart:** Yes, it would in the main, from what I have seen in terms of what we have agreed to do. It is certainly something. We are always very happy to do it. We are putting more and more data into the public domain, for example in terms of what we are doing on the sectors, what we are doing on enterprise zones and everything. That helps to give you a feel of how we are evaluating policy. However, evaluation is a difficult area when you have commercially confidential information.

[137] **Rhun ap Iorwerth:** I think that you have made your answer to my next question fairly clear, but it is important to ask it for the record anyway. Can you give us an undertaking that evaluations will be published in future in order for us to be able to scrutinise?

[138] **Edwina Hart:** The appropriate evaluations, those that I deem necessary, will be published if it would be helpful. That is what we currently do.

[139] **Joyce Watson:** We have already discussed a lot of what I want to know. There are 36 evaluations ongoing; seven of those are transport evaluations. If we look at that numerically, we see that it could be suggested that maybe there is a disparity there. Can I ask you to justify that number?

[140] **Edwina Hart:** Every transport scheme that has EU funding has to be evaluated in full. As James indicated in his earlier answers, we re-evaluate at every stage of approval in a transport proposal. In addition, we do a wider re-evaluation at the end of any transport project, because if you are managing the trunk road network, for instance, you will have a number of areas of high risk in terms of evaluation. That is quite important for us. Also, when we are delivering new rail projects for the rail franchise and looking at concessionary fares, we also evaluate how that will impact elsewhere. Those are quite important things. There will be fewer re-evaluations in percentage terms within that area because of the way it is structured, which I think James has indicated in terms of transport projects.

11:15

[141] **Mr Price:** Two things are important to remember here. While the volume of the transport budget is much higher than the economy budget, there tends to be a small number of very high-value schemes, hence you would expect to see fewer evaluations. The second really important point is that, in the list that we provided, there is one catch-all for all road schemes. Below that will be a whole series of individual evaluations. If we had done that on the economy side, there would have been one for all business support things. So, it is a bit misleading in the sense that we have actually done more evaluations than are written down. The other reason why some of those were probably not captured in Rob's trawl is that they would be defined as key stage appraisals, rather than evaluations. However, they are the same thing.

[142] **Edwina Hart:** In terms of the A465 and the A40, there will have to be full evaluations done, because of the involvement of European structural funds. Since I have had the portfolio, I have commissioned a number of reviews on the effectiveness of the policy agenda. I now have a bus group, which is effectively going to look at how we are dealing with buses across Wales, the effectiveness of the policy with reducing budgets and how we can take issues into account. So, what we have tried to do is integrate a lot of policy streams that give us effective management information to deliver on that particular policy agenda.

[143] **William Graham:** That leads us neatly to the next question from Eluned Parrott.

[144] **Eluned Parrott:** Minister, you have described the evaluation for the transport portfolio as being a very systemic part of the planning process. Are you satisfied that the data collection is robust enough in this area at the moment? You will be aware that I made a freedom of information request on an evaluation that you were making of the link between Rogerstone and Newport—the bus link for the Ebbw Vale line, if you like. I was told by your department and by Newport council in response to that FOI request that those data were not held, yet you have subsequently provided me with those data. What improvements do you think need to be made to those data collection methods?

[145] **Edwina Hart:** As a result of your enquiry, I have discussed this matter in detail with the director, because I did not want to be in the position that I was in with you in terms of what the data showed. I am always quite happy to share the relevant data like this in terms of the development of policy. The director can explain what new measures have been put in place.

[146] **Mr Price:** The first thing that I need to do is apologise, on behalf of the officials in my department, that that happened. I have already apologised to the Minister. I am still not exactly certain how that occurred—us saying that we did not have the data when we did have the data. I think that it was incompetence rather than anything else, clearly. What we are trying to do—working through the work that Rob is doing—is to, on a monthly basis, assess the performance of everything that we are doing, as well as assessing the spend. Governments have always been quite good at assessing spend, because we have to. If you do not spend the money, it goes back. Typically, I think that officials have been less good at looking at the performance of schemes once they are launched. It tends to be left to go. That is not what we are doing now; it is work in progress. We are also trying to strengthen the bus teams and the rail teams within the Welsh Government, as I still do not think—this is no criticism of any individual—that they are fit for purpose in terms of the powers that the Welsh Government has.

[147] **Edwina Hart:** If we are looking to take more powers in terms of what we need to be able to do, we need to have the capacity to undertake the work in these particular areas. We are now going into uncharted territory for the experience and expertise that we require. So, in terms of that, we are looking at the robustness of what we undertake.

[148] **Eluned Parrott:** Thank you for that answer. James, I thank you for your candour, but also apologise to you if it has put you in a spot on this particular occasion.

[149] **Mr Price:** I deserved it.

[150] **Eluned Parrott:** Looking at the purpose of the evaluation, you have talked about the purpose as being to feed into the planning process. James, you said that it was about stopping things if they are not working. One of the things that have been stopped very suddenly after a short introduction is the regional transport services grant. It was only introduced on 1 April 2013 and it has already been announced that it will end on 1 April 2014. That decision has been made within a year of the announcement, following a substantial review. What indicators worried you that you felt that this needed to be changed so suddenly and so soon after introduction?

[151] **Edwina Hart:** The mechanism for giving out the cash has not changed at all, and it did not change in any real terms. My predecessor undertook a review of how this was going to work; hence the decision to introduce the consortia. However, even when that changed, there was only one minor change in the way that that was run, which was to do with the buses going back to the depot—the bus mileage back. So it was a minor change. We attach great importance to bus services and the key change for us was bringing two separate grant

mechanisms together, but we have not changed the mechanism in terms of what is going to happen with the money. There will still be discussion across the piece. It is just administrative, really.

[152] **Eluned Parrott:** Therefore, the administrative change is internal, as far as you are concerned, and should have no impact whatsoever on services.

[153] **Edwina Hart:** No. I very much hope that the policy direction that we have taken, looking at bus services strategically—which is the first time that that has been looked at on a Government level, if I am correct, James—will bring various parties together. I will be issuing an announcement on who will be on the group. I will also include representatives from the health service on the group on bus services to bring in the key issues that have already arisen in Plenary. Linking in public services and how that can be done will be the blueprint for the future. Local authorities were already part of this discussion so, in some ways, it is easy to have the discussion directly regarding what is required within areas and for local authorities to collaborate more. I do not have any concerns about this. We have discussed these issues with bus operators and local authorities, and there is broad contentment.

[154] **Eluned Parrott:** Is the change—though administrative—the result of the in-process evaluation that you undertake regularly, a specific evaluation into the change and whether it was effective or, alternatively, is it in response to the political changes to do with the consortia and delivery mechanisms?

[155] **Edwina Hart:** The decision was taken as I did not feel—and I had advice from my officials and we had discussions on this—that it was necessarily working in the way that was envisaged. You will all be aware that some of the consortia were commissioning detailed reports from consultants on various issues, and I like the money that I put into these to go into services.

[156] **Mick Antoniw:** I think that you have partly answered this, but just for the sake of completeness, it is about overall transport planning within Wales and the change in policy. You have indicated a number of items. Will you outline what the strategic changes are and why they have been brought in?

[157] **Edwina Hart:** In terms of how we are looking at the whole transport agenda, you are right. Some of the issues do impinge on some rural issues. Rural transport issues have been a major concern, especially when you see what has been happening in local authorities, which have not been given the resources that they had available previously for services. I have also been very concerned about access to services for those in impoverished communities. If you look at their access to public transport, the fact is that public transport does not exist for them so there is no equality of access provision. That is why we are trying to reform some of the issues around transport. In turn, if I may talk about transport planning, particularly in terms of the bus services that we are undertaking, it is important that we ask people what they want. Do they want transport from certain areas to go to work and to come home from work? Do they require it for social and leisure activities? You have to have a dialogue but, sometimes, in terms of social and leisure activities, we might not have the cash to be able to provide everything that is required, because of where you live. In transport planning, my statement on 17 January outlined where we were going. We were also looking at a whole range of other areas that impacted on us.

[158] A ministerial advisory report back in 2009 looked at some of the key issues for transport, and we looked at that. It made clear recommendations to the Government. We have had a high-level review of highways and transport services, which we published as a Welsh Government. That made it clear that we could not carry on with the way that we were dealing

with that. There were limitations in the previous approach that we took. There was a lack of effective transport planning. I do not think that the links between rail and road and all these things were there. There was a lack of a strategic approach in identifying priorities and a tendency to think that everyone should have their fair share; but life is not about a fair share. Sometimes, I cannot divide the cake into fair shares: some areas will need more to allow them to function. Also, there has been the whole issue around a lack of critical mass of staff—and it is not just us, it is elsewhere—who understand how transport interventions can work and what they can assist. So, that has led us to look at the whole of transport planning. I have spoken to business, which has a key role, and it is very concerned about how transport planning works in terms of the delivery of its business and getting personnel to work. We have also looked at options for change in this arena. I do not know, James, whether there is anything that you want to add, and I do not know whether we have covered everything.

[159] **Mick Antoniw:** I think that you have, more or less.

[160] **Edwina Hart:** There are issues around this.

[161] **Mr Price:** I might be able to illustrate this by way of an example. I will use the Cardiff one, because it is near here, although this is going back a few years now. Anyone who travelled into Cardiff through Llandaff and passed Howells school, certainly a few years ago, would have noticed a big queue outside the school, because people turned right and would queue to go right there in the mornings. We had a meeting with the regional transport consortia, the local authority and transport planners in Welsh Government, all of whom either said that this was too much of a detailed issue for them, or that they dealt with strategic issues and not with issues of this nature. To a certain extent, that illustrates the problem. Everyone is off writing documents, or delivering schemes; no-one is doing proper transport planning. At the time, albeit that the Government did not accept the recommendations in full, the ministerial advisory group looked at this for over a year. It was chaired by the current chairman of Network Rail and he concluded that it would be difficult enough to do this properly once in Wales, let alone trying to do it five times.

[162] So, it is a bit like the Williams review now, in a way. It said that transport planning was such a difficult thing to do properly that we should try to do it once, covering all of Wales and having proper regard to the regions of Wales, rather than trying to do it five times badly. That is what we are attempting to do now. The proof of the pudding will be in the eating, but that is what we are trying to do.

[163] **Edwina Hart:** For us, it is a very risky strategy. It would be much easier to say, 'These groups exist there; they are getting on with it', and then I could answer all Members' questions with, 'That was done by so-and-so, not by us and we gave them the money'. I think that that would be wrong, because transport is so intrinsically linked to the economic and social wellbeing of people in Wales, it has to be strategically looked at in this way, has it not, James?

[164] **Mr Price:** Absolutely. What I should have said, just to finish that example, is that, subsequent to that meeting, a sign appeared saying that there was no right turn and that people had to go somewhere else. Now, it is a lot easier. That should be happening all of the time.

[165] **Mick Antoniw:** So, it is very much a work in progress, is it not?

[166] **Edwina Hart:** Yes, it is.

[167] **William Graham:** Could we move on a bit now, Keith?

[168] **Keith Davies:** Bore da. Are your reviews of the sector panels really to look at

focusing support for them or to look at their operations? What were the reviews intended to do?

[169] **Edwina Hart:** I am not sure what you are getting at with this question. We look at the sector panels in terms of their operation as panels. That is quite clear. I have asked each sector chair to review the work, to update their forward reviews and to look at what they are doing on the delivery of jobs and growth. Their plans and what they might do with their panels will be available and we will publish those in April. However, it is not a fundamental review—if anybody is getting at that—about the sectoral approach at all. It is about each sector reviewing its approach, which is quite important, because they are all different. Some of them started to change the way that they were operating from how they were originally set up, as well. You can see that so clearly in the life sciences panel, where the hub and what we have with the fund has really changed its role and function. However, I will publish any changes for it in April. I have to say that we—me, as Minister, and the department—are very comfortable with the strategy that was adopted by the last Government in terms of the sectoral approach.

[170] Sectors have evolved. You could really see what the advance manufacturing sector was doing originally, but now, of course, with the opportunities with rail infrastructure, another strand has come in about how we encourage people to be part of the infrastructure delivery in advanced manufacturing for rail. We have looked at that. We have done a tremendous amount of work in nuclear, in terms of what we can provide for the nuclear system. So, it is constantly evolving, almost as business evolves and projects come online. That is the joy of having expert panels, because the panels themselves can decide, ‘Well, actually, we don’t have anybody on this panel who knows or understands this industry, but we know that it is now a priority for Government—we have identified it’, and then they can draw in someone else from the private sector to help and give advice. So, that is where we are, if that was the purpose of the question, but I am a bit unclear. There will not be a wholesale review of anything. It will really be a matter of asking them to do what they feel is right. They have all had a good stab at this.

11:30

[171] **Keith Davies:** We had an example of the life sciences and the hub earlier, saying how they have changed. So, that is fine. The second question that I have, Minister, is on what the South Wales Chamber of Commerce said, which is that it is impossible for businesses to understand how you support trade, how they can access support, or how you determine inward investment. Are you evaluating your current support for trade and the way that you operate inward investment?

[172] **Edwina Hart:** If we may, Chair, we need to separate out trade and inward investment. In terms of trade, we have some excellent statistics, the business that we are doing and the support that we are giving to businesses. Some really small companies are actually doing quite a lot of exporting. I am very much minded, and—. I am not sure whether it was Joyce Watson who did a report some time ago on a constituency—it was not across the region—engaging with small businesses about the level of trade that they were undertaking abroad. It was quite phenomenal. These are little companies. There is a company called Zip-Clip in Newtown, which has been working with concrete. These are small companies that do business. So, I am really surprised at the comments, but then I am not surprised at the comments, because we have the same comments from the Federation of Small Businesses. Sometimes when you talk to the membership beneath that level, you will find that they think that we are doing a relatively good job in terms of how we are trying to encourage trade and the development of trade.

[173] It is quite clear, in terms of inward investment, that we are getting our act together on

where we are marketing Wales. I think that the 'Just Ask Wales' campaign is working well. I think that that will have to move on to another stage. It is quite clear, in terms of the referrals that we are having, that we are doing well. We have an excellent relationship with UK Trade & Investment about any projects that might be coming to the UK. We actually have, in fairness to UKTI now, access to those people who are bidding to come into Wales in terms of projects. Also, when we talk about inward investment, we must look at the success of some of the large companies that we have here, how we have retained them here, and how we have encouraged further investment in them. Even though you have some announcements about job losses within large companies, you must also look at what we are doing and what we are gaining.

[174] This week, we had the good announcement about Pinewood, which is effectively an investment from England into Wales, which could be up to 2,000 jobs and £90 million into the economy; and then, of course, we have had good news on the likes of Ford. However, all of the time, in terms of inward investment, you have to be on top of your game. You must have the offices and the contacts, and you have to use your anchor companies, because, sometimes, they turn out to be the best example of why companies are in Wales. If you speak to Japanese companies and they say how good we have been in dealing with them, over the years, that is the best advert to encourage other inward investors.

[175] However, we are certainly working hard on the trade side, James, in terms of getting everyone involved in the trade discussions, whether they are small, medium or large companies. The large companies already have departments for dealing with trade, so we probably have to concentrate a bit more on the SMEs. We did the international trade day in November, when 130 companies came in. All of the small businesses, in the main, that I have met, have praised us in their feedback for our help and assistance.

[176] We also go a stage further. We have been speaking with the banks about some of the trade missions that they go on across the globe, and whether there is room for companies that we have in Wales to go with them even if they are not bank customers. The banks have been very receptive to a discussion. If we would give financial support to those companies, they would provide the other half so that these people could go on trade delegations. There is an African market out there that is largely untapped, as well as a South American market that is largely untapped. On our own, it would be very expensive to go in, but if we go in with UKTI, the banks and others and take companies, I am sure that we can make inroads. So, it is a very holistic approach that we are trying to take on trade.

[177] I hope that I have covered the points that have emerged. I do not know whether there is anything further, James.

[178] **Mr Price:** I do not think so, Minister. The only thing to talk about may be the targets that we have for this year.

[179] **Edwina Hart:** Yes.

[180] **Mr Price:** Trade deals worth £30 million have been done. I think that that is quite a low target, but that is a target only on the trade team. If you look at the team as a whole—all of the sector teams—you will see that most of the big projects that we are doing are all trade. So, you could probably multiply that, perhaps, by as much as tenfold. However, in terms of that target, we were already above it in-year and we would like to see that significantly increase next year.

[181] **William Graham:** Rhun ap Iorwerth is next.

[182] **Rhun ap Iorwerth:** Adding to that, obviously we are in the middle of an inquiry on

trade and investment now and, we hope, there is some very interesting stuff that will be able to inform you. You have mentioned targets. On data in general, what assessment are you carrying out of the quality of data you have at your disposal? There have been questions about whether the data that come from UKTI are better or as good as what we have in Wales. What are you trying to collect?

[183] **Edwina Hart:** Well, with regard to UKTI, there are issues to do with how targets are collated. We have had a discussion directly with the Minister, which we are likely to carry on. Currently, we are using the 50% figure, are we not?

[184] **Mr Price:** Yes, 50% ownership.

[185] **Edwina Hart:** Yes, 50% ownership as a figure. UKTI is using 10%. That would mean that we would have to significantly rework and look at figures. I do not know whether you want to speak on this, James, because this is part of the issue.

[186] **Mr Price:** Yes, there is a bit of an ongoing—

[187] **Edwina Hart:** Dialogue.

[188] **Mr Price:** —dialogue at the moment between us and the UK Government, Ireland and Scotland. I believe that Ireland, Scotland and Wales are in roughly the same place. So, up until the middle of this year, UKTI figures have always been based on inward investment that was from a company that was more than 50% foreign-owned. UKTI, in-year, has decided to change that to 10% foreign ownership. Now, to give you an example, I think even BA would become a foreign-owned company at that point. My concern about this is twofold. First, we devalue the activity of inward investment by inflating the figures. Secondly, most mergers and acquisitions, which are done in London, will then be classified as inward investment and will boost the London and south-east figures massively. That will not reflect any additional work or any additional policies, because that has always happened. In fact, it is probably a bit less than it used to be in terms of stock market activity. So, that discussion—and this is a discussion rather than a debate—has not run through. There are arguments that suggest that 10% is okay—it is a new international definition. However, we do not think that it reflects the type of activity that people expect to see reflected in Wales. So, that is one issue that is going on.

[189] The other issue, which we talked about before, is the fact that UKTI figures are based on announcements rather than jobs actually secured on the ground, and there will always be a difference between the two. We are less worried about that one, provided that we then monitor the take-up of the jobs.

[190] **Edwina Hart:** Absolutely. However, I have to say that we have had constructive dialogue with UKTI, with the new Minister. So, these are not worrying issues for us; this is just to inform the committee where we are in terms of the state of play. I am sure that the committee will understand our position on the issue of the 50%, but we can work through the other issues.

[191] **Rhun ap Iorwerth:** What about jobs secured versus jobs created?

[192] **Edwina Hart:** The jobs secured issue is a really key one for us in terms of what we need to secure. As companies change and the work methods change, there are reductions in staff numbers. So, if you then keep to the same number of staff, you have actually done quite a good job. It is very important that we carry on with that particular policy agenda. However, we are in the same place on these issues as the other devolved administrations.

[193] **William Graham:** Joyce Watson is next.

[194] **Joyce Watson:** I want to ask questions about your paper, in which you say that, where additional funding became available, further investment was made in transport. Minister, would you mind elaborating on the transfers made in 2012-13 and the basis on which the additional transport investments were prioritised?

[195] **Edwina Hart:** I do not have to hand all the information on this because I was not the Minister at the time, but I am more than happy for us to look up any further information on transfers.

[196] **Mr Hunter:** Yes.

[197] **Edwina Hart:** I will ask Rob, because he is the finance person.

[198] **Mr Hunter:** I think that the Minister is correct. Hand on heart, I cannot say that I know the answer to that question here, but I would be happy to go away and work the answer up. Quite often, in-year, if there is any capacity to put money into maintaining the trunk road network in particular, we will do that because it is a legal requirement to maintain that in a safe way. I am assuming it is something to do with that, but I would rather check and write to the committee.

[199] **Edwina Hart:** It could have been additional resources for local authorities if we had cash available. Certainly, in light of the weather this year, if we had additional money available, we would have been looking at what we could give local authorities. I am sure that we have all had complaints from constituents about very large potholes.

[200] **William Graham:** Are you content with that, Joyce? You are. Eluned Parrott is next.

[201] **Eluned Parrott:** I want to ask you about some notes that you make about concessionary fares in your paper—in particular, the statement that there was an independent review,

[202] ‘which identified that operators were being over-compensated’

[203] for delivery of the concessionary fare policy. Can you describe to us the basis on which that judgment was made?

[204] **Edwina Hart:** I feel—and I have discussed this with the director, actually—that the focus on the term ‘over-compensated’ is actually misleading in the context of a very complex arrangement in terms of concessionary fares. Operators must be left no better or worse off for carrying concessionary pass holders. That has always been the basis on which we have done it. For example, we have looked at how we will run the concessionary fares in future, and this has absolutely been how we have dealt with it. The experience that we have had on concessionary fares around that issue is the same experience that the Scottish Government has had as well, in terms of running the concessionary fares. Parameters do change, because fare prices change, the number of passengers changes, and that does have an impact on what we do in terms of concessionary fares in the agreement that we have come to. I cover quite a bit in my statement, but I do not know whether you want James to illustrate further issues or to come back to me to clarify anything.

[205] **Eluned Parrott:** Maybe if James wants to explain the issues—

[206] **Mr Price:** I will have a go, but it is very complicated. Whereas I have done one of these negotiations before as transport director, that was six years ago, so I was not involved in

the last one. On this one, I was not involved in detail.

[207] However, what we have tried to do is use evidence from bus operators and other sources—which is why we then used an independent consultant to help us with this—to come up with our best-guess conclusion of what is ‘no better or worse off’. There is a whole series of factors in there that includes the capital costs of additional buses, fare prices and the numbers using the schemes, and there is a factor in there about the generation of trips. The very fact that there is a free bus pass available means that more people use it, and that factors into ‘no better, no worse’ in a different way than someone who would have paid before, but then does not pay any more. The conclusion for the next three years is that the rate is marginally lower than it was for the three years just gone. Not all operators accept that, and there is a mechanism to go through in terms of appeals. I do not think that we expect any formal appeals, but we might get some. Of course, that was the other reason why we used an independent person to assess this—because the place where appeals go is the Welsh Government, and it would have been wrong for the Welsh Government to be on both sides of the table. The main point that we are trying to make is that, simply because we are saying that, for the next three years, the reimbursement should come down, it does not necessarily apply that, for the last three years, the reimbursement was too high, because factors change.

[208] **Edwina Hart:** Periodically, you have to review the basis of any scheme, and that is what we are trying to do within the mechanism. I do not think that this is perfect in any shape or form, but, I think that it is the best available way of dealing with it.

[209] **Mr Price:** We use one mechanism for the whole of Wales, and frankly, that will not reflect the differences between a city area and a rural area, for example. The costs will be quite different.

[210] **Edwina Hart:** That is something that we will have to look at in future in terms of the development of the policy.

[211] **Eluned Parrott:** In terms of the concessionary fare policy, though, I would say that the cut in budget implies that you are of the opinion that you were paying too much previously, but actually, the report says so in those words. It identifies that operators were being ‘over-compensated’.

[212] **Edwina Hart:** I think I made it clear that I do not accept the use of that word in that context. We do not accept it. They might have used it in the report, but we do not accept that in the real sense of what it means at all. I think I need to make that quite clear.

11:45

[213] It is important to recognise that this is a terribly difficult scheme in terms of ensuring that you get value for money, but it is a useful scheme in terms of social cohesion and a whole range of other issues. We try to do the best in terms of looking at all of the variables in the scheme to see whether we can get the right agreement. I do concur with you, James.

[214] **Mr Price:** I think that the evidence will show that if we had carried on running the scheme as it was, operators would be overcompensated in our view. What we have not attempted to do is to go back over the last three years and assess that, because there would be no point.

[215] **Eluned Parrott:** May I ask when you expect that the negotiations on the new reimbursement rate will be concluded, or are they agreed at this stage?

[216] **Edwina Hart:** They are done and I have issued a statement.

[217] **Eluned Parrott:** You mentioned in your oral statement in the Chamber—about 10 days ago, I think—that you were looking at the issue of provision for young people within a concessionary scheme. Is that within this concessionary agreement?

[218] **Edwina Hart:** No, we are looking at a different scheme that is separate. We hope to announce agreement on that in the next few weeks.

[219] **Eluned Parrott:** Okay. Thank you very much.

[220] **William Graham:** I am conscious of time; we are about half way through this session and have done three of the sections so far. I will move on, if I may, to the outturn and performance for the economy and science parts of the Minister's portfolio. I will ask Joyce Watson to start.

[221] **Joyce Watson:** I am looking at management targets, basically. What consideration have you given to making your department's management target for jobs supported more widely known? It could be argued that if you were to do that, it would give a stronger statement of intent to Welsh businesses.

[222] **Edwina Hart:** Do you want to talk about targets, James?

[223] **Mr Price:** I will have a go. Increasingly over the last 12 months, we have made the management targets that we had more visible. The First Minister in a Plenary questions session about three weeks ago referenced the inward investment target for the year. In committee previously, we have talked about having a management target of 30,000 jobs for the department as a whole. I think that we have been quite open about that, and we have also been open about publishing the conclusions against those targets. The thing that we would not want to be doing is turning them too much into—I must choose my words carefully—a political target. The point that I am making is that you do not want all management activity to be around skewing everything to make sure that you hit the target. What you want to be doing is using these targets as a way of genuinely driving performance. If all we ever saw—a lot has been written about this—was three targets and we skewed the whole department's activity to make sure that we always hit the targets, there could be all sorts of perverse consequences elsewhere.

[224] **Edwina Hart:** The targets for jobs are set prior to the start of the financial year, and we look at the prevailing economic conditions and the budgets that are available at that time when we set the targets. I think that that is also a part of the discussion that you will be having today in terms of the scrutiny. We have to look at all factors, because that is how we do it

[225] **Joyce Watson:** Okay. That is fine.

[226] **William Graham:** Keith Davies is next.

[227] **Keith Davies:** Thank you, Chair. Minister, looking at trade and inward investment, in 2012-13 you underspent by £1 million. What activities were funded and why did you underspend by £1 million?

[228] **Edwina Hart:** We looked at the outturn, and I think that it was the net position. There was an issue, was there not, about private sector investment of £0.1 million? You know the figures, Rob, do you not? As to European funding, the shortfall was due to the lead in times and the pipeline for projects, so I was given to understand when we did the analysis. Am I correct?

[229] **Mr Hunter:** That is the case. In effect, it is made up of three: we bring in private sector money of around £0.1 million; we have around £0.2 million of European funding that is levered in. So, in effect the total gross spend in that year was £1 million, but it was still significantly short of the original target. That is actually—

[230] **Mr Price:** And it was trade.

[231] **Mr Hunter:** Yes. That has now caught up, so they are delivering to their budgets. They will be delivering to their budgets going forward, and, as the Minister said, I think that it was just that initial year.

[232] **Edwina Hart:** The budget is mainly about trade activity, is it not, in terms of that particular line? So, it will be marketing connections and various issues like that.

[233] **Mr Price:** I think that that is a really important point. The budget under trading and inward investment is nearly all about trade delivery, not inward investment delivery, because the budgets for inward investment delivery are within the sector teams. So, this did not imply anything at all about inward investment; this is about getting the trade programmes off the ground for the first time.

[234] **Edwina Hart:** There is only a small element for inward investment within that budget. It looks at a number of areas. It looks at events that we might do in Wales, and some of the work that the sector panels prioritise. There is also work looking at databases and things like that which you are required to look at in terms of what you are doing to attract inward investment. So, it was a trade issue in terms of this. I have to say that we monitor our budgets very closely in terms of what is going on in our expenditure profiles during the year, even relatively small budgets like this one.

[235] **Keith Davies:** So, what was the budget allocation for 2013-14?

[236] **Edwina Hart:** The 2013 budget was £1.7 million or £1.8 million.

[237] **Mr Hunter:** The 2012-13 budget was £1.7 million, which has increased to just over £2 million. However, when you look at the private sector investment and the EU money put together, the gross figure has gone up to £3 million. I reviewed this budget a couple of days ago going forward for next year. If anything, they are crying out for even more resource. So, they are spending and there is plenty of opportunity there. So, the team has definitely taken off.

[238] **Edwina Hart:** Just to add to that, the team is spending wisely.

[239] **Mr Hunter:** They are spending wisely.

[240] **Rhun ap Iorwerth:** Looking at the cost per job, the figure that we have for cost per job created or safeguarded under the Wales economic growth fund is around £9,000. Is there a breakdown for cost per job created and cost per job safeguarded?

[241] **Edwina Hart:** Do you want to take cost per job, because it is a difficult area?

[242] **Mr Price:** Cost per job is a measure—it is probably quite a good measure—of effectiveness, but it is not ‘the’ measure because it does not necessarily take into account how long the job will be in place, the strategic importance of the job in terms of the supply chain, or the economic context within which that job is created. For example, these are gross generalisations, but a lower paid job in a better performing economic area would probably be worth less than if it was a worse performing economic area. So, we try to take all of that into

account, but having said that, we still look at cost per job.

[243] We can provide cost per job for almost every programme area, Rob. The costs will vary quite wildly; they go from around £2,500, I think, Rob, probably up to nearly £100,000. However, the average figure tends to be around £10,000 to £12,000. Is that right, Rob?

[244] **Mr Hunter:** Yes, that is right.

[245] **Edwina Hart:** That is the growth fund for 2012 when the average figure on use and so on, I think, was just over £9,000, if you look at it. If you do a comparison between tourism jobs, which tend to be lower paid, and the top end of jobs, there is quite a wide difference in terms of what they cost per job.

[246] **Rhun ap Iorwerth:** Will the breakdowns you have break down the figures between created and safeguarded jobs?

[247] **Mr Price:** Yes, albeit what we are trying to do at the moment is to focus on a global total that includes created, safeguarded and assisted jobs. We have talked to the committee before about an assisted job not necessarily being solely related to Welsh Government spend.

[248] **Rhun ap Iorwerth:** How does that investment through the Wales economic growth fund in terms of cost per job compare with other types of financial support that you can offer, in terms of value?

[249] **Mr Price:** It would be good, I would say, Minister.

[250] **Edwina Hart:** We would say that it was good, because we look across all examples, not just the Wales economic growth fund, because we also have the tourism investment support scheme and repayable business finance, which is another tool that helps in terms of jobs. The comparators are very good in terms of how they work and how they stack up. You have to understand that there is a very vigorous process in the application of all these particular schemes in terms of what we look at. We look at the value of our investment against the value of the investment from the company. We look at the salary of jobs and the levels of jobs. We try to maximise every element of support that we give, and we are also trying to look at the mix in the economy between the jobs and what we are supporting, which is also quite important. So, there are a lot of things that influence all of this: it can be influenced by the skills agenda and the requirement of the company; and, location also influences decisions.

[251] **Rhun ap Iorwerth:** As well as maximising what you can get out of each of the different models of financial support, what analysis do you carry out of what kind of financial support offers the best value for money?

[252] **Mr Price:** The teams do it all the time.

[253] **Edwina Hart:** The teams have fairly detailed discussions on a daily basis if somebody is interested in it. I have investment panels across the piece that meet all the time, and for major investments I have the Welsh industrial development advisory board, which I still utilise for very big decisions, which is something that I decided to keep on. So, there is a very detailed way of doing it and the teams are there. For instance, if a company is interested in expansion, but it wants some support, we can go in from the property side to see whether we can help with property, considering whether we could purchase it and the company could lease it back from us, and all those issues. Then we can look at whether it requires any additional resource from skills, so we can go to the education and skills department to see whether that will make a difference. Then we look at whether repayable finance will help it in

terms of its relationship. We can also refer it to Finance Wales to see if there is something there and we can also look at whether the Wales economic growth fund would be good for it. So, we can put an entire package together to help and assist, and all the teams, in all the sectors, are ready and able to do that.

[254] **Rhun ap Iorwerth:** I am interested in the fact that you say that all these breakdowns are available. Are they all published as a matter of course? Are they collated as a matter of course?

[255] **Edwina Hart:** We collate.

[256] **Rhun ap Iorwerth:** I understand that they are a generalisation in a way and that they do not measure outcomes, but they are a useful guide—

[257] **Edwina Hart:** If it would be helpful, Chair, we could have a look at what we could produce in terms of a summary that would not endanger any of the relationships that we have with companies and all those particular things. We obviously publish some things—companies are happy to have publicity for things—but if we can do it rather more like an academic exercise to feed information in, in a paper, we will certainly do so.

[258] **Rhun ap Iorwerth:** That would be helpful.

[259] **Edwina Hart:** It gives a feel of what the issues are. I also think that it would be very interesting and useful for us to look at and reflect on how we assess the return on investment as part of this more academic-type note to give information.

[260] **Keith Davies:** I remember your big investment in a big company in Llanelli, and because we put in something like £2 million, the company itself then put £8 million, so it generated four times more than we actually put in.

[261] **Edwina Hart:** Yes, and when you look at the return on our investment there, we have had that and we have had the jobs and it has done very well in terms of where it is going, but we have to look at other issues around that. We have to look at the local economic conditions as well, as part of the return on investment, and the strategic requirement for intervention is also a key issue. On the company that you alluded to, it was strategic in terms of intervention because it allowed the company to go into a supply chain for a major operation elsewhere that protected all the jobs. So, it is very important that this is taken in the round in terms of discussions about what we do.

[262] **William Graham:** Thank you for that, Minister. I would like to move on now, if we may, to the six-monthly update on transport. Dafydd Elis-Thomas, I think that you have a question on the programme for government objectives.

[263] **Lord Elis-Thomas:** Yes. I am particularly interested in progress on the statement you made on rail priorities on 17 July last year. You emphasised that you were focusing work on securing the right arrangements for the specifications of the Wales and borders franchise and stated that you did not want the Government to be in a position where the terms of the franchise agreement limited its ability to react to the changing economic climate and to provide services where they are required, which, to me, was a very clear warning that things would be different in the future. To what extent has your evaluation of rail investment priorities been developed further as a result of the work that you have been undertaking?

[264] **Edwina Hart:** We have done a lot of work on rail in terms of the priorities we require for rail. The capital investment programme that we have put in indicates where the direction of travel is. The only limitations for us will be budgetary limitations in terms of how

we take issues forward. I am very aware of the calls for extra lines from Aberystwyth to Shrewsbury, and all these are really necessary, probably, in terms of economic development and other issues.

12:00

[265] There are additional services elsewhere, but we will only be restricted by cash in these areas. The work that we are doing post the franchise discussion—and I know that we will be discussing the committee's report this afternoon about the future of the franchise—is, for us, a very difficult balancing act in terms of what we need to undertake.

[266] We have had a good working relationship with Arriva in terms of our understanding of where it is coming from and where it is going to. We have also looked at some of the issues around rail franchise, about whether a new model could be formed and whether we could have a different model. It is interesting to note that nobody has done any detailed work on an alternative model, in terms of how you could use a not-for-profit model; it has not been done in very real terms. But, we are seeking to do further work in that area and are looking at it, which could quite possibly be a good model for the future.

[267] Time is not on our side in terms of the franchise. There might possibly be, although it is not in our gift, an extension of the franchise, like the UK Government has done elsewhere. But, we are trying to do all the necessary preparatory work in this area. James, we have additional resourcing to take these matters forward.

[268] I regard the rail network as absolutely key to our future economic development, not just in terms of passenger travel, but what more we can do on the freight agenda, particularly when you look at some of the issues with our roads. Enhancing the customer experience will also be part of the rail franchise. You alluded to it, Eluned, when you raised what customers felt about the quality of services, which takes us nicely into rolling stock issues that might emerge in future about what type of rolling stock we have. Current discussions are around the fact that we have old stuff coming from elsewhere. There are big issues for us in the discussions that we are having. I do not know whether I got everything in; James, was there anything I missed?

[269] **Mr Price:** I think that you have covered everything, Minister. The fundamental decision point for Welsh Government, which needs to happen as soon as possible, but it is not wholly within our domain, is who will procure the next rail franchise. We are gearing up for it to be us, but that decision, which is as much a UK Government decision as anything else, has not yet been reached.

[270] **Lord Elis-Thomas:** If it is not you—your department and Welsh Ministers—then that will undermine the whole potential of integrated transport, will it not?

[271] **Mr Price:** It will make it very difficult, absolutely. The issue is that if it is a 15-year franchise again, it could be locked out for a further 15 years and not 18 months.

[272] **Lord Elis-Thomas:** There are also very important implications for the level of funding and where it is generated, whether it is the UK Government or whether the Welsh Government is going to be continually topping up funds, and then the actual budgetary processes we try to scrutinise are skewed by all of that. Is that a fair sentiment?

[273] **Edwina Hart:** That is absolutely correct. This is quite a worrying period for us in terms of where things are going. The integration of transport is key for us. I am very grateful that we will be discussing the committee's report later. I would have thought it might be something that the committee may well wish to return to in due course when I have further

information available.

[274] **Lord Elis-Thomas:** Thank you for your suggestion, Minister.

[275] **William Graham:** Julie, you have a supplementary question.

[276] **Julie James:** On that point, Minister, we are all very interested in those discussions. I have no idea of the mechanisms. What scope will there be to discuss some of the service issues if we are not the people who let the franchise? I know that if we are the people who let the franchise, we will have those discussions. Minister, I know that you are well aware of the anecdotal conversations that we have all the time about journey times from various places in Wales and whether they could be improved and whether direct trains should run and all that sort of stuff, but will we have any chance to input into that if we are not the people letting it?

[277] **Edwina Hart:** An example of where we are not responsible for the franchise is Great Western. We have an opportunity to input into Great Western about whether we want to change the delivery of services from Swansea to London, but it means cash from us for it to look at the timetabling and whether it has the signalling to enable it. If, in theory, we were to suggest that a train should start at Swansea, call at Cardiff, and not stop anywhere in England at all except London—

[278] **Lord Elis-Thomas:** What a good idea. [*Laughter.*]

[279] **Edwina Hart:** —there would be enormous gains in terms of time, but that would be a cost to us that we were prepared to put into the system. That is fair, is it not, James? The issue would be that if we do not have control over the franchise, would we continually be looking to put money in to get improvements? At the heart of any negotiation we have will be the Welsh taxpayer and the Welsh travelling public. In all fairness, when it goes elsewhere there is a wider interest to take into account. I am not saying that that will not be taken into account, but it will not be quite in the same way. Is that fair, James?

[280] **Julie James:** May I just follow that up before you answer? One of the issues, I think, is about the robustness of the negotiation at the point where you are letting a franchise. Quite clearly, First Great Western and other people interested in the renewal of a franchise are much more likely to agree to service improvements and other suggestions before they have the contract than afterwards. Obviously, if we are in charge of it, you will be in charge of how much input there is into that, but, what I am asking, I suppose, is whether we have a clear view of what we would like those negotiations to contain from the point of view of Wales, even if we are not the ones letting the franchise.

[281] **Edwina Hart:** Yes, and we are working that up currently. I concur with you that we have to have everything in place, because, if we are not in control, we will have to input into it anyway. If we are in control, we need clear strands and objectives for what our requirements are. However, it is not easy. When I look at the way that rail works across the whole of the UK, I am astounded that Europe is looking at the UK as an example of how rail services should work, because it is not a perfect world. It is overcomplicated as well in terms of all the bodies that are involved and who you talk to. If a change occurs up the M4 and an announcement is made, I can be speaking to three different organisations about the impact of it—the Office of Rail Regulation, then somebody else is on the phone, and Network Rail has something to say. So, it is not a perfect process. Do you want to cover that, James? We will say that we are getting into the areas of what we want.

[282] **Mr Price:** The only point I thought I should perhaps make clear, just for the record, is that, technically, we would be co-specifiers of the next franchise, so there would be a formal process. However, without our letting the franchise, we will not be the determinant of

what is in it. So, I would say that we need to push to be the letter.

[283] **Mick Antoniw:** So the possibility of the Pontypridd 125 to Paddington is not completely ruled out. *[Laughter.]*

[284] **Lord Elis-Thomas:** I thought you were campaigning for the Pwllheli one? *[Laughter.]*

[285] **Mick Antoniw:** Perhaps I will if we get the Pontypridd one.

[286] **William Graham:** Could we move on now, please, to a question from Mick Antoniw on the economy and science six-monthly update?

[287] **Mick Antoniw:** I was going to ask some questions about the investment induced and how it is calculated. I think that you have answered most of that earlier on, Minister, so I think we can move on from that, Chair.

[288] **William Graham:** Very good. Our next question was to be from Dafydd Elis-Thomas, but we have explored rail franchise pretty well. Are you content with that?

[289] **Lord Elis-Thomas:** Yes.

[290] **William Graham:** Thank you. May I ask you then, Minister, about the supplementary budget and the delivery of phase 1 of the metro?

[291] **Edwina Hart:** We are pleased with the progress of discussions that we are having on the metro, but, of course, the metro is also dependent on issues such as electrification and everything. We have had the initial report and now Mark is working it through with a group that is putting flesh on it. I am doing a briefing, and have invited Members to it, to go through some of the issues about what is going on. We obviously have to look at the financial issues surrounding the development of the metro, which is quite clear, and we have made decisions about improvements that will help if the metro comes along in terms of that particular budget announcement. So, I am very pleased that the metro group has started its work. You have the question-and-answer session. Of course, there are issues about the frequency on the Ebbw Vale line and so on. Other issues have emerged as well that we are now looking at very carefully in terms of the location of stations and the impact that might have if certain things do not happen. That work is going on. We also have to look, as part of this, even before the metro is live, at better bus and rail links within the whole area. The Minister for Finance kindly identified—what was it?

[292] **Mr Hunter:** £62 million.

[293] **Edwina Hart:** Yes, £62 million in additional funds for us. We will work through, but I think Members will get a clearer picture when we do the briefing from Mark Barry about the direction of travel. However, it is nice for you to be aware that the city region grouping around south-east Wales has really adopted this as its major project. We have some very prominent business individuals, such as David Stevens from Admiral, on that. So, I am sure that the pressure will be kept up in terms of the delivery of this project.

[294] **William Graham:** On motorways and trunk roads, Minister, an additional allocation of £8.5 million was required within the motorway and trunk road operations action at this stage of the financial year to comply with your statutory duty to maintain the safety of the network. Could we inquire as to why was that requirement not foreseen previously?

[295] **Edwina Hart:** I think that it was long-term maintenance and weather, was it not?

[296] **Mr Price:** Yes.

[297] **Edwina Hart:** I think that those are the key issues for us. Given our obligations legally we have to look at everything and, because of the weather and other issues, and since the cash was there, we asked for it to undertake that work. Do you want to comment on this, James?

[298] **Mr Price:** We planned and budgeted for the type of winter that we had last year, actually, which would have seen quite a lot of the surface broken up in certain areas and we would have had to resurface. We would typically have started resurfacing at the back end of next month, simply because you get less frost after that time, and you do not resurface before the frost stops.

[299] **William Graham:** Of course, we had snow in March last year.

[300] **Mr Price:** This year, the winter has been really bad in a different way and that has led to additional costs. We have had to deal with a couple of mud-slide issues, stabilising banks and various other things. That is the main reason for the additional funds in-year at this point in time.

[301] **William Graham:** Thank you for that. I will return to the annual update, if I may. Will your annual update at action level clearly show the jobs and investment-induced outputs that were achieved in 2013-14, along with the associated expenditure?

[302] **Edwina Hart:** Yes.

[303] **William Graham:** Do you just agree?

[304] **Edwina Hart:** Yes.

[305] **William Graham:** Fine. Thank you very much. We will move now, please, to our last section on revenue reductions. Eluned Parrott has the questions.

[306] **Eluned Parrott:** Thank you, Chair. We spoke a little earlier about the importance of broadband infrastructure in terms of moving the economy forward in Wales. I noticed that one of the transfers out of the budget was through an efficiency saving recouped from the roll-out of Superfast Cymru. Can you explain how that £1.6 million saving was achieved in that year?

[307] **Edwina Hart:** We were just very good, actually, in managing the contract and getting the efficiency savings out. I think that it is as simple as that. *[Laughter.]*

[308] **Eluned Parrott:** Okay, if I can move on from that, I am glad that you are so efficient, but why was it not seen—

[309] **Edwina Hart:** The important thing, I think, to recognise is that we have very good financial discipline within the department and what we try to do is to use our money effectively and efficiently. We review everything. The director of finance reviews every budget systematically, as we go through, with officials. Officials are hauled in on budgets and nothing gets through in terms of sign-off at any level unless we know that it is appropriate for purpose. We realise that, with reducing resources, we have to do that. You could answer that more specifically and less cheekily, Rob.

[310] **Mr Hunter:** With regard to the £1.6 million, the contract was still relatively new at

that stage. That was at the beginning of the financial year. We went out to the business and sought revenue savings. We were trying to get revenue savings that were genuine efficiencies, rather than impacting on services as a first call. So, we were very much going for that. Within the contract were specified a number of consultancy reports and things that, in effect, we could either do in-house or that we did not feel were really necessary. They were put into the contract in the early stages as a sort of catch-all. They were relatively small compared to the scale of the contract. So, the contract, or the delivery of superfast broadband, has not suffered at all as a result of this. The programme itself has passed 100,000 premises just at the beginning of this calendar year. It is on track. That target increases massively as it goes into the next year. I think that it goes to about 0.25 million by the early part of next year. So, the project is absolutely on track and this reduction had no impact whatsoever on the roll-out of broadband.

[311] **Eluned Parrott:** I have a couple of questions on that. How much of the £1.6 million saving was achieved by removing these external evaluation reports, these consultancy fees?

[312] **Edwina Hart:** You would have to look at that, would you not?

[313] **Mr Hunter:** Yes, I would have to check that figure. I would be more than happy to provide more detail on the breakdown of that. It is roughly around half, I think, but I would like to confirm that. There were various other things as well. We were looking for efficiencies right across what was then quite a new contract.

[314] **Eluned Parrott:** You describe them as quite small, but £800,000 on consultancy fees seems like quite a lot to me. What was the original policy intention for those reports?

[315] **Edwina Hart:** The original policy intention for those reports was to ensure that we were getting value through the contract. It was a very big contract to negotiate in the first place. There was a lot of angst and a lot of work went into the contract. What we tried to do was to put all the appropriate measures in place. When we started to get to grips with the everyday working of the contract, we deemed that we could find some efficiency savings.

[316] **Eluned Parrott:** Okay. Thank you. With regards to the action, if you like, which is 'deliver ICT infrastructure', clearly, while superfast broadband is moving forward, and that is very welcome, there are still significant individual problems with, as you say, things such as mobile infrastructure and other areas. Why was that £1.6 million not reinvested in other aspects of IT and mobile infrastructure?

12:15

[317] **Edwina Hart:** We are looking at all the issues around mobile infrastructure. If, Chair, the committee would like a note from my Deputy Minister about the progress in this area, I would be more than happy for him to provide it.

[318] **Eluned Parrott:** The question was not necessarily about progress in this area. The question was: why was that money not retained within your department's budget so that it could be reinvested in improvements in this area?

[319] **Mr Hunter:** The £1.6 million is a revenue reduction, not a capital reduction. Some of the infrastructure problems around mobile networks, for example, are going to be capital investments. As the Minister said, we are looking at the next round of structural funds at the moment. You will know that next generation broadband covers 96% of the country, so we are looking at how we cover the 4%. Within that 4%, some of the solutions will be mobile, potentially, and that would address some of the mobile issues that Wales suffers from. So, we are looking at a comprehensive package at the moment; we are in discussions with the Welsh

European Funding Office on funding for the next round of structural funds in order to support this activity. We should have projects in place, probably towards the end—so these things would kick in around 2016—because we will not know where the 4% is until quite late in the contract. We will be ready to go immediately when we know where the gap is. We will have the technology, we will know what the strategy is and then we will start to roll out those improvements.

[320] **Eluned Parrott:** Minister, I have asked you previously about the speed of release of those areas into different programmes. I have concerns about the length of time that it takes to reach those who have not been addressed through either the commercial rollout or the superfast rollout. I still have a concern that some of this money could have been used to help those that have been identified early as not being available, if you like, to the Superfast Cymru project. Why has that money not been retained within your budget to identify those businesses and individual householders who are really suffering?

[321] **Edwina Hart:** We have the programme that we have agreed with Superfast Cymru and I will certainly ask officials to look whether anything can be undertaken. As far as I am aware, however, this was looked at the time and it was genuine efficiency savings that could be utilised in terms of revenue.

[322] **Mr Hunter:** It was, and we also have other mechanisms, such as the broadband support scheme, which was extended. So, for those people who are in dire need, we can do something if an application comes in. That is slightly complicated because one of the criteria is to make sure that we are not paying for a solution slightly ahead of it being delivered through the superfast scheme. When these come in now, we always assess to make sure that we are not double funding something or funding something that is only going to give them benefit for six or 12 months and may lock them into a more expensive service. Superfast is not the only avenue in if people need assistance.

[323] **Eluned Parrott:** Okay. Thank you.

[324] **William Graham:** Thank you very much. Do Members have any other questions?

[325] **Rhun ap Iorwerth:** Looking beyond superfast at the money that has been transferred out of the main expenditure group, which I think is £11 million.

[326] **Edwina Hart:** Yes, that is right.

[327] **Rhun ap Iorwerth:** How much of that is a reduction in resources and how much is efficiency savings?

[328] **Edwina Hart:** Some were efficiency savings and some were increases in European intervention rates, were they not?

[329] **Mr Hunter:** That is right. It is a mix of several things. It is either efficiencies or an increase—we had the opportunity to draw down more EU money, so the service was delivered exactly the same, because there was money available, so we went for that on the entrepreneurship side—and the other thing is potentially rephrasing projects, so, in effect, we might be bringing something forward or pushing something back. The vast majority of the money was locked into those three areas.

[330] **Rhun ap Iorwerth:** Was there a consideration of increasing spending on those areas—entrepreneurship, for example—rather than transferring money out?

[331] **Edwina Hart:** The resources went into the European entrepreneurship, because we

had additional resources that way, in terms of the entrepreneurship spend.

[332] **Mr Hunter:** That is right, yes.

[333] **William Graham:** I have one final question if I may, Minister. The programme for government includes a number of transport indicators. Can you describe how your transport budget and policy decisions in 2012-13 and in the current year have impacted on these indicators?

[334] **Mr Price:** That is quite a big question.

[335] **Edwina Hart:** Yes, it is a very large question for the final one. In terms of the programme for government, that is set. Obviously, we all work to the programme for government in terms of how we look at the development of our policy and indicators. We do feed into the programme for government.

[336] **Mr Price:** I was just trying to find a list of the programme for government indicators on transport. They are quite broad.

[337] **Edwina Hart:** Yes, they are quite broad, rather than focused. The approach that we have taken today in terms of issues—. It is obviously something that we have alluded to within our paperwork. We will have a look at it to see whether we can give something more substantial to the committee on it.

[338] **William Graham:** That would be very helpful, Minister. Could I ask you to include these indicators in future six-monthly transport updates, with appropriate commentary summarising impact on that policy?

[339] **Edwina Hart:** Yes, that is fine.

[340] **William Graham:** I am most grateful. Thank you very much. I do not think that there are any more questions. Thank you very much for giving your clear answers today.

[341] **Edwina Hart:** Thank you very much indeed, Chair.

[342] **William Graham:** It has assisted the committee a great deal. Thank you very much.

12:21

Papurau i'w Nodi Papers to Note

[343] **William Graham:** I ask you to note the correspondence between the former Chair and the Minister on the world music trade expo, and the correspondence on the trans-European transport network in your bundle today. Thank you very much.

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

[344] **William Graham:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance

with Standing Order 17.42(vi).

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

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 12:21.

The public part of the meeting ended at 12:21.