



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

Y Pwyllgor Menter a Busnes **The Enterprise and Business Committee**

Dydd Iau, 02 Hydref 2014
Thursday, 02 October 2014

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cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

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.

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

Mick Antoniw

Rhun ap Iorwerth

Llafur

Labour

Plaid Cymru

The Party of Wales

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

Eraill yn bresennol
Others in attendance

Manon Antoniazzi	Cyfarwyddwr, Twristiaeth a Marchnata, Llywodraeth Cymru Director, Tourism and Marketing, Welsh Government
Dan Clayton-Jones	Cadeirydd y Bwrdd Cyngori Twristiaeth Chair of Tourism Advisory Board
Jeff Collins	Cyfarwyddwr Gweithrediadau a Seilwaith, Economi, Gwyddoniaeth a Thrafnidiaeth, Llywodraeth Cymru Director of Operations and Infrastructure, Economy, Science and Transport, Welsh Government
Edwina Hart	Aelod Cynulliad, Llafur (Gweinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth) Assembly Member, Labour (The Minister for Economy, Science and Transport)
James Price	Cyfarwyddwr Cyffredinol yr Economi, Gwyddoniaeth a Thrafnidiaeth Director General for Economy, Science and Transport
Ken Skates	Aelod Cynulliad, Llafur (Y Dirprwy Weinidog Diwylliant, Chwaraeon a Thwristiaeth) Assembly Member, Labour (The Deputy Minister for Culture, Sport and Tourism)

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

Andrew Minnis	Y Gwasanaeth Ymchwil Research Service
Claire Morris	Ail Glerc Second Clerk
Siân Phipps	Clerc Clerk
Richard Watkins	Dirprwy Glerc Deputy Clerk
Robin Wilkinson	Y Gwasanaeth Ymchwil Research Service

Dechreuodd y cyfarfod am 09:59.

The meeting began at 09:59.

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **William Graham:** I issue a welcome to Members, witnesses and any members of the public who are present. The meeting is bilingual. Headphones can be used for simultaneous translation from Welsh to English on channel 1 or for amplification on channel 0. The meeting is being broadcast, and a transcript of the proceedings will be published later. I remind Members and witnesses that there is no need to touch the microphones; they should come on automatically. I also remind you that all mobiles should be switched off. In the event of a fire alarm sounding, I ask people to please follow directions from the ushers. I welcome Sandy Mewies, who is deputising today for Jeff Cuthbert.

10:00

Ymchwiliad i Dwristiaeth—Sesiwn Dystiolaeth 9 Inquiry into Tourism—Evidence Session 9

[2] **William Graham:** We welcome Ken Skates, Manon Antoniazzi and Dan Clayton-Jones to our meeting today. We will then move to questions. The first question is from me, on marketing and Wales's tourism brand. An update, please, on the in-depth delivery strategy for tourism marketing that the Deputy Minister claims is under way.

[3] **The Deputy Minister for Culture, Sport and Tourism (Kenneth Skates):** Very good. Thank you, Chair. There has been significant progress in this area over the summer. As I say, an in-depth review of PR and marketing has taken place within the Visit Wales team and also across the economy and science department. That has been completed. A merger of the business and tourism marketing teams within the department has now taken place—the aim being that we have a far more integrated use of resources. In terms of the delivery strategy, work on this team's delivery strategy, including the tourism and marketing plan, is already under way. I think that it is fair to say that the core of this will be a far more digitally and integrated marketing approach. I also think that it is fair to say that the world has changed dramatically since the twentieth century, so it does increasingly have to be approached via new and emerging digital technologies. So, we will be looking at utilising a range of media platforms for this.

[4] Meanwhile, we are quite excited about the autumn campaign, which was launched yesterday. The focus for the autumn will be very much on food and food tourism, which we know is a fast-expanding and growing market. We are going to be showcasing some of our finest products in that area, and it is going to build very much on the spring and summer campaign of 'Have you packed for Wales?'

[5] **William Graham:** Thank you. In previous sessions, we heard that the Mike Ashton Associates group was going to do a brand evaluation exercise. Could you tell us whether you are aware of this and how this contributes to your present strategy?

[6] **Kenneth Skates:** Thank you, Chair. It did come before my time. I am aware that Mike Ashton was appointed, I think, back in 2012 to lead on an evaluation of brand strategy and narrative for Wales and that, during this period, he met with somewhere in the region of 250 stakeholders. I think that the Minister for Economy, Science and Transport also wrote to the committee earlier in the summer, outlining the work that Mr Ashton had undertaken and how it is being used to build on key branding principles established from the work. There was no formal report, but, from a tourism perspective, the key recommendation was to develop a

product-led brand for Wales, which we now have done. Manon, would you like to say a few words on this?

[7] **Ms Antoniazzi:** Yes, absolutely. The work that Mike Ashton did, including a lot of very valuable meetings with stakeholders and assessing of the assets that we have to market, fed directly into the marketing campaigns—the business marketing campaign, the work that was promoted at the airport, and indeed the ‘Have you packed for Wales?’ main tourism campaign that we launched this spring, about which we can talk more. In terms of what we are doing now, that is fed in and we have a new director of marketing appointed since the beginning of the financial year. Mike’s work has been pretty much seamlessly carried on by her. We have every intention of embedding this work into continuing the work on the Welsh brand over the next few months. We have a series of industry workshops arranged, which VisitBritain has also been invited to attend, in the course of November, and we are going to use that to develop work with the industry on this branding. It is a process rather than a finite piece of work, and that continues.

[8] **Eluned Parrott:** In terms of the stakeholders that Mike Ashton worked with, what became clear when we scrutinised the previous Minister for culture was that he had not been one of the stakeholders consulted by Mike Ashton Associates. I think that the committee was surprised that that might have been the case. Can you give us an idea, if you are able to do so, of how Mike Ashton Associates garnered information from within the Government in terms of the specialist knowledge that you hold in tourism, major events and natural resources, in terms of culture and heritage? All of these things are, obviously, important niches for Wales’s tourism brand.

[9] **Ms Antoniazzi:** If I may take that question, he was effectively a member of our staff for the 18 months or so that he was here, so he was very much embedded as part of the team. He did meet with every director general and the senior team within each Government department, so he was working at that level, possibly, rather than at the ministerial level. However, we are obviously in an even better position to work closely with culture now that we share a Minister.

[10] **Eluned Parrott:** Thank you. You talked about the redevelopment of the branding strategy that has taken place. Can you give us an idea of what the key changes were from what we were doing before and what the brand that we are presenting as ‘Wales’ is now?

[11] **Kenneth Skates:** There is a sharper focus on iconic products. To use the Disney example here, if I may—you are going to think that I am a bit of a philistine, suggesting that Disney does tourism best, but it is incredibly effective; it truly is. What Disney does is to market the Magic Kingdom, first of all, which is very much a ‘feel’. You feel that the Magic Kingdom is something special, but it tends to identify specific lands within that, be it Frontierland or Tomorrowland, and within each of those it promotes what it calls e-ticket attractions. There are few, no more than six or seven, iconic attractions that are shared across all of the Magic Kingdoms around the world, so it would be Big Thunder Mountain, Space Mountain or the castle at the centre of Magic Kingdom. This is the template that I think we should all look to for inspiration, which we certainly have done here. So, the product-led campaign is to make sure that we focus—. In particular, you will have noticed in the ‘Have you packed for Wales?’ commercials that we focus on those iconic e-ticket attractions that will draw people in, so that we make best use of the most recognisable heritage and leisure facilities that we have in Wales. I can see you smiling, Eluned. I do not know whether you have been to Disney, but I know that your party leader is an advocate of the Disney way.

[12] **Eluned Parrott:** Indeed. I have to say that the example, perhaps, makes me smile, but I understand the drive that you are talking about. On a recent visit to Iceland, it became very clear that that was something that it was doing strategically. Within an hour of arriving at

the airport, I had a list of perhaps half a dozen things that I knew were key sites for that country. What examples have been brought in from other nations? What other nations are we learning from, because, clearly, Disney has a particular brand proposition that Wales is not starting from?

[13] **Kenneth Skates:** Indeed. We are keen to learn from any nations that are effective in marketing their tourism offer. It is interesting that, if you look at Trip Advisor, you will see that there are currently 2,163 things to do across Wales. So, you have to be incredibly selective in what you choose to promote as the big draw. So, we have been keen to look at the growth markets and also the purpose of the visits from those growth markets. So, we are taking, of course, the British market, first and foremost, but also the key growth markets of the United States of America, Ireland and Germany, and aligning what the people from those markets wish to do and see when they come to Wales with what we promote. That is very much at the centre of our marketing strategy.

[14] **Eluned Parrott:** Indeed. After all, we have real castles.

[15] **Kenneth Skates:** Yes, indeed. We have, I think, more castles per head of population than any other nation on earth.

[16] **Lord Elis-Thomas:** Why is that, I wonder? *[Laughter.]*

[17] **Rhun ap Iorwerth:** May I have a brief point of clarification on the appointment of the director of marketing earlier this year? Is that director of marketing working exclusively in tourism promotion?

[18] **Ms Antoniazzi:** No, the team now encompasses the business sectors' marketing as well. Obviously, those are two very different, and there will be two teams working to the director of marketing on those issues. However, in many countries—and this is one of the things that we have tried to do in learning how other countries have done things well—the tourism proposition can be seen as a sort of flag bearer for the national brand, as it were, establishing some core values that spill over. There has to be relationship between the way in which we are marketing ourselves to businesses and the way in which we are marketing ourselves to business and to consumers directly, albeit that we do it through different channels and in subtly different ways.

[19] **Rhun ap Iorwerth:** However, it could be seen—and this certainly has been raised with me—as a weakness that there is not a dedicated director of marketing for tourism in Wales. Would you, Deputy Minister, see that as a potential problem?

[20] **Kenneth Skates:** No, not necessarily. I think that the brand of Wales, whether for business or for visitors as consumers, must be consistent in order to benefit from one another. There would be a risk of tension emerging if you had a separate dedicated director of marketing for tourism. You would have to make sure that there were mechanisms in place to guarantee that the brand remains consistent and that the strategy is adhered to as well, across both.

[21] **William Graham:** Dan, would you care to say something on that point?

[22] **Mr Clayton-Jones:** I think it would be fair to say that it is tourism that is leading on the brand, but it is developing a brand that is all-encompassing so that we can indeed use it for tourism—and it is very effective for tourism—but it would also lend itself to inward investment and the other aspects of promoting Wales as well. It is fair to say that Mari, our new marketing director, is about 80% involved in tourism and only 20% in other aspects of the branding for other parts of Government.

[23] **Rhun ap Iorwerth:** That should raise questions about whether the other 20% is enough, but okay. [*Laughter.*]

[24] **Sandy Mewies:** I understand the Disney concept. I have been to France and to Japan to visit, although not particularly for that reason, and it is true that those key elements are always there. I was interested when you talked about the brand. I think that brand Wales is very important across the piece, but what I am not clear about is this. There used to be, when we marketed Wales for those borderlands, quite a presence with regard to the linkages that we have with major attractions. For example, in Flintshire, the linkages would be with Chester. The same would be true for Shrewsbury, and so on. There used to be gateway mechanisms of doing this. If someone goes to Chester websites, are they still being picked up: 'It is well worth going 5 miles up the road to look at this or that', or even further, as far as Rhun's neck of the woods, to look at what is happening there?

[25] **Kenneth Skates:** We are not relenting on our promotion of north Wales—or, indeed, the whole of Wales—just across the border, that is for sure. I pop into Chester regularly, whether it be to Caffè Nero or any of the other coffee shops, and pretty much all places to eat and drink now are also mini tourist information centres. They have information booklets on local attractions, and, without exception, they still contain a good proportion of information on attractions across the border in Wales.

[26] **Ms Antoniazzi:** This is something on which we can also work closely with VisitBritain to bridge that. I have regular meetings with the chief executive of VisitBritain, as you can imagine, and, indeed, the chief executive of VisitEngland. We are working on a campaign in Manchester Airport that will promote north Wales alongside the north-west of England. That is a very important market for us.

[27] **Keith Davies:** Gofynnaf fy nghwestiynau yn Gymraeg. Cyn imi ddod i'r pwyllgor y bore yma, euthum ar safle gwe VisitBritain. Edrychais o dan 'diwylliant', ac yr oedd yn sôn am feirdd ac am ble y byddai'n werth mynd i weld eu gwaith, ac yn y blaen. Cefais fy synnu, achos o'r 10 bardd a gafodd eu henwi, nid oedd Dylan Thomas yn eu plith. O ystyried y ffaith bod eleni yn flwyddyn arbennig cyn belled ag y mae Dylan Thomas yn y cwestiwn, roeddwn yn synnu at hynny. Hefyd, wrth ichi fynd drwy'r safle gwe, nid oes llawer am Gymru o gwbl.

Keith Davies: I will ask my questions in Welsh. Before I came to the committee this morning, I looked at the VisitBritain website. I looked under 'culture', and there was information about poets and where it would be worth going to visit to see their work, and so on. I was surprised because, of the 10 poets who were named, Dylan Thomas was not among them. Given that this year is a special year as far as Dylan Thomas is concerned, I was surprised by that. Also, as you browse through the website, there is not much about Wales at all.

10:15

[28] **Ms Antoniazzi:** Mae VisitBritain wedi bod yn gweithio yn agos iawn gyda ni ar Dylan Thomas. Mae'r wefan yn waith sydd yn dal mewn llaw ac rwy'n meddwl bod mwy o waith i'w wneud gyda nhw ar hynny. Efallai y deawn at hynny eto, os hoffech chi imi ymhelaethu ar y ffordd y mae ein perthynas â VisitBritain yn datblygu.

Ms Antoniazzi: VisitBritain has been working very closely with us on Dylan Thomas. The website is a work in progress and I think that there is more work to be done with them on that. Perhaps we will come on to that later on if you would like me to elaborate on how our relationship with VisitBritain is developing.

[29] Rydym yn bwydo deunydd iddynt yn gyson. Maent yn ymwybodol iawn bod

We feed them information regularly. They are very aware of the fact that the Dylan

canmlwyddiant Dylan Thomas yn un o'n blaenoriaethau ni ar hyn o bryd, ac maent wedi rhoi help sylweddol i ni, yn trefnu digwyddiadau dros y byd i dynnu sylw at hynny ac at y cyfleoedd i ymweld â lleoedd yng Nghymru sy'n gysylltiedig â'r bardd. Yn amlwg, gallaf edrych ar yr enghraifft benodol honno, ond yn gyffredinol, maent wedi bod yn gefnogol iawn.

Thomas centenary is one of our priorities at the moment, and they have given us a great deal of help in organising events around the globe to highlight that fact and highlighting opportunities to visit places in Wales related to Dylan Thomas. Clearly, I can look at the specific example that you mentioned, but generally speaking, they have been very supportive.

[30] **Kenneth Skates:** Chair, I think that Keith Davies makes an important point. I think that the relationship with VisitBritain has strengthened significantly in recent times, not least because we now have a secondee with the VisitBritain team. That said, I think that, in the past, the targets have, to some extent, encouraged VisitBritain to get the easy win, which is to get tourists into London, and there has not necessarily been the need to distribute the tourists outside London. Now, we will be feeding our concerns into the triennial review of VisitBritain in this regard, but, again, I should stress that relations and partnership working have improved with VisitBritain in recent months.

[31] **William Graham:** I am concerned about what Keith Davies was saying there. You will know that Dylan Thomas is the most quoted poet in the English language. It seems extraordinary that that has not been picked up before.

[32] **Ms Antoniazzi:** It is being picked up very strongly. I will look into this particular element, but, generally speaking, we have fed an awful lot of material through to VisitBritain on Dylan Thomas. They are helping us to arrange events in New York around this autumn. They have been tweeting relentlessly about it. So, generally speaking, they have indeed picked up on the fact that that is a priority for us currently.

[33] **Rhun ap Iorwerth:** Nid oes gennyf amheuaeth o gwbl am eich gallu i ddelio â'r *issue* arbennig hwnnw, ond onid yw'r pwynt hwnnw—ac rwy'n falch iawn bod Keith wedi codi hyn—yn dangos y diffyg dealltwriaeth sydd wrth wraidd diwylliant VisitBritain, a'i fethiant i ddeall Cymru? Rwy'n siŵr bod modd rhoi prosesau yn eu lle i fwydo gwybodaeth drwodd, ond nes y bydd yn deall Cymru, a bod Cymru ar ei radar heb eich bod yn gorfod codi'r ffôn, nid yw pethau'n mynd i newid.

Rhun ap Iorwerth: I have no doubt about your ability to deal with that particular issue, but does that point—and I am very pleased that Keith raised it—not actually demonstrate the lack of understanding at the core of VisitBritain's culture, and its inability to understand Wales? I am sure that processes can be put in place to feed information through to it, but until it understands Wales, and Wales is actually on its radar without your having to pick up the phone, things are not going to change.

[34] **Ms Antoniazzi:** Mae hwnnw'n bwynt teg. Rwy'n meddwl bod gennym gyfle da yn awr yng nghwrs cydweithio dros NATO. Rwy'n meddwl ein bod wedi dod i ddeall ein gilydd ac, yn wir, wedi cydweithio'n llawer gwell nag o'r blaen gyda'r tîm sy'n cynhyrchu'r ymgyrch GREAT ar draws Prydain. Rwy'n meddwl bod cyfrifoldeb arnom ni i wneud yn siŵr ein bod yn gwneud popeth y gallwn ni. Mae adnoddau VisitBritain yn rhai pwysig inni gymryd mantais lawn ohonynt, achos mae ganddo staff ar draws y byd i gyd. Mae prif

Ms Antoniazzi: That is a fair point. I think that we have a good opportunity now in the wake of working together on NATO. I think that we have come to understand each other and, indeed, have worked together far better than before with the team that produces the GREAT campaign across Britain. I think that we have a responsibility to ensure that we do everything that we can. VisitBritain's resources are important ones for us to take advantage of, because it has staff all over the world. A new chief executive has been appointed to VisitBritain during the past few

weithredwr newydd wedi cyrraedd VisitBritain yn yr wythnosau diwethaf. Daeth hi, hyd yn oed cyn iddi ddechrau ar ei gwaith, i Drefforest fis diwethaf i gwrdd â Dan a minnau a chael *briefing* gan nifer o aelodau o'n tîm ni. Yn amlwg, mae penderfyniad cryf i drïo cynyddu'r ddealltwriaeth ddiwylliannol honno.

weeks. She came down, even before she had started in post, to Treforest last month to meet Dan and me, and to be briefed by several members of our team. There is obviously a strong determination there to try to increase that cultural understanding.

[35] Fel y soniodd y Gweinidog, mae gennym aelod staff o Groeso Cymru bellach yn gweithio yn swyddfa VisitBritain yn Llundain, a bydd yn mynd ar bob taith hyrwyddo y mae VisitBritain yn ei threfnu o hyn ymlaen. Wrth gwrs, mae hwn yn rhywbeth y gallwn ei godi yng nghyd-destun yr adolygiad *triennial* y mae'r DCMS wrthi yn ei wneud ar hyn o bryd o'r sefydliad, jest yn edrych ar yr holl beth, o'r gwreiddiau i fyny, fel petai. Mae hwnnw'n bwynt, a dyna'r fforwm cywir i wneud y pwynt hwnnw, fel ei fod yn cael ei ddeall.

As the Minister mentioned, we now have a member of staff from Visit Wales working in the London office of VisitBritain, who will go on every promotional visit that VisitBritain arranges from now on. Of course, this is something that we can raise in the context of the triennial review of the organisation that the DCMS is currently working on, looking at the whole thing, from the bottom up, as it were. That is a point, and that is the right forum in which to make that point, so that it is understood.

[36] **Kenneth Skates:** Just to add to that, we are going to be hosting the annual staff conference of VisitBritain. All 120 overseas staff members are going to be coming to Cardiff next week. We are also organising a number of trips for staff based overseas, so that they can familiarise themselves with Wales and what we have to offer. This is not an issue that is relevant just to VisitBritain; it is also relevant to a number of tour operators. So, I am keen to engage directly with a series of tour operators, and I will be meeting with their sales staff, familiarising them with our products, particularly to do with food, drink and leisure activities, to ensure that, when they have inquiries, they know precisely what our best-quality products are in Wales, so that they can then direct to people to Wales. They might otherwise have directed customers to other parts of the UK.

[37] **Byron Davies:** I was going to make a comment, more than anything, going back to the Dylan Thomas issue. As I represent South Wales West and live in Gower myself, in fact—I have an office just around the corner from Cwmdonkin Drive, where he was born—the celebration of his centenary is actually seen down there as a bit of a damp squib, and it is even reported as such in the press. How would you address that?

[38] **Kenneth Skates:** Dan, were you going to make a point before we go on?

[39] **Mr Clayton-Jones:** Not specifically on Dylan Thomas. Would you like to answer the Dylan Thomas question?

[40] **Ms Antoniazzi:** I am disappointed that that is a local perception. The feedback that we are getting internationally is extremely positive, and of course we are building up now—the main events are still to come in late October, which is the actual centenary. There is going to be a weekend of festival activity in London as well as events in Swansea, such as the Dylathon birthday party and so forth. The traction that we have been getting in the United States in particular—because Dylan Thomas is very famous there, is well known and is taught on the curriculum—is something that is not only going to produce short-term gains for us, we hope, but will be a gateway for longer-term benefit as well, and something to really grow on.

[41] We have had great partnership working on the DT100 Festival, involving the local

authorities, the Arts Council of Wales, Literature Wales and so forth, and that is very much a model for the future. One of the things that we have been talking about very actively is looking forward to how we can capitalise on future anniversaries, such as the Roald Dahl anniversary that is coming up in 2016, and establishing marketing themes for years further ahead, to give people enough time to plan—directed by us but independently of us as well. When you are talking about working with the travel trade internationally, there is quite a long lead time to get events into people's programmes. We do feel that it is premature to make an evaluation of the Dylan Thomas festivities, but we are getting an awful lot of press and attention resulting from it at the moment.

[42] **Byron Davies:** I think that one of the problems is that Dylan Thomas has a particular following, and this is about getting everyone else engaged with it.

[43] **Kenneth Skates:** That is the key, and we are learning fast the benefits of having identified years of celebration. So, for example, this could be the Dylan Thomas year of celebration and, in future, we might have a Roald Dahl year of celebration, or a year of food celebration—so, themed tourism years. The problem is that you have to get buy-in from everybody, even those who are not associated directly or even indirectly with that particular product. You still need to get buy-in from the 14,500 businesses across Wales that offer accommodation, food and drink or attractions, so it is a large ask. That is why it is so important that we have had this very strong focus based on key products and key e-ticket attractions, so that we get buy-in from everybody who is involved in tourism.

[44] On the Dylan Thomas celebrations, the greatest part of the festival is still to come, towards the end of this half term.

[45] **William Graham:** I would like to move on, if I may. Could we ask about maximising the value of tourism, Joyce?

[46] **Joyce Watson:** We can indeed. We see that there is a 10% increase in the growth for tourism earnings target that the Welsh Government has set for 2020. It has been suggested that that completely lacks ambition, and that the tourism earnings growth target should be greater than that, according to Professor Annette Pritchard. What do you say to that?

[47] **Kenneth Skates:** Okay, first of all, the 10% target, after inflation, amounts to an increase in tourism spend of 29%, which I do think is ambitious. It is worth bearing in mind as well that the baseline showed that, between 2006 and 2012, there was a 6% fall. So, I think that it is ambitious. I think that other countries that have set bigger targets may find that they do not meet them. That said, I am more than happy, Chair, to look at what this committee recommends in terms of the target, with, potentially, a view to evaluating whether it is ambitious enough. I am more than happy to do that. I would rather be in the position to be able to raise the bar than lower it.

[48] **Mr Clayton-Jones:** Could I just say this? When the advisory board came into being in 2010-11, as a panel, it was against the background of a decade of reducing numbers coming to Wales from the domestic market. So, in setting a positive target, we were already saying, 'We're going to stop this rot and move it in the other direction.' Now, that has happened in the last two years; we are actually showing positive results, whereas the rest of the UK is still showing negative results. So, we are now looking at the target against a positive scenario, whereas, when this target was set, we were looking at it against a negative scenario.

[49] **Kenneth Skates:** I would not want to dampen hopes either, but I think it is important to say that we have had a pretty impressive 18 months in terms of the increase in visitors and also the spend. Indeed, the first half of this year has been quite remarkable, with the total

number of trips to Wales for the period increasing by some 14.5% compared to a fall across Britain of 2.9%, and, of course, expenditure has increased by almost 10% compared to a fall of 2.9% across Britain. So, the performance of Wales in this period has been quite remarkable. As I say, Chair, I am more than happy to consider the recommendations of the committee, but I think that there is an important balance between being ambitious and realistic.

[50] **William Graham:** Quite so. Dafydd, you had a question about infrastructure.

[51] **Yr Arglwydd Elis-Thomas:** A gaf ofyn am y cysylltiad rhwng denu ymwelwyr â'r ymgais i wella integreiddio trafnidiaeth gyhoeddus? Yr hyn sydd gennyf i mewn golwg yn amlwg, neu yn rhannol o leiaf, yw'r cysylltiad rhwng rheilffyrdd etifeddiaeth a threftadaeth stêm ym mhob rhan o Gymru, nid jest y rhai sydd yn canoli yn yr ardal rwy'n ei gynrychioli, â'r ddarpariaeth trenau a bysiau. Hefyd, hoffwn ofyn am y posibilrwydd o ddenu mwy o ymwelwyr i ddod i Gymru ar becynnau gwyrdd o ran trafnidiaeth ac i gymryd rhan yn yr holl weithgaredd hyn sydd gennym ni erbyn hyn yn yr awyr agored a gweithgaredd teuluol ac yn y blaen. Gallwn fynd ymlaen, ond ni wnaaf.

Lord Elis-Thomas: May I ask about the link between attracting visitors and efforts to improve the integration of public transport? What I have in mind clearly, or partially at least, is the link between heritage railways and the steam railways in all parts of Wales, not just those centred on my patch, and the provision of trains and buses more generally. Also, I would like to ask about the possibility of attracting more visitors to Wales on green transport packages and to participate in all of these activities that we now have to offer in the outdoors and family activities and so on. I could go on, but I will not.

[52] **Kenneth Skates:** Thank you; it is a very important question, and I also share a very keen interest in heritage railways, given that one of the primary attractions of my own constituency is the Llangollen heritage railway. There was, of course, in 2011, a sustainable transport and tourism working group established, and, since then, Visit Wales has worked with the Heart of Wales Line and other Scenic Wales partners on the development of the Scenic Wales website, which is promoting those railways. In addition, there is the development of a 'Train, Stay, Save Wales' campaign with Arriva Trains Cymru, with the north Wales, Cambrian and the Heart of Wales lines. So, much work is taking place in that regard.

[53] In terms of promoting family-friendly tourism and wildlife tourism, of course, they are part of the task and finish group's focus in terms of promoting the purpose of visits to Wales.

[54] **Mr Clayton-Jones:** Could I just add that the great little trains of Wales are one of our greatest attractions? Paul Lewin, who you are well aware of, sits on the advisory board. We see this as a major attraction for Wales, which we need to promote. We also see that the transport trains within Wales could be developed much more in order to create an attraction for the visitor. Most of them are merely there to get you from A to B, when they could in fact be major leisure assets, as well as just transport. We have been working with Arriva Trains and others to try to develop that, and I hope that, in the coming years, you will see the fruits of that labour.

10:30

[55] **Lord Elis-Thomas:** Well, as someone who was on the footplate in Talylllyn only last week, I look forward to it.

[56] **William Graham:** Mick Antoniwi is next.

[57] **Mick Antoniwi:** I would just like to explore a little bit of the strategy with regard to an interest that you know that I have in the sort of sub-level of tourist attractions that we have. I am very pleased, obviously, that you will be coming around to see the Nantgarw pottery, the thermal springs, the Hetty, and so on, in my constituency soon. The reason that I raise this is because it is almost impossible to find very much out about them. When I did a trawl this morning of Visit Wales, VisitBritain, et cetera, when you type in 'Nantgarw pottery', nothing comes up, and when you type in 'Taff's Well thermal spring', you get things to do in Wales in the spring. I know that the local authorities do a bit, but it seems to me that this whole area of very important sites, and often the developing sites are run by volunteers, is almost not part of the strategy. There is a section of tourists, particularly from Britain, but also foreign tourists, who do like to travel around and stop, et cetera, yet it does not seem to fit anywhere—it seems to be almost left up to the local authorities, and it does not seem to be integrated in any way. How do you envisage a strategy incorporating—perhaps spinning off the bigger, must-do things when a tourist comes—all the other things that are around that are quite important community and historic sites?

[58] **Kenneth Skates:** Well, as I said earlier, according to TripAdvisor, there are the best part of 2,500 attractions across Wales, the vast majority of which are very small attractions, and you have identified some yourself. The key elements here to their success are, first of all, that they capture community support, so that they are community attractions first and foremost, but that they are also able to coat-tail off the larger attractions. That is for those businesses to ensure that they get their information to the larger attractions. There is also an important role for chambers of commerce and tourism in this regard as well to bring together the smaller operators for mutual benefit, and, where this has taken place, it has taken place to great effect. I could identify areas of my own constituency, and my own region, where effective chambers have led to successful small tourism operators flourishing, even in tough economic times.

[59] **Mick Antoniwi:** Do you think that there is enough co-ordination between the individual efforts of the local authorities and things such as Visit Wales, and so on?

[60] **Kenneth Skates:** This was one of my problems with the regional partnership approach. I do not think that there has been in the past. I do not think that there has been a strong enough focus around product development, and the tourism offer is product led, so there has been a very disparate and unco-ordinated strategy—well, I could not even call it a 'strategy'; it is a tourism offer that does not really have any definition or identity. If you do not have identity or definition, then you are not able to ensure that you get the mass, or rather you cannot get the recognition that comes from having a mass of co-ordinated branding.

[61] **Mick Antoniwi:** Do you think that there is enough focus, then? In developing such a strategy, the focus between particular themes—. So, you could go from Big Pit, through to the Hetty, which is developing, to the Rhondda Heritage Park, and so on. There are niches out there—

[62] **Kenneth Skates:** Well, that is happening in some parts of Wales. There are heritage trails, for example, or active transport trails, or active travel trails—*[Interruption.]*—and faith trails, absolutely. So, it is happening in parts of Wales.

[63] **William Graham:** Eluned is next and then Joyce.

[64] **Eluned Parrott:** Thank you, Chair. A number of cities, and, indeed, countries, have developed apps that are thematically based in exactly that way: 'If you want to see a museum, here are our top 10; here are 10 more that are a little off the beaten track', so that tourists are

much more easily guided through a browsing menu. That is all well and good if you have a mobile signal and access to the internet in the location where you are. Clearly, one of the challenges that we have is that broadband, and particularly mobile signals, is very patchy across Wales. What discussions have you had with the mobile phone providers, for example, to ensure a better quality of service for people, so that, when they are using their phones and GPS systems to try to locate some of our off-the-beaten-track attractions, they are able to do so?

[65] **Kenneth Skates:** Much of that is non-devolved and is a matter for Ofcom and the mobile phone operators. However, in the latest auction of the 4G spectrum, there are obligations placed on the operators to meet a specific level of reception. I think that 96% to 98% of people must be able to obtain 4G by the latter part of this decade. So, that should be delivered under the obligation of the auction of the spectrum. In terms of superfast broadband, you will be aware of the Superfast Cymru programme—the intervention programme—which, I am pleased to say, is very much on track.

[66] **Joyce Watson:** Just coming back to expanding growth, niche markets and joined-up thinking, how well are you working with companies such as the National Trust, the RSPB, the Nature Trust (Sandy), and even some photography outlets? There is a real growing niche market. If you are talking about growing and expanding the season, which I have heard many Ministers talk about, and you look at nature, there is a season in October for birds, and there is another one in April. Those are what we would traditionally call out-of-season activities, and yet there is a huge growth market for them. Unless I have missed it, I cannot see any evidence of any activity. I could have missed it, although I have to say that I am very keen, so, if I have missed it, it means that most people have missed it. So, are we promoting a growth market that I believe really has an opportunity to expand the tourism offer in Wales?

[67] **Kenneth Skates:** Yes, certainly. In terms of the new structures of local engagement, we have six task and finish groups, one of which deals specifically with wildlife tourism. So, that will be addressed through the task and finish group. In terms of the National Trust, I have already met with it, and we are working very closely. A lot of work has taken place with a view to being able to ensure that the National Trust and Cadw work with one another in effectively promoting one another's sites in Wales. There is a mutual interest in doing that, and I am very keen to improve the relationship still further with the National Trust.

[68] **Joyce Watson:** Good. I thank you for that, but I would ask you also, Minister—I am not going to hog this, although I could—to bear in mind that most of the landholdings of the National Trust do not have any buildings on them. So, its links with the RSPB and the Nature Trust (Sandy) would be worth exploring.

[69] **Ms Antoniazzi:** May I just add one example, Chair, of where that has worked particularly well? That relates to the Dyfi ospreys. Visit Wales, along with the Heritage Lottery Fund and other funding partners, such as the Wildlife Trusts, recently made an investment there, which has produced a very beautiful building in the middle of the marshlands there.

[70] **Joyce Watson:** I have been there.

[71] **Ms Antoniazzi:** When I visited with the Minister earlier this year, hoteliers from miles around were telling me how the growing fame of the ospreys through the internet—people will track their progress through the internet—has meant a real boom in business when the ospreys arrive. That has worked extremely well, and it is promoting sustainably a very distinctive part of Wales.

[72] **Mr Clayton-Jones:** I would just like to add to that. In applying this to the markets,

our domestic market was traditionally the west midlands and the north west of England. It was very much bucket-and-spade and activities oriented. We saw an opportunity of increasing our domestic market by moving into London and the south-east, and to the south of England. That is a rather different offer. It is a more sophisticated offer. It is an offer for those with greater disposable income coming here often for a second holiday or a short break. There the heritage offer is absolutely paramount, combined with the lighter recreational activity such as walking the coastal path or Offa's Dyke. The heritage offer is absolutely paramount. There has been something of a revolution in Wales over the last 20 years, because although our heritage and history have always been there, they have not necessarily been there in a form that people could visit. Aberglasney has been there since Tudor times. It is only since Aberglasney was restored that it is now a visitable site. This is happening all over Wales. We are getting major heritage sites coming on-stream that we then need to package and to be able to promote as part of a visit to Wales. Cardigan castle will arrive next year, so to speak. It has gone from dereliction to being a major tourist attraction. So, we need to be developing our strategies so that we are taking advantage of this.

[73] **William Graham:** I am very conscious of time, and we have some, hopefully, more probing questions to ask you. Keith, you were going to ask about publishing an annual report.

[74] **Keith Davies:** Gofynnaf fy nghwestiwn eto yn Gymraeg. Roedd Ffederasiwn y Busnesau Bach yng Nghymru yn awgrymu bod diffyg gwybodaeth yn ei gwneud yn anodd asesu gwaith Croeso Cymru. Rwy'n derbyn beth oedd Disraeli yn ei ddweud: rydych yn gallu cael '*lies, damned lies, and statistics*'. Y ffaith yw nad oes gennym wybodaeth, ac yna rydym yn cael ambell berson, fel y person o VisitBritain ddaeth yma, yn dweud mai'r rheswm bod nifer yr ymelwyr tramor wedi mynd i lawr, nid eleni ond y llynedd, yw am nad yw pobl Iwerddon yn dod draw. Rwy'n gofyn y cwestiwn wedyn, a yw hynny'n wir neu beidio?

Keith Davies: I will ask my question in Welsh again. The Federation of Small Businesses in Wales has suggested that a lack of information makes it hard to assess the work of Visit Wales. I accept what Disraeli said: you can have lies, damned lies, and statistics. The fact is that we do not have information, and then we have some people come before us, like the person who came here from VisitBritain who said that the reason why the number of visitors from abroad has reduced, not this year but last year, is that Irish people are no longer coming over. I have to ask the question, then: is that true or not?

[75] Y peth diwethaf yr oeddwn eisiau gofyn am wybodaeth yn ei gylch, ac mewn perthynas â'r hyn yr oedd Ffederasiwn y Busnesau Bach yn ei ddweud, oedd am waith yr uned digwyddiadau mawr. Roeddwn yn clywed rhyw stori bod y ffaith bod y Cwpan Ryder wedi dod i Gasnewydd yn meddwl am flwyddyn neu ddwy fod nifer fawr o bobl yn mynd i ddod i chwarae golff yng Nghymru ond bod y nifer hwnnw wedi mynd i lawr. Beth gallwn ni ei wneud i sicrhau bod y wybodaeth gennym ni, achos dyna beth oedd y ffederasiwn yn ei ddweud, sef bod diffyg gwybodaeth? Felly, nid ydym yn gwybod mewn ffordd pa mor dda yr ydym yn gwneud y pethau hyn.

The last point that I wanted to ask for information about, and in relation to what the FSB said, was in relation to the work of the major events unit. I heard a story that the fact that the Ryder Cup had come to Newport meant that, for about a year or so, a substantial number of people would come to Wales to play golf, but that number has decreased. What can we do to ensure that we have the information, because that is what the FSB said, namely that there is a lack of information? So, in a way, we do not know how well we are doing these things.

[76] **Kenneth Skates:** There are a number of questions there. Let us just take the major events unit and the Ryder Cup first. It is not true to say that there has been a drop off in golf

tourism at all. It is growing, and it is one of the key growth markets. Indeed, people are still coming en masse to the 2010 course simply because it was a Ryder Cup course. That demonstrates the important value of major events. We are going to have the world half marathon in Cardiff in two years' time and, thereafter, people from around the world—runners—will come to Cardiff simply to experience the world half marathon route. So, there is no doubt that major events create transformational change that is long lasting, and I can provide all of the data—I have them with me, although I am conscious of what you said about statistics, and so you may not wish to have them. However, there is a huge growth in golf tourism. There truly is. We are working to build on that. We have been building on that through the Royal Porthcawl Golf Club hosting the Senior Open Championship 2014. We are keen to get it back. We are keen for the R&A to look at the potential of bringing the oldest and most coveted golf event to Wales for the very first time. If it is truly to be a British Open Championship, we believe that it should take place in Wales. If that happens, that will be an enormous game changer for the game in Wales. It will reach hundreds of millions of viewers around the globe and, in terms of its tourism value, that will be astronomical. So, we are not relenting at all on golf. Golf is one of our key areas for growth. It also happens to be an area of tourism where you have very affluent people visiting, who will spend and who have a lot of disposable income.

10:45

[77] In terms of Ireland, it is true that there was a dramatic fall in the number of visitors from Ireland, and not just to Wales but to every other country, because the Irish market effectively halved as a consequence of the financial crisis. I think that it reduced from something in the region of €50 million to €25 million pretty much in an instant. That is sad, but let us flip it for a second and look at the opportunity that comes with the economic recovery. There is massive, incredible potential to catch a huge proportion of the emerging tourism from Ireland, and that is why we are very keen, in the autumn, to work with the likes of Aer Lingus on marketing the Dublin to Cardiff route, and we are very keen to ensure that Ireland is seen as a western gateway for American tourists. This is another reason why we are focusing on the USA market. The advantage of being able to go in and out of Dublin is that you can go through US customs in Dublin as you go, and you can come in through customs from the US and you are through immigration again. So, we want to see Dublin as a western gateway.

[78] There is enormous potential in Ireland, in part as a consequence of the recovery, but also because we are very keen to focus our marketing strategy on the Republic of Ireland. That said, we are also focusing on other key growth areas. We know that the United States, over the past five or six years, has been seen as something of a fluctuating market for Wales, but, that said, in 2013, there was growth of approximately 19% over 2012 in terms of visitors from the United States to Wales. The United States is a key growth area, so we will be focusing on that. I can also share with committee members today the rather good news that we will be investing £1.5 million in a campaign for Germany. We had originally allocated £0.5 million, but we will be spending an additional £1 million, because, again, we see growth in Germany as being something that we really do need to latch on to. To give you the figures for Germany, there was 78% growth from 2012 to 2013, so it is considerable. So, we are focusing very much on those key markets where we know that there is growth.

[79] There was also a question around information. I do not necessarily agree with what the FSB has said. In June, the Minister for Economy, Science and Transport updated the framework action plan, which is published on the Welsh Government tourism site, and that provides information on the actions taken over the past year, so it is readily available to everybody who wishes to look at it. We are also currently undertaking a review of our research outputs. There is also a detailed annual report on progress against the tourism strategy, which is published online as well, and it includes a report on the major events unit's

activities and outputs as well. So, I am confident and satisfied that we do have sufficient information available to those who wish to look for it.

[80] **Keith Davies:** Nid oeddwn yn dweud fy mod yn cytuno â Ffederasiwn y Busnesau Bach, ond rydych wedi gwneud un pwynt sylweddol, rwy'n credu. Mae'r pwyllgor hwn wedi bod yn edrych ar gyllid o Ewrop ac yn y blynyddoedd sydd i ddod, mae'r arian sydd ar gael i Erasmus+ wedi codi yn sylweddol. Wrth ein bod yn edrych ar y busnes o gael myfyrwyr o'r wlad hon i fynd mas i wledydd tramor, roeddwn i'n darllen bod bron i bob person sydd mewn prifysgol yn yr Almaen yn mynd am flwyddyn tramor. Beth yw'r cysylltiadau? A oes cysylltiadau gennych i weithio gyda myfyrwyr? Os ydynt yn dod draw fan hyn, gallem adeiladu ar hynny.

Keith Davies: I was not saying that I agree with the Federation of Small Businesses, but you have made a substantial point there, I think. This committee has been looking into European funding and, in the years to come, the funding that will be available for Erasmus+ has increased substantially. As we are looking at this business of getting students from this country to go out to countries overseas, I was reading that almost every person who is at university in Germany goes abroad for a year. So, what is the link? Do you have any links to work with students? If they come over here, we could build on that.

[81] **Ms Antoniazzi:** Diolch am godi'r pwynt. Mae fy merch i ar gynllun Erasmus ar hyn o bryd, fel mae'n digwydd bod. Mae'r agenda o weithio gyda myfyrwyr yn yr adran addysg uwch yn un bwysig iawn. Roedd sgwrs gynnar rhyngof i a fy nghyfarwyddwr partneriaethau gyda HEFCW yn rhywbeth a oedd yn flaenoriaeth, achos rydym yn gweld bod yna botensial sydd heb ei gyflawni hyd yma i weithio gyda myfyrwyr. Wrth gwrs, byddant yn gobeithio dod yn ôl i Gymru yn hwyrach yn eu bywydau os ydynt wedi cael profiad da yma. Yn wir, tra ydynt yma, maent yn denu eu ffrindiau a'u teuluoedd i ddod i ymweld â nhw. Felly, credaf eich bod yn gwneud pwynt da. Mae'n rhywbeth yr ydym wedi ei ddynodi fel ffocws ar gyfer y dyfodol.

Ms Antoniazzi: Thank you for raising that point. My daughter is on an Erasmus scheme at the moment, as it happens. The agenda of working with students in the higher education department is exceptionally important. There was an early conversation between myself and my director of partnerships with HEFCW, which was a priority, because we do see that there is untapped potential to work with students. Of course, they will hope to return to Wales later on in life if they have enjoyed their experiences here as students. Indeed, while they are here, they will be bringing their friends and family to visit them. So, I think that you make a good point. It is something that we have designated as an area for future focus.

[82] **William Graham:** We have very little time now, so I ask for specific questions. Eluned, do you wish to ask about expert research?

[83] **Eluned Parrott:** Yes. The Wales tourism alliance has suggested that some of our smaller operators are struggling with a dearth of expert market data, essentially, particularly in identifying trends and potential growth areas. Do you have any plans to bring forward an increase in the amount of data that is available to them?

[84] **Ms Antoniazzi:** The short answer is 'yes'. We do publish a considerable amount of data at the moment. We did a lot of analysis at the time when a strategy was established last year. All that background analysis is still available on the web. We publish the key UK and international figures as they emerge, such as the Great Britain tourism survey, the international passenger survey, and the Great Britain day visits survey, but that is retrospective, as you say. In many ways, what we need to be doing is looking forward and analysing trends and so forth.

[85] That is where, again, working with VisitBritain is very important. VisitBritain has a much larger team of analysts than we do and, therefore, it is important that we communicate that intelligence as widely as we can to the industry. Some of it is not going to be relevant at the level that we are talking about, but some of it is. We have established a working group, with Professor Nigel Morgan, who is a member of the tourism advisory board and an academic expert on tourism, together with our head of research, and members of the industry to actually work out how we can communicate—and, indeed, commission—research that is going to be helpful to the industry in future. So, that is a very important thing that we are working on.

[86] **William Graham:** Rhun, can you ask your question about grant funding for tourism businesses?

[87] **Rhun ap Iorwerth:** Yes, and on marketing funding, as well.

[88] **William Graham:** Yes.

[89] **Rhun ap Iorwerth:** With the increase from £0.5 million to £1.5 million going to Germany now, you clearly see a correlation between the money put into marketing and what you get out of it. Would you therefore agree with many of the witnesses to this inquiry who say that the marketing budget for Wales is currently far too small?

[90] **Kenneth Skates:** Not necessarily. I would never argue against having more money for marketing, but, that said, the twentieth century and the twenty-first century were remarkably different places in terms of how you market a product. It is my view that the marketing budget is broadly proportionate to that of other UK countries. The total funding for our tourism industry this year is £20 million, but that excludes staff and running costs, which are often included in comparative figures. So, it is actually a competitive sum. The total marketing budget for the year is just under £8 million. I do think that the focus, far too often, is on input—that is, the budget—rather than output. Going back to the twentieth century, if you wanted to advertise in a cinema, on television, in the newspapers, or on radio, it cost an astronomical sum. We have 450,000 followers on Twitter and Facebook to whom we can send a video or a message without cost—or pretty much without cost. So, it is far more a case of how you use that money. In addition, there are far more opportunities to be innovative and smart in the way that we brand, market and reach people. For example, the most valuable advertisement that we have had since NATO came on Sunday, when Jamie Donaldson inflicted the winning blow, and he stood up and held the flag behind him. I thought—

[91] **Rhun ap Iorwerth:** Yes, but I still remind you that you have just tripled the money going to Germany because you think that you will get more out of it because you are putting more in. So, you are making the correlation directly.

[92] **Kenneth Skates:** Yes. That is to ensure that we have the sustained marketing effort in, effectively, what is a growth market and a new opportunity for us. I think that it is fair to say that there is something of a link there, but it is nowhere near as strong as some might imagine it is.

[93] **Rhun ap Iorwerth:** Can I ask what your pitch was, in terms of asking for more money for marketing, recognising the difficult financial situation that we are in? What was your pitch? What are you doing to try to get more money?

[94] **Kenneth Skates:** The return on investment in terms of marketing is pretty incredible, so it makes sense to spend a little more in order to reap an enormous amount more back.

[95] **Rhun ap Iorwerth:** How much more would you like to spend? [*Laughter.*]

- [96] **Lord Elis-Thomas:** You do not have to answer that.
- [97] **Kenneth Skates:** I am not sure that I can answer that. I would need to review all of the—. No, I do not think that I can answer that.
- [98] **William Graham:** Deputy Minister, I have two questions, if I may. Could you commit to publishing an annual report on the work of Visit Wales, including a budget?
- [99] **Kenneth Skates:** We already do, in the form of the—. It is already on the website. We have a report on progress set against the tourism strategy. So, we actually do that.
- [100] **William Graham:** Thank you. What about an equivalent document for the work of the major events unit?
- [101] **Kenneth Skates:** That is on there as well.
- [102] **William Graham:** Splendid. Thank you very much.
- [103] **Ms Antoniazzi:** It is all part of the same unit.
- [104] **Kenneth Skates:** Yes.
- [105] **William Graham:** Great. Thank you very much. Thank you, Deputy Minister, for appearing before us today. We are always glad to hear from you, and particularly from Dan and Manon, who always give us the favour of their excellent advice. Thank you very much for being with us today.
- [106] **Kenneth Skates:** Thank you for asking us.

*Gohiriwyd y cyfarfod rhwng 10:56 a 11:02.
The meeting adjourned between 10:56 and 11:02.*

Porthladdoedd a Thrydaneiddio Rheilffordd—Craffu Dilynol Ports and Rail Electrification—Follow-up Scrutiny

- [107] **William Graham:** I welcome the Minister and her officials this morning. Thank you very much. Could I just ask you: would you mind giving your names and titles for the record?
- [108] **The Minister for Economy, Science and Transport (Edwina Hart):** Thank you, Chair. I am the Minister for Economy, Science and Transport.
- [109] **Mr Price:** James Price, director, economy, science and transport.
- [110] **Mr Collins:** Jeff Collins, director of infrastructure, economy, science and transport.
- [111] **William Graham:** Thank you very much, and thank you for the papers that we have received. We will go straight to questions, if we may, and Byron Davies.
- [112] **Byron Davies:** Minister, you told the committee in March 2014 that the Government was going through the correspondence between Governments relating to the electrification. I am interested in the outcome of your review of the correspondence between both Governments and the outline business case for Valleys electrification. The two letters that seem very relevant to me are the letter on 12 June 2012 from the then Minister Carl Sargeant

to Justine Greening, and there is a response, I think, on—

[113] **Keith Davies:** 13 July.

[114] **Byron Davies:** Yes, 13 July, that is right. In the bullet points of the letter from Justine Greening on 13 July 2012, it seems clear to me that it is an offer and an acceptance on the part of the Welsh Government. Can you throw some light and clarity on where this confusion has arisen?

[115] **Edwina Hart:** As far as I am concerned, the letters were issued, I think, on 1 April 2014, when the entirety of the correspondence was issued by the First Minister. These were letters from before my time as Minister. I now look at what I have to do as Minister, which is get to a successful resolution to the issues around electrification to Swansea and, of course, the Valleys lines. We have had very positive dialogue since with the Minister for Transport, with enormous help from Stephen Crabb as the Secretary of State for Wales. We are continuing to refine our business case on these particular instances; for instance, we had revised estimate costs in December 2013, so that needed to be taken into account when we looked at the figures. The economic appraisal is still very good—it is 2.4 to 1—but it is an economic appraisal on the wider economic and social benefits, not just on the narrowness of electrification. Some of the information on this agenda is still commercially sensitive and confidential; however, discussions are clearly going on.

[116] **Byron Davies:** Would you not agree though that it is rather a shame that the whole thing is being possibly delayed now due to what might have been perhaps a lack of attention to detail at that time? I realise that you cannot answer on behalf of the then Minister, but perhaps you can answer on behalf of your department.

[117] **Edwina Hart:** No. As far as I am concerned, my focus is to ensure now that we get the situation sorted and that we get the best possible option. It is quite clear that, in future, we need to do more work jointly with any Department for Transport officials, and we have certainly resolved that with the number of meetings that we now have with DfT, so there can be no possible misunderstanding of any future direction of travel. As far as I am concerned now, I just want to get everything sorted out. I am very hopeful because Swansea electrification is almost sorted and we are now dealing with some of the issues around the Valleys lines. There are obviously issues for us in terms of costs because you will be aware that Network Rail across the piece is exponentially increasing costs on all rail projects, and there are issues there that we have to deal with. I have suggested to the UK Government in terms of Network Rail that contestability should be introduced to this process because I think it is very important that we get the best value in terms of what we have got to pay with the public purse. I recognise of course that Network Rail is now on Government books, as it were, but that for me does not stop the contestability process. We have utilised contestability in other areas to help with costs, have we not, James?

[118] **Mr Price:** Yes. Pye Corner station is an example.

[119] **Edwina Hart:** Yes, Pye Corner is an example of contestability being used to try to get costs down. In terms of Network Rail, I know that the Secretary of State for Transport shares my concerns about the way that costs are rising across the piece across the UK. As far as I am concerned, that is history. Lessons can always be learned from history, I am sure, but I am not a historian. My concern as a practical person is to get on. We have had the offer from the UK Government about what we need to do, and we need to engage in the very positive dialogue that we are now having. It is really the details around this matter now that we need to deal with.

[120] Of course, the overriding issue, as I indicated when I wrote to you, Chair, is that we

are not responsible for this. Rail is not devolved to us. All of this stuff that I am being asked about is actually not devolved to us. The important thing is that I have to have devolution of powers so that I can really get the maximum benefit out of this. I think that we all know when we look at the Arriva joint franchise arrangements that we have had to put more money in to make it stack up in terms of what we need to do. I realise that there was a discussion about the door coming off the train. I have got some stock that I have helped Arriva with, but the responsibility in future for ordering stock is actually not with me as of yet with regard to the whole argument of what stock goes on the railway network. This is what is complicating some of the discussions. I do not want to be difficult, but, at the end of the day, this is not actually my responsibility. It is not devolved to me and I am actually using Welsh Government money to ensure that we have a suitable public transport system by adding to the number of routes I have got. That is not acceptable in terms of being able to deal with matters.

[121] **Byron Davies:** Okay. Clean sweep. Taking a positive approach to it, can you put a timescale on things?

[122] **Edwina Hart:** Well, we are very hopeful that, in the next few weeks, certain matters will be resolved. In fact, I mentioned to the Secretary of State for Wales this morning that I was coming here to be scrutinised on the whole electrification process, and he is quite positive that it is a matter of weeks. However, we have, I have to say, had very good discussions with the Department for Transport at ministerial and official levels. However, rail is probably one of the most complex areas in any Government with a system, except, of course, buses—that is another area.

[123] **Byron Davies:** We will not go down that road. [*Laughter.*]

[124] **Edwina Hart:** It is really complex in terms of arrangements. However, I am fairly confident now that an agreement can be struck. The point is that we also know how positive the Chancellor and the Prime Minister have been about the importance of sorting out electrification, because it is to the benefit of the economy. Without this, we are not going to make any progress on getting suitable public transport systems running.

[125] **William Graham:** I am just going to bring Dafydd in to ask about the devolution of powers that the Minister has just referred to.

[126] **Lord Elis-Thomas:** Well, I think that the Minister has made this quite clear. The issue I wanted to raise was the timescale for the full devolution of rail powers. Does she believe that that can be achieved within this Assembly so that we move into a new situation, following the 2016 election, where we have the possibility of a clear rail and transport strategy finalised?

[127] **Edwina Hart:** It is the rail transport strategy that brings in the strategy for freight as well, if we can have the necessary powers devolved to us. In terms of all of this, we very much hope that this will be streamlined in light of the discussions that are happening following the Scottish referendum. There is an understanding that certain things will need to be done quickly for the Scots. Well, I believe that certain things need to be done quickly for us to resolve these particular matters, because I think it is absolutely important that we have this. If I do not have this for rail franchising, I cannot do anything about the new franchise. I therefore cannot look at extending what I would do. I also want to have discussions about what rolling stock I would have in the new franchise. I am not necessarily happy with having 40-year-old rolling stock when there might be the option for us to buy suitable rolling stock from elsewhere, whether it is from the UK, Spain or China. These are some of the decisions that you need to be thinking about taking if you get those powers devolved to you. The important thing, when I look at things like station improvements and everything that people are asking me about, is that I have to do an agreement with Network Rail on this. Also, I do

not feel that I have the freedom to do what I want in getting best value, because I am not at that table discussing it. So, for me, this is something that we must continue to press on.

[128] **Lord Elis-Thomas:** May I just ask about the timing, and then I will finish? You said that the devolution of rail is absolutely necessary to do the franchise properly. I have always believed this and this committee has believed this. So, how critical is this in time terms now? When do we need the devolution decision so that you can deal properly with the franchise?

[129] **Edwina Hart:** I actually think that we could do it in advance of the UK general election. That is my opinion. We would be hard-pressed, but we could do some of it before then.

[130] **Mr Price:** It is technically possible.

[131] **Edwina Hart:** It is technically possible, and that is the advice that I have had from my officials and that is what we have fed in. We need the transfer of functions for rail franchising urgently, otherwise we will be losing out once again in what is a totally unsatisfactory settlement at the moment. Of course, you do want more power on other things too, do you not?

[132] **Lord Elis-Thomas:** Indeed.

[133] **William Graham:** Rhun is next, please.

[134] **Rhun ap Iorwerth:** I just want to stay on that for a minute. Can you give us a little bit of an insight into what is happening now regarding moves towards the devolution? You say that you are feeding information and your requests in. What is actually happening right now, moving towards where we want to get?

[135] **Edwina Hart:** We have given a provisional timetable to transfer the necessary powers and functions for rail franchising already to DfT. We think it can be done prior to dissolution of the UK Parliament, before the next general election. The officials at DfT currently consider this to be unrealistic, but that is not necessarily the view of its Minister.

[136] **Rhun ap Iorwerth:** You say that you have provided a timetable.

[137] **Edwina Hart:** We have. The point is, at the end of the day, there is no doubt in my mind that we have had very useful dialogue with the Minister for transport and, as I indicated, with Stephen Crabb, and I will be, following on from our discussion, in terms of any views that you might form in terms of questions, pressing the matter again. We need to scope the powers. We need to look at the territorial application of those powers and how that is progressing and we have to secure the transfer of function.

[138] **Rhun ap Iorwerth:** Is the impression that you are getting from the Secretary of State for Wales that he agrees that your timetable is doable?

[139] **Edwina Hart:** I would not pre-empt any—. I would not like to put on record what the Secretary of State has said. I have just said that the Secretary of State understands, I think. I think that we can see from his speech at the party conference, which some Members attended, that he is actually very positive about the future of the devolution proposals, and I am sure that we will see a similar vein of speeches in the Liberal Democrat conference in Glasgow.

[140] **William Graham:** On that note, I call Eluned.

[141] **Eluned Parrott:** I would not like to predict what our membership might say in

Glasgow, Minister. On this point of the devolution of rail, given the accounting changes that put Network Rail's debt on the national debt, what implications does that have for Wales's national debt when we acquire full borrowing powers?

[142] **Edwina Hart:** That would be subject to negotiation, because we did not put it on the books. At the end of the day, it is important to recognise that I would like to start with quite a clean sheet. We will obviously have to look at the implications of transfer of funds et cetera, which we would have to do at any stage, but that would be subject to detailed negotiations. I am very aware of what you say. James, do you want to add anything?

[143] **Mr Price:** It might be useful if I just explained the technicalities of how it is now. As regards any transfer that we would get, we have suggested that we should do this through, as the Minister said, a transfer of functions Order, which is the easiest and quickest way to do things and was the way that lots of powers were transferred, if you go back to 1999 in the first term. That is all that is required for this and it is very quick. It does require a small bit of parliamentary time just to be voted through. The bit of the powers that would be transferred with that would be the franchise element and the running on the track element, not the track. So, the point at which you come onto the track and the effect on the balance sheet, the detailed powers discussions that we are having would not impact on that. That would remain a matter for the UK Government. Of course, we might come onto an issue later with Network Rail and we would ask, 'Is that acceptable for us in the long term?', and maybe it would not be.

11:15

[144] **Eluned Parrott:** Thank you, that is very clear. I think, given the discussions on network electrification, that that leaves us where we were previously. Now, I understand why, Minister, you want to look to the future when it comes to Valleys lines electrification, but, obviously, we have a duty to scrutinise what has happened in the past so that we can understand it and learn lessons from it. There are issues that were open after our previous scrutiny session, one of which was to do with whether or not the agreement that the Governments came to was to fund the electrification project by adding the cost to the regulatory asset base or through a track access charge. When I asked you that question, James Price, at the last session, you pointed out to me that those are totally different funding mechanisms—that one of them funds through Network Rail and the other would fund through the franchise. Is that correct?

[145] **Mr Price:** May I technically clarify that? They both fund through Network Rail, using Network Rail's borrowing, but one is paid via a specific charge on the particular franchise, which would be the specific track access charge model. The other one sees that borrowing wrapped up into a whole UK Government figure that is then evened out across all miles of track across the whole of the UK. So, arguably, a better model would be one that is distributed around the whole of the UK.

[146] **Eluned Parrott:** If that is the case, why did the previous Minister with responsibility for transport say in his letter of 12 June that the capital costs of electrification would be added to Network Rail's regulatory asset base, with repayments met through the Wales and borders franchise through the fixed track access charge? In other words, it would appear that the previous Minister has actually collated both of those funding mechanisms.

[147] **Edwina Hart:** Obviously, that correspondence was before my time and that of the officials that are present before you today. My position is that, if electrification is financed by an additional charge that changes the cost of the franchise to the Government, then this should be reflected in a financial transfer from the UK Government. We have sought the necessary clarification from the Secretary of State for Transport, and this is part of the ongoing

discussions that we are having with the UK Government.

[148] **Eluned Parrott:** Thank you. In terms of your outline business case, the business case that you make in terms of the financial case for electrification states that the cost of electrification will be repaid in 24 years from cost savings from lighter running costs on the network and increased revenues, which are not included in that. Would you expect that also to be reflected in the money that you receive in order to fund the franchise from the DfT?

[149] **Mr Price:** The latest business case has slightly different figures in it to those, but I would not want to go into those at this stage. However, our position is simply that any additional costs on the franchise that would fall to the Welsh Government need to be picked up by the UK Government.

[150] **Eluned Parrott:** I would like clarification on a question in terms of the process followed when this outline business case was submitted. Given that any change in the track access cost would have huge implications for the manager of the franchise and the people paying the subsidy on the franchise, before submitting that initial business case to the DfT, what discussions had the Welsh Government had with the DfT over the cost of running the franchise and the payment of the track access charge?

[151] **Edwina Hart:** I assume that discussions did take place.

[152] **Eluned Parrott:** They did not, did you say?

[153] **Edwina Hart:** I assume that discussions did take place, but this was not on my watch.

[154] **Eluned Parrott:** Okay, thank you. Now that we are obviously in a position where both Governments have acknowledged that the funding mechanism is interdependent, where are we with discussions on how additional funding might be levered in from the DfT to pay for the franchise, given obviously that the change of franchise is now pressing?

[155] **Edwina Hart:** I think that we have an understanding in terms of the electrification issues. Do you want to deal with the electrification funding?

[156] **Eluned Parrott:** Yes.

[157] **Edwina Hart:** This is financed by an additional charge. Changes to the cost of energy will be reflected, as I indicated, in the financial transfer. This is the subject of ongoing discussion. I have met the Secretary of State for Transport on many occasions to deal with these particular issues, and I do not really want to prejudice my discussion in these areas at the moment, because we have an extremely open and helpful dialogue. However, I do think that we can resolve them. I am more than happy to come back when these matters are resolved for further scrutiny on anything that happens as a result of those discussions. I do not think that it would be helpful to go through some of these issues currently, because we have not finalised our various positions.

[158] **William Graham:** Thank you very much for that undertaking, Minister. I call on Mick and then Byron.

[159] **Mick Antoniw:** Minister, I have three relatively short but important points. On the implications of delay in terms of cost drift, is that a concern that you have and is that being built into the considerations at the moment? The second thing that follows on from that is that there is quite a lot of investment—there is some fantastic investment in my constituency in training in Coleg y Cymoedd, which is a whole new centre where employers offer hundreds

of training apprenticeships. Are you confident in, I suppose, the confidence of employers that this is the right thing to do and that that is not being affected? The third point that follows on from that is integration with the plans and ideas around the metro.

[160] **Edwina Hart:** On the metro project, it is essential that we get agreement and everything else that we need so that we can proceed properly with the metro project. The metro is wider than rail—it could involve trams, buses and a total infrastructure development, which we are keen on developing. In terms of the metro, we have had another report from Mark and we are starting to put the building blocks in. The city region is now taking ahead the detailed discussion with local authorities as to where they see the stations being located, where they see the patterns of transport in their local authority area, what land is available for development and how it can be dealt with. Those are very practical things that the city region is looking at.

[161] We are also looking at the possible structure with regard to the metro. It has been put to me—I was having discussions only yesterday with Professor Stuart Cole—about looking at arm's-length structures in terms of how we would run a metro system, and looking at the best examples across the UK and Europe as to whether there should be an arm's-length organisation and Government involvement, so that we could have an organisation that could bring in a lot of private sector funding as well as European funds. I am very conscious that I have local authority partners now, but I am not sure in the future who those local authorities partners will be because of the other discussions going on regarding local government reorganisation. So, I feel that I need to look at a structure so that, whatever happens in local government, we can succeed in terms of the delivery of the metro.

[162] We do not think that what we are discussing with the UK Government is a problem now in terms of delays. Our problem is watching what Network Rail is doing elsewhere with escalating costs on other UK Government projects. That is why I indicated to you that I think that we have to say, 'This is contestable—can somebody else do it at a different price?' I know that Network Rail is on the books, but, at the end of the day, we have to drive value for money into this. We were discussing with Arriva Trains Wales earlier in the week the works that Network Rail is currently doing across the network, the chaos that some of this is causing in terms of services and the fact that we know that the costs are increasing on this. So, we are mindful of that cost. I want to everybody to be totally confident of the benefits of the project in terms of apprenticeships in the local companies that are going to be involved, which are still very much there. We are doing events with companies about rail in the supply chain—we have one tomorrow. We also continue to have dialogue with the people that produce rolling stock and do other things so that we can be ready for purpose.

[163] **Mick Antoniw:** On that, I attended a session a little while ago with the European Investment Bank on regional development, and it was interesting to see how many European countries—in fact, countries beyond Europe—are securing funding for major metro-type projects. Is this an area where strategy is developing?

[164] **Edwina Hart:** Yes, it is an area where strategy is developing, because the EIB will there, along with structural funds in general and, of course, private sector investment, because this could be a very attractive investment in terms of the delivery, because we are talking a project that will probably be completed 20 years hence. It is a project that spans from one side of the region all the way to the other, and it opens massive opportunities even in Monmouthshire and all the way to the bridge if we can get this right. This will help with all the localised travel in terms of coming to work, which will be enormously helpful because we have seen a surge on roads, so I think that this will help this public transport model in the long-term.

[165] **Byron Davies:** Very briefly, I want to ask you a quick question. You clearly want to

knock into history the past correspondence, et cetera, and I can appreciate that, and to move forward. However, you mentioned that lessons had been learned, so I am just interested in what lessons.

[166] **Edwina Hart:** I think the lessons that have been learned are that we have a really good dialogue going now with the DfT. We are looking to get secondments in at a senior level, and the Secretary of State for Transport was very keen for us to do that. We also have other individuals—

[167] **Mr Price:** We have someone from the UK rail group as well—

[168] **Edwina Hart:** That is very important for us in terms of the UK rail group. So, I think that what we have learned is that you keep your friends close and, sometimes, keep others closer.

[169] **William Graham:** Gwenda is next.

[170] **Gwenda Thomas:** Thank you, Chair. I must say, as a new member of the committee, that I am very encouraged by your positive attitude and by all the work that has gone on. Given that there is a degree of goodwill from the UK Government, which is being indicated by the Secretary of State for Wales, do you believe that the UK Government would be prepared to anticipate the devolution of these franchise powers so that your current negotiations can lead to seamless devolution as soon as possible?

[171] **Edwina Hart:** Well, I very much hope that that will be the case, because the Silk report refers to the devolution of rail powers and the First Minister has said that the devolution of these rail powers would need to happen within a more rapid timetable than the implementation of the total Silk report. He said that originally, but my view is that we do have to go for rail powers. On the other hand, my position is that, with regard to Silk 1 and Silk 2, we have to recognise that we are moving fast as a result of the Scottish referendum. It has given an impetus, I think, to us and the Northern Irish to look at the way forward. The First Minister is clear that, if we can go forward with consensus across political parties, that is also very helpful as we put the new frameworks into place.

[172] **Joyce Watson:** Moving along quite nicely from what Gwenda has just said, I am looking at things close to home. In the letter that Carl had on 12 June—and I know that you do not necessarily want to revisit things, but I do—it says that the new arrangements will have an impact on the current arrangements that the Great Western franchise has of running trains right down further west of Swansea. I live west of Swansea, therefore I am interested about what that actually means. The reply from the Department for Transport to Carl's statement says that it will have to consider whether it will wish to continue the operation of through services west of Swansea or to operate alternative connecting services. It is the alternative connecting services that I am particularly interested in. I really need to understand on behalf of the area I represent what that means.

[173] **Edwina Hart:** I am also very concerned because I am the first station west of Swansea, as it were, in Gowerton and I do not want my travel arrangements to be affected at all. We have to recognise that there is going to be an awful lot of discussion about this if we get the devolution of rail powers, which will be very important for us in discussing with the Great Western franchise our having more of an input—not just being consulted and asked about it but obviously to be the key. However, I think that we have to concentrate on the main agenda now, which is the agreement of the electrification to Swansea and sorting out what we have previously looked at in terms of the Valleys lines and then look at how we can proceed in future with any developments. Is there anything that Jeff or James want to add?

[174] **Mr Collins:** I just want to say that it is inextricably linked with whoever specifies the next franchise, which are the powers that we are trying to gain at the moment.

[175] **William Graham:** Rhun is next, then Sandy and then Byron.

[176] **Rhun ap Iorwerth:** Looking even further afield than Gowerton at another phase of electrification in Wales, it is worth bearing in mind what is going to happen in north Wales in years to come. Could you just share some of your thoughts on what lessons learned up to now might mean for north Wales and where exactly we are at with the business plan and so on?

[177] **Edwina Hart:** We have been very proactive in looking at the electrification issues in north Wales. We have the ministerial taskforce, which has dealt with it up there. We have total buy-in with the local authorities there. They are working very hard across the border. In fact, we have only just had a meeting with the chair of the north Wales economic ambition board, Dilwyn Roberts, to discuss how it can integrate its response with English authorities to get the business case in. So, we have put resource into it and we are working very well on it because we see having those good links across as integral to the economic development issues in north Wales. Also, you need those links for employment opportunities, whether on our side of the border or the other side of the border, because it is a very flexible border up there. I do not know whether my officials want to add anything.

[178] **Mr Collins:** I met with Councillor Roberts and senior local authority officials yesterday and we ran through how we would get the north Wales electrification recognised as a UK project, paid for through statement of funds and on the—. So, we have agreed to go back up and to work with them and the Mersey Dee Alliance to say that it is a broader project and then to educate them on how to get it into the process whereby it is adopted as part of the Network Rail route strategy and part of the initial industry plan that goes forward to DfT for consideration just to make sure that we do all of that. So, it was a positive meeting yesterday.

11:30

[179] **Rhun ap Iorwerth:** I am certainly grateful for the work that has been done, and that things are sounding positive. Of course, this is something that is going to be dealt with by Governments for many years to come, so it is important to have agreement on it. Are we getting close to being able to put some sort of a timetable on north Wales electrification, do you think?

[180] **Mr Collins:** I think that the action that I undertook with the councillor yesterday was to come back within six weeks to agree what the process is—where this project can get recognised and absorbed, and how, if it is targeted for either CP6 or CP7, when you actually need the line up so that it is considered formally. I have said that I will go back in six weeks' time, we will take Network Rail up there, and it will tell us the type of things that we would need to be able to emphasise as soon as it is adopted. However, I do not know what the exact timetables will be after that.

[181] **Edwina Hart:** When we have an idea, perhaps when I come back for further scrutiny on electrification, we could probably pick up the points about what is going on with north Wales, if that would be helpful.

[182] **Sandy Mewies:** Minister, I am very pleased to hear what you have had to say about devolution. As you know, I am a bit of an interloper on this committee, and my visit will be short, but it would be remiss of me not to mention the Arriva Trains franchise, which is coming up in 2020. I have always had some sympathy with Arriva in the shortcomings in that service—there are appalling shortcomings in rolling stock and in the service—because there was never enough money to go with them. Looking here, we know that the rolling stock must

comply with European Union disability access in 2020, and that there will be extra money. The stock certainly does not comply with disability regulations, which will come into being now. So, can we be assured that, when we have these powers, not only will we have the powers, but also the money, which will prevent people from having to travel from Cardiff to Holyhead on a two-carriage train, which is not adequate, does not help tourism, and does not help business?

[183] **Edwina Hart:** You are quite right about the fleet. Most of it is 35 years old now, and it will be 40 years old, will it not, with these franchise arrangements? Without expensive refurbishment, these trains will not be able to be utilised when the regulations come in in 2020. We estimate that we could extend the life of the fleet until 2025. James understands all these issues about what class is what, do you not, James?

[184] **Mr Price:** Without getting too geeky about it, essentially, it is all about getting disabled toilets on the trains, and, with certain units, it is very difficult to put them on. However, on all of them, it is technically feasible, with a cost of up to about £7 million to do it. This is still a matter for the UK Government, though, as the franchising authority beyond the end of this franchise, without powers being transferred to the Welsh Government. I mean, clearly, the best outcome—as the Minister said earlier—is better rolling stock that does not have these problems in the first place.

[185] **Edwina Hart:** What we would also like to do—. Obviously, if we get it, there would be financial issues as to how you deal with things, but we are exploring, as I indicated earlier, options about rolling stock. I think that I have to do that—I have to have a fair plan, whatever happens. I am not necessarily certain that I would want to do any more leasing; I might actually want to own the stock. I might want to then—dare I say it?—buy some stock. Where you have a pattern, somewhere along the line, you have to improve your stock, do you not? We could put it into a capital budget if we had powers over some of this, and also look at the options that are available.

[186] There is rolling stock being produced elsewhere. The Spanish company CAF is a very good company that is undertaking that work. The Chinese undertake rolling stock work. We would like to have work done within the UK, obviously, but I think that we have to explore all options in terms of the rolling stock, because I am very worried about its standard. That incident that happened is now being investigated. We are not sure what that relates to, but I will update Members on that incident in north Wales when we have the facts. It is very concerning, because you almost cannot believe that something happened with the door—it is terrifying, really, when you think about it, especially when you think of all the overcrowded trains that we have, and the fact that so many people are in doorways now, hanging on.

[187] So, I think that the issue for us is to look at rolling-stock refurbishment, which we will have to look at. We will also have to be more innovative, and be hopeful that we will get the powers, and look at whether you can actually do something about purchasing good-quality rolling stock. Let us be frank: if we ever go anywhere in Europe, we do not see people going on poor-quality rolling stock in European cities—especially those nice French fast trains. I appreciate that the network in southern France, on the older trains, is very difficult, but the new ones are particularly lovely. You use the older trains as a tourist, probably; they are touristy for me.

[188] **Byron Davies:** Briefly, and back to all things west of Swansea, if I may, I am in agreement with Joyce on this. You said in your answer to Joyce that, first of all, we should get electrification sorted, but are not all things west of Swansea connected with electrification? I would be particularly interested in your comments on a view that I have, which is that Swansea railway station, although it has had a lot of money spent on it recently is—. [Interruption.] I beg your pardon.

[189] **Edwina Hart:** It is in the wrong place.

[190] **Byron Davies:** It is in the wrong place, absolutely. Good. I realise that the pot of money is not there at the moment for it, but it should be a parkway—a Swansea parkway—from which to whizz off west. Would you agree?

[191] **Edwina Hart:** Interestingly enough, this point has been made to me on quite a regular basis. It is something that I have discussed with my officials, because the location is not ideal. That applies not only to Swansea but to quite a lot of stations across Wales. They were there from a different era in terms of train travel and not the era that we have now. I do not know whether there is anything that you can add to the point that I think that electrification is important, but I understand—

[192] **Mr Price:** Yes, so there are, obviously, interplays, and there are interplays with the intercity express programme, are there not, Jeff, in terms of where electric trains end and whether they are bi-mode or not? What I can say is that we are lobbying hard with the UK Government now on the direct award of the extension to the franchise to try to deal with these issues, and we continue to work to ensure that we get the best possible service. However, we do not know what the details are.

[193] **Mr Collins:** To explain the bi-mode thing, at one stage, there were proposals to run, through Wales, trains that were electric traction, but also had their own internal generators. They would run to Cardiff as originally proposed and then run on internal generators. They were very expensive; they were dragging all the fuel around as well.

[194] **Edwina Hart:** Terrible.

[195] **Mr Collins:** So, there were those options, and they are still being discussed but, naturally, it is not a good use of the investment to have such complexity. So, the ability to electrify to Swansea has offset the requirement for that level of bi-mode, but we still need to figure out how to get beyond there. There are other options where they would suggest what they call ‘local haul’, where you put a diesel engine in front of a different train and drag it down. So, they are still talking about these things.

[196] **Byron Davies:** Effectively, with electrification to Swansea, there is no bonus west of Swansea, as it stands.

[197] **Mr Collins:** Only that you may be able to get to Swansea quicker—

[198] **Byron Davies:** That is from London.

[199] **Mr Collins:** Yes.

[200] **Byron Davies:** Yes, but not from west Wales.

[201] **Mr Collins:** No.

[202] **Edwina Hart:** No.

[203] **Mr Collins:** However, you need to look at what is going to go beyond Swansea, but that would be part of the Great Western franchise map and it would be part of the Wales and borders franchise map.

[204] **William Graham:** Dafydd, you had a short question on this.

[205] **Lord Elis-Thomas:** Yes. I, of course, spend all my life on the Marches line, as our national rail link, north to south. When do you think that that will be electrified? Will it be in my lifetime? [*Laughter.*]

[206] **Edwina Hart:** Very good question. I do not think that there has ever been any consideration of that question, not in my time as Minister. I cannot recall anything. Can you?

[207] **Mr Collins:** Not to you, Minister.

[208] **Edwina Hart:** Not to me.

[209] **William Graham:** Okay, that is something for the future then.

[210] Could we turn now, please, to questions on ports? The first one is from Rhun. Hello, Rhun, you have a question on ports.

[211] **Rhun ap Iorwerth:** Sorry, I was somewhere around Shrewsbury with Dafydd. On ports, could you give us an idea of the nature of the discussions that you have with UK Government officials on Welsh ports?

[212] **Edwina Hart:** I think that we know from Silk that we were clearly of the view that ports need to be devolved. They are essential to the development of our infrastructure. We are pleased, obviously, that this is a discussion that will take place, but, of course, it is a matter for the UK Government when it undertakes it. Obviously, the Commission agreed with us and its recommendation about port development and how we deal with orders et cetera is really quite important to us.

[213] In terms of our relationship—I think I need to go on—we do have this discussion. I have had quite a lot of correspondence, because I have been corresponding on the trans-European transport networks and all of that, and what we need to do in terms of port strategy. Interestingly enough, representatives of Milford Haven port came in to see me; I think that it was on Monday, was it not, Jeff? Of course, Milford Haven is a trust port, and we are concerned about the future of trust ports, and especially what happens in Dover and whether anybody has any moves in that direction. The indications are that that is no longer the case because I think that everybody got their fingers very badly burnt over the Dover discussions, about how they could be effectively privatised. However, I also see that there is a role—. We have got Milford, which is the large one. It is a key port for the UK, so we need to have good relationships with Milford, but we also need have an element of control as well, I have to say. We have to be involved in it. Should we have somebody on the board, et cetera? We do not have that currently. Appointments are made by the UK Government. There is some representation from Pembrokeshire, but the people who have been making the decisions on the infrastructure going into Milford Haven actually have no voice. Of course, as well as having the port, I have the enterprise zone there. They have relationships, but it would be much easier if we actually had the port in terms of the—. The enterprise board could actually say then, ‘Come on, Minister, this is the port we’ve got. Can we get on and do some of these things?’

[214] So, I think we have a clear policy agenda on the strategy for ports, because they are very important to us because they operate globally. You have only got to look at Milford itself with its global links with oil and, hopefully, a resolution with Murco that will be satisfactory so that we can keep that enterprise there. We do work very closely with Associated British Ports. I was smiling yesterday when you were mentioning ABP’s objections to the M4. I think that we need to remember, of course, that ABP is a commercial organisation that will always be interested in protecting its own assets and looking at how, if anything had an impact on its

assets, it would be compensated in any way. So, we have always got to keep that in the back of our minds when we talk about objections to certain things from commercial operations.

[215] We have a good relationship with ABP because we have been very supportive of it, particularly in Port Talbot, where we need to keep the port really active in terms of Tata. Also, we are having discussions now with ABP about the further marina and wall developments in Swansea, which is a long-term project that was put on hold. It has been raised again and we will be doing some work on that particular issue.

[216] We also deal with the ports that run routes to Ireland. We have a good relationship with Stena. We have done quite a lot of work up in Holyhead and we will continue to do so. There are exciting proposals down in Fishguard. I do not know whether you took evidence, because I was not listening to Ken Skates earlier, about the whole issue of what we are doing on cruises, which is very dependent on how the ports get their acts together and what they need to do. Some of the issues in Holyhead have been complicated, of course, because Anglesey Aluminium used to use that particular facility. Anglesey Aluminium was obviously hoping to do a commercial deal elsewhere that would also then allow it to do it. However, I have got to really get on and start to improve some of that stuff. So, we have done a lot of work with the ports. Jeff, do you want to comment on some of the work that we have done, particularly down in west Wales?

[217] **Mr Collins:** Yes. So, I work quite closely with Stena on the Fishguard development, the Fishguard marina development. We are now discussing having somewhere where lorries can park up close to that. I also work with Stena closely on Holyhead and the master plan and, for want of a better phrase, finishing the A55 properly to avoid Black Bridge. I work with Ian Davies, who is the managing director, in particular detail on those things. Putting that to the side, we have also been up with colleagues in DfT to talk about harbour revision orders and harbour empowerment Orders with regard to the proposed Martello Quays development at Milford Haven and making sure that that is recognised as important and that it progresses. I talk to ABP about a number of matters. We are talking to it about the eastern bay link extension and, naturally, we are talking to it about navigation clearances for Newport docks with the M4. So, we have good dialogue in particular detail with the port operators and owners.

[218] **Edwina Hart:** Of course, in terms of detailed port policy positions, it is very difficult if I do not have devolution of ports to me. That can make life difficult, even though we have a good relationship. However, we are looking at a memorandum of understanding now with the ports for how we can work together, if devolution is not immediately forthcoming, because I think that it is particularly important. I want to look at how we can get more business into the ports internationally. Also, there is an issue for me that was looked at—I think it was looked at by Brian Curtis's group—namely shipping around Wales. It concluded that there was not that much benefit in that original report. I am not certain that I actually agree with that, because I think that, sometimes, some things could take longer and go around our coasts and it might be a beneficial way of doing things. So, I might possibly revisit some of the recommendations that came out of that group.

[219] **William Graham:** Thank you very much.

11:45

[220] **Rhun ap Iorwerth:** You raise a lot of issues, and we will come back to them in terms of cruises and all sorts of things, but you are not sounding positive on the devolution of powers right now. Do you think that there has been a shift in light of the Scottish referendum and where we are at now, and that perhaps there could be acceleration towards the devolution of ports?

[221] **Edwina Hart:** I have not had any meetings or discussions on this since the Scottish referendum. I think that there is definitely an understanding about the difficult position that we have with Milford Haven. I think that there is an understanding on that, but I also feel that the ports themselves, whoever they are operated by, realise that they have to have a closer working relationship with us.

[222] **Rhun ap Iorwerth:** Not necessarily needing devolution.

[223] **Edwina Hart:** No, but they realise that, which I did not sense originally very much at all. It has really come home, I would say, in the last 12 months or so; we have had a better relationship with the ports concerned. I think that it is positive because there is an enterprise zone in Anglesey now, so they know that they have to work with what is coming out of that; there is one in Milford Haven, so they know that they have to work with that; and there are various things across the piece that they want to do, which they will have to work on. We are talking about ports, and some of these trust ports are very small. We are doing exciting stuff around other ports. For instance, Saundersfoot will probably be a very good example of what they want to do as a port, and how they want to take it forward. Hopefully, there will be a city region tourism project emerging from that, with a tourism angle. So, there is a lot of exciting stuff going on. I do not know whether it would be useful, when we gather together all of the projects that are going on and we see where the city regions are going with some ports projects, if I were to look further at my infrastructure and do a paper for the committee on all of that, because I think that the committee would be very interested to see the updates on those particular issues.

[224] **Sandy Mewies:** Minister, Mostyn, in my constituency, is a private port and in a different position perhaps to some of the others. It makes a great contribution to our local economy, in an area that needs those sorts of contributions, and of course to wind energy, with the turbine transport. I wondered whether any thought had been given to whether there would be any impact on Mostyn, as a port, following the devolution of policy, and whether ways of looking at supporting that port with these exciting ideas could be included. That was my first question.

[225] Secondly, you have also mentioned transferring goods from port to port. It was discarded, but will be looked at again. Certainly, from my perspective on the A55, the last time that I was on this committee we discussed improvements in terms of moving on from Holyhead port. I do not know whether those have been carried out or not. However, the A55 could certainly do with anything that will lessen the amount of freight that is carried on it. We already know, do we not, that the improvements that can be done to the A55 are quite limited?

[226] **Edwina Hart:** Yes, I think that you are absolutely right in terms of some of the improvements on the A55. They are quite limited, are they not, in terms of what we have looked at, Jeff? Do you want to comment on that first because we have looked at them?

[227] **Mr Collins:** Yes. There is grade separation to the west of the final tunnel going to at-grade roundabouts. There is always Britannia Bridge, and there is talk of tidal flow. As I mentioned earlier, it was never sort of finished properly when it got to Holyhead. However, we are working with, and we have done work with, colleagues in WEFO and Stena, as I said, to master plan the dock to see whether you can take the bonded warehouse and do—.

[228] **Edwina Hart:** Lots of things.

[229] **Mr Collins:** So, there are bits and pieces, such as the relocation of the Arriva Trains Wales wash facility, which seemed to stymie all of that. One of the questions that we have

discussed with port operators is that, if it is enormously cheaper to travel by truck from one end of Wales on the A55 to Holyhead rather than put it on a boat earlier at Mostyn, there are some commercial considerations. However, I did meet the managing director of Mostyn port when they were looking for another—

[230] **Sandy Mewies:** That was Jim O'Toole.

[231] **Mr Collins:** Yes. They were getting prepared for further work on windfarms and we talked about whether we could support the development of the dock. He had plans for a further 85 acres of all sorts of stuff.

[232] **Sandy Mewies:** Needless to say, I hope that that work will go on.

[233] **Edwina Hart:** Yes. I have also been to Mostyn port. There is a lovely boardroom in Mostyn port. Obviously, we discussed its potential, because it has done a lot on wind energy currently, and what there will be for the future. May I say on the port to port that I am like you? They thought that there was no value, but I think that there must be a value, because they do it elsewhere, so, we will return to that. I think that what we will probably do, as we have a ports group, is ask the ports themselves whether they think that there is anything helpful that we could do on that agenda. Therefore, in terms of Mostyn, it is very much a partner with us and we do meet on a regular basis.

[234] **Sandy Mewies:** Thank you.

[235] **William Graham:** Joyce is next and then Eluned.

[236] **Joyce Watson:** I am pleased that you have good or improving working relationships with Milford Haven Port Authority and on the connection with the enterprise zone. Milford is a key port internationally, never mind here in Europe. So, my question is: how are you going to try to pursue the fact that we have some representation on that board, so that the work is very much focused in its entirety, because it is a big problem that we are missing from the board? Also, Minister, on the work on multimodal transport, we were talking about rail just now and now we are talking about ports. The two meet down there through Fishguard and through Pembroke and Milford. Has any work been done to expedite that?

[237] **Edwina Hart:** There is a relationship that I think improved when Lord Bourne chaired the enterprise zone board with the port, and there was a good understanding. I am in the process of considering who will chair the board after his resignation, because, of course, he is a whip now in the House of Lords. I am giving consideration to the appointment of somebody who actually understands how ports work, which might be enormously helpful in terms of our dialogue with Milford Haven. I hope very much, in the next two weeks, to make an appointment to that particular post.

[238] In terms of Milford Haven, I did indicate to the chair that I thought that it would be helpful if we could have an observer on the board, that I was quite happy for him to approach his sponsoring department to ask whether that was a problem, and then, if that was a problem, I would write to the Minister. I do not think that there is any harm, in this first stage, in us having an observer on the board. Obviously, if the appointment in Milford Haven is someone who does understand ports, as the chair of the new enterprise zone, perhaps they would be the appropriate person then to be the observer on the board. I think that you have to work within the limits of your own settlement to get the maximum advantage.

[239] However, it is important to recognise that the development opportunities in Milford are absolutely enormous. I think that we saw the frailty of Milford Haven, may I suggest, when we saw the issues around the closure of the oil refinery? Obviously, we are trying to

negotiate through this to, hopefully, keep the refinery there, but, if that refinery had gone, the financial position of the port would have been in difficult straits. The answer for the port, in my opinion, was not to go out and tell others, 'We'll increase what we are charging you', but to go out and find new business to bring into the port and not rely on the fact that these refineries historically paid well in terms of helping the income of Milford Haven. So, I think that those are important issues that you raise.

[240] In terms of the issues of interconnectability—you are absolutely right, Joyce—between the rail heads and what we can take into the port and what more we can do in that area, that is an issue that we are currently looking at in terms of our discussions.

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

[242] **William Graham:** Eluned is next.

[243] **Eluned Parrott:** Minister, I am glad that you are looking into the representation of ports within the working groups that you are talking about here, but there is a real concern that ports have been overlooked, because there does not appear to be a very effective integration of the transport strategy. I raised it yesterday in the M4 debate. If we are talking about freight movements or people movements, we have pinch points on our roads and we have pinch points on our rail networks. You want to help our ports to develop and take up some of that strain, and the strain on one is interrelated with the strain on the other, and yet we seem to have silo working, where one department is not talking to another, so we have a road project planned on the M4 that could potentially create another pinch point in a different part of the strategy in terms of ports. What are you doing to make sure that there is more consistency and more joined-up approaches between the apparent silos that are pulling in different directions between roads, rail and sea?

[244] **Edwina Hart:** I think that the silos are being removed. I was always interested in ports prior to taking over responsibility for transport, because of my other portfolio that included tourism and cruises. So, I think that I have—and I think that my officials agree—a reasonable understanding of ports and the need to integrate them into the mainstream transport plan. You will certainly see that when we produce the new national transport plan in terms of rail, road, ports and the interlinkages, I can assure you.

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

[246] **William Graham:** We are coming towards the end of our time. Gwenda, are you going to ask about the Welsh freight strategy?

[247] **Gwenda Thomas:** Yes, please. I have two questions. The first is in two parts; one on policy and one on strategy. Considering the fact that a review of Welsh freight policy was initiated in February 2012, but no outcome was published until May 2014, do you consider that the two years taken to complete the review have delayed the intervention to support the development of freight in Wales? What is the timescale for completing the review of the 2008 Wales freight strategy and how will this integrate with the next national transport plan? The second question is on the task and finish group recommendations. How will the task group recommendations be implemented, over what timeframe, and how will they be monitored and evaluated?

[248] **Edwina Hart:** In terms of the national transport plan, I can assure you that everything will be included in that, as I indicated in my response to Eluned Parrott. I would agree with you that it has been too long a timescale in between when it was first done and when it came out. Obviously, their recommendations have been published. We are taking ourselves through those because I am not necessarily satisfied, particularly on the one about

not having shipping around the coast, and I would be more than happy to put that in the update on the whole transport agenda when I am next scrutinised, Chair.

[249] **William Graham:** Thank you very much. Are there any more questions from Members? No. On that note, we will end. Thank you very much, Minister, yet again, for your answers to our questions. I am grateful to you for your undertaking to give further reports, and we are also grateful to Jeff and James for their expert advice today. Thank you very much.

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

*Daeth y cyfarfod i ben am 11:57.
The meeting ended at 11:57.*