



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Craffu ar Waith y Prif Weinidog](#)

[Committee for the Scrutiny of the First Minister](#)

18/11/2016

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

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Jayne Bryant Bywgraffiad Biography	Llafur Labour
Russell George Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
John Griffiths Bywgraffiad Biography	Llafur Labour
Mike Hedges Bywgraffiad Biography	Llafur Labour
Huw Irranca-Davies Bywgraffiad Biography	Llafur Labour
Bethan Jenkins Bywgraffiad Biography	Plaid Cymru The Party of Wales
Ann Jones Bywgraffiad Biography	Llafur (Y Dirprwy Lywydd a Chadeirydd y Pwyllgor) Labour (The Deputy Presiding Officer and Committee Chair)
Dai Lloyd Bywgraffiad Biography	Plaid Cymru The Party of Wales
Lynne Neagle Bywgraffiad Biography	Llafur Labour
Nick Ramsay Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
Mark Reckless Bywgraffiad Biography	UKIP Cymru UKIP Wales
David Rees Bywgraffiad Biography	Llafur Labour

Simon Thomas Bywgraffiad Biography	Plaid Cymru The Party of Wales
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Eraill yn bresennol
Others in attendance

Carwyn Jones	Aelod Cynulliad, Llafur, Prif Weinidog Cymru Assembly Member, Labour, The First Minister of Wales
Jo Salway	Pennaeth Is-Adran y Cabinet, Llywodraeth Cymru Head of Cabinet Office, Welsh Government
Will Whiteley	Pennaeth Uned y Rhaglen Ddeddfwriaethol a Llywodraethiant, Llywodraeth Cymru Head of Legislative Programme and Governance Unit, Welsh Government

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

Graeme Francis	Clerc Clerk
Kath Thomas	Dirprwy Glerc Deputy Clerk
Stephen Boyce	Y Gwasanaeth Ymchwil Research Service
Matthew Richards	Pennaeth y Gwasanaeth Cyfreithiol Head of Legal Services

Dechreuodd y cyfarfod am 09:00.
The meeting began 09:00.

Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introductions, Apologies, Substitutions and Declarations of Interest

[1] **Ann Jones:** Good morning, everybody, and welcome to the very first committee meeting for scrutiny of the First Minister in the fifth Assembly.

Can I just do the usual housekeeping rules? We're not expecting the fire alarm to operate. Should it operate, then we'll take our instructions from the ushers as to which is the safest route to exit the building. Can I ask you, if you've got a mobile phone on, if you can just put it onto 'silent'? You don't have to switch it off, it doesn't affect the broadcasting, but it does affect my temper if somebody's mobile phone goes off. So, if we can just have that. And the same if you're using your iPads: can you make sure that it's not pinging all the time? I keep thinking it's the microwave about to go off.

[2] We've got the scrutiny of the First Minister on the programme for government and, at this point, I suppose I ought to ask for anyone who wants to declare an interest, but we've all got an interest in the programme for government. But if you're going to ask a question in a particular way, and there is an interest there, perhaps you would like to either declare it or make reference to the fact that you have already declared within the record of interest—the Members' register—so that you don't fall foul of any rules. Is that okay?

09:01

Sesiwn i Graffu ar Waith y Gweinidog Ministerial Scrutiny Session

[3] **Ann Jones:** Right. Okay. So, shall we say 'welcome', First Minister? As I say, we've got a set of questions around your programme for government. We're going to try and break them into three areas on prioritisation, affordability and delivery, and then we're going to have just a brief session at the end on topical questions, if that's okay. We are short of time and I appreciate and know that you want to get off as well, so thank you very much for agreeing to today's meeting. I wonder whether you would perhaps introduce yourself and the officials for the record. Then, if it's okay with you, we'll go straight into some questions.

[4] **The First Minister (Carwyn Jones):** Certainly, Chair, that's fine. Obviously, Carwyn Jones, First Minister. Jo?

[5] **Ms Salway:** Jo Salway, head of Cabinet Office.

[6] **The First Minister:** And Will.

[7] **Mr Whiteley:** Will Whiteley, head of the legislative programme and

governance unit.

[8] **Ann Jones:** Okay. Well, thanks very much. We'll go into some questions, then, first off. The first set of questions, then, from David Rees. David.

[9] **David Rees:** Thank you, Chair. Good morning, First Minister. The programme for government actually has four cross-cutting themes in it. 'Prosperous and secure' is one of them, and it links into perhaps a lot of the other issues. But the economy is critical, I think, to move forward on tackling all these issues. You've indicated that you will be pressing ahead with your commitments in full following the decision to leave the EU, but we've also seen changes happening because perhaps the presidential election in America puts a focus on America looking inwards rather than outwards, and being protective more than being supportive of global economies. How do you see the Welsh Government tackling the issues that are going on globally, which seem to be creating more inward-looking aspects in their economies and less attraction to inward investment elsewhere? Because you've got two areas of the economy: sustain what we've got and bring new in. Some of what we've got is struggling. We've seen it before in your own patch, having some concerns, and we've seen elsewhere losing some jobs. So, how are you going to prioritise those two aspects?

[10] **The First Minister:** Well, we plan to continue to spread the message that Wales is open for business. That's important. We'll continue to have our representation in the US and other important markets and continue to ensure that the voice of Wales is heard loud and clear. That said, the world is as uncertain as I've ever known it in all my years in politics. We don't know what our final relationship will be with the European market. We don't know what view the US will take, whether it will become almost autarchic in the way that it sees itself in the future, or whether the words that were used in the campaign trail were simply words. Now, at this moment in time, it's hugely difficult to know what view the US will take about its international commitments, about its attitude to trade, and until we know that there is bound to be some uncertainty. We will continue with what's been successful for us up until now, and emphasising the message that Wales is an attractive place for US companies to do business.

[11] **David Rees:** Based upon the uncertainty of Brexit, and unlikely to understand what the trade arrangements will be for at least two years probably—outside—is it more important that you focus upon ensuring that

what you've got already in place is sustained, so that we keep the economy as we have at the moment going forward, and add to that quietly?

[12] **The First Minister:** I went to the US in August. Every single business that I spoke to said to me that they wanted certainty, that they weren't prepared to look at extra significant investment at this stage until they knew whether they could access the European market, which, for them, is the most important market, via their bases in the UK. So, I think the fairest analysis I can give is that things are on hold, as far as the US investors are concerned, until they know what kind of relationship the UK will have with the EU. For many of our investors, the fact that they are in Wales means that they're able to access that much larger market than the UK is, and they want to have an idea fairly soon about what the UK will be looking for in any final trade deal. I think it's also worth emphasising that the UK Government needs to look at what needs to be done to bridge any gap that might be between the ending of the article 50 process and a more lasting sustainable settlement to avoid going off the edge of a cliff and then having to climb back up it when a lasting solution is found. I think it is hugely difficult to imagine a scenario where, within two years of a date, there is a comprehensive arrangement between the UK and the EU. I think that would be a world record in terms of getting that done in that amount of time. So, there is a need to think about what the transitional arrangements might be, whilst respecting, of course, the result of the referendum.

[13] **David Rees:** So, will your Government's focus be on supporting and developing indigenous businesses at this point in time until you know that there's certainty?

[14] **The First Minister:** It's become very difficult to attract investment from other countries—more difficult than it was—because of the uncertainty. We are still working hard to attract that investment, and indeed investment from within the UK, to come into Wales. Yes, we are looking, as we always have done, to assist Welsh businesses. Some of them are not dependent on export markets. Many of them are. Again, they're saying, 'Well, we need to have an idea of what's happening with the European market so that we know what the nature of that trading relationship will be'. There is no need, to my mind, for us to lose free and unfettered access to the single market as we leave the EU, as long as we are clever enough, as a country, to get the right deal.

[15] **David Rees:** Just one final one. On that basis, then, clearly some of those trade deals are down to the UK Government negotiation as part of the

exit process. What discussions are you having perhaps, as a nation, with partners in Europe to look at how you can actually work together during this time and perhaps post Brexit as well?

[16] **The First Minister:** Well, the major difficulty for us is not knowing at this stage what the UK Government's view is. I've read about Scotland looking at alternative arrangements. I don't think they're realistic, if I'm honest. I can't see how Scotland can have an alternative relationship with the European market compared to the rest of the UK without there being some kind of customs controls at the border. So, I remain to be convinced that that's possible. Certainly, at the moment, the European Union has taken the view that this is a negotiation with the UK and that's it. We'll continue to explore what possibilities there might be, but, ultimately, it's for the UK Government to decide what it sees as the most important thing. Is it access to the single market or is it control over immigration? You can't have both. A balance needs to be struck between what will be acceptable and in the UK's interests in the future.

[17] **Ann Jones:** Okay?

[18] **David Rees:** I'll keep quiet now.

[19] **Ann Jones:** No, no; it's all right. I'll just adjust my thoughts now. Simon, on the Well-being of Future Generations (Wales) Act 2015.

<p>[20] Simon Thomas: Ie. Bore da. Os caf i droi at yr arweiniad yr ŷch chi'n ei ddangos gartref, fel petai—yn ddomestig—wrth gyhoeddi'r rhaglen lywodraethu, fe ddywedaso'ch chi, ac rwy'n dyfynnu, bod eich blaenoriaethau:</p>	<p>Simon Thomas: Yes. Good morning. If I could now turn to the leadership that you're showing domestically, or closer to home, in publishing your programme for government, you said, and I quote, that your priorities:</p>
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<p>[21] 'yn cael eu llunio a'u datblygu yn unol ag egwyddorion arweiniol Deddf Llesiant Cenedlaethau'r Dyfodol'.</p>	<p>'will be shaped and developed according to the guiding principles of the Well-being of Future Generations (Wales) Act'.</p>
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<p>[22] Mae'r Ddeddf Llesiant honno, wrth gwrs, wedi arwain at gyhoeddi nodau cenedlaethol yn fwy diweddar.</p>	<p>That Act, of course, has led to the publication of national goals and objectives more recently. So, how do</p>
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Ym mha ffordd â chi'n meddwl eich bod yn dangos arweiniad drwy gyhoeddi nodau cenedlaethol ar ôl cyhoeddi cyllideb ddrafft, ac ar ôl cyhoeddi rhaglen lywodraethu? Onid yw hynny yn rhoi'r cart o flaen y ceffyl?

you think that you are showing leadership by publishing those goals after publishing the draft budget and the programme for government? Isn't that putting the cart before the horse?

[23] **Y Prif Weinidog:** Wel, na, achos mae'r Ddeddf ei hunan wedi ein harwain ni ynglŷn â beth yr ydym ni wedi'i wneud yn y gyllideb ei hunan. Os ydym ni'n edrych ar rai o'r pethau yr ydym ni'n eu symud ymlaen: y metro, mae hwnnw'n rhywbeth, wrth gwrs, sy'n mynd i sicrhau bod cymunedau wedi cael eu cysylltu; sicrhau bod yna ddigon o staff yn y tymor hir yn y gwasanaeth iechyd—rydym ni wedi gwneud hynny ynglŷn â'r ymgyrch sydd gyda ni i ddenu mwy o feddygon i mewn i Gymru—ac, wrth gwrs, beth yr ydym ni'n mynd i'w wneud, gyda chefnogaeth Plaid Cymru, i sicrhau mwy o addysg feddygol yng Nghymru hefyd.

The First Minister: Well, no, because the Act has led us in terms of what we've done in the budget itself. If we look at some of the things that we're moving forward: the metro, that's something that's going to ensure that communities are connected; ensuring that there's enough staff in the long term in the health service—we've done that in terms of the campaign that we have to attract more doctors into Wales—and, of course, what we're going to do also, with the support of Plaid Cymru, to ensure more medical education in Wales as well.

[24] Mae'n bwysig, wrth gwrs, hefyd sicrhau bod gyda ni gymunedau sydd yn gallu wynebu'r dyfodol. Dyna pam, wrth gwrs, rydym ni wedi cadw Flying Start a sicrhau bod cyllideb Cefnogi Pobl, Supporting People, wedi aros. Ynglŷn ag integreiddio a chysylltu cymunedau, wrth gwrs—sicrhau nid dim ond bod y metro yna yn un rhan o Gymru ond hefyd 20,000 mwy o dai newydd er mwyn sicrhau bod cymunedau yn ffeindio bod yna ddyfodol iddyn nhw. Gweithio gyda'n gilydd, a ffeindio

Of course, we have to ensure that we have communities that can face the future. That's why we've kept Flying Start and ensured that the Supporting People budget has remained. In terms of the integration of communities—ensuring not only that the metro is in one part of Wales but building more houses to ensure that communities find that they have a future. Working together, and finding new ways of working with local government to ensure that they can collaborate to act and operate better

ffyrdd newydd o weithio gyda llywodraeth leol yn enwedig, er mwyn sicrhau eu bod nhw'n gallu gweithio gyda'i gilydd i weithredu yn well na beth sydd wedi bod yn wir lan i nawr—. Dyna enghreifftiau o ble mae hwn wedi digwydd.

than what has happened thus far—. So, those are examples of where this has happened.

[25] Ynglŷn â'r Ddeddf ei hun, wrth gwrs, nid yw'r Ddeddf eu hun yn rhywbeth sydd dim ond yn Ddeddf ac wedi hynny bod dim byd yn digwydd ar ôl hynny. Mae'r Ddeddf ei hun wedi'i gwau drwy waith y Llywodraeth yn gyfan gwbl, a dyna rai enghreifftiau o le mae hynny wedi digwydd.

In terms of the Act itself, it isn't something that is only an Act and then nothing happens afterwards. The Act itself has been interwoven into the Government's work, and those are some examples of where that's happened.

[26] **Simon Thomas:** Mae'r pethau yr ydych yn sôn amdany'n nhw—y metro, addysg feddygol ac adeiladu tai fforddiadwy—ie, mae rhai o'r ffigurau wedi newid, ond i fod yn onest, roedd y rhain i gyd yn cael eu trafod cyn i'r Ddeddf yma ddod i rym. Felly, os yw hi wir yn cael ei gwau drwyddo, ac os yw hi wir yn dylanwadu ar y gyllideb, a fedrwn chi roi enghraifft go iawn o rywbeth gwbl ffres a newydd yn y gyllideb, neu yn rhaglen y Llywodraeth sydd wedi deillio o'r ffordd newydd o feddwl yr ydych chi i fod i'w dilyn nawr yn ôl y Ddeddf?

Simon Thomas: The issues that you mention—the metro, medical education and building affordable homes—yes, some of the figures have changed, but, to be frank, all of those were being discussed before this Act came into force. Therefore, if it's truly interwoven throughout Government activity and truly influences the budget, can you give us a concrete example of something totally fresh and new in the budget or the programme for government that has emerged from the new mindset that you're supposed to have in place following the Act?

[27] **Y Prif Weinidog:** Gallwn ni ystyried, wrth gwrs, beth oedd ym maniffesto Plaid Lafur Cymru yn ystod yr etholiad ei hun, a'r addewidion a roesom ni yn y maniffesto hwnnw. Roedd y rheini

The First Minister: We could consider what was in the manifesto of the Welsh Labour Party during the election itself, and the commitments that we put in that manifesto. Those were shaped considering what the

wedi cael eu siapio wrth ystyried beth oedd goblygiadau'r Ddeddf ei hun, sef edrych ar ffyrdd o helpu pobl i gael triniaeth well a helpu pobl i gael mwy o hyfforddiant ynglŷn â chael swyddi yn y pen draw. So, pan wnaethom ni ystyried, fel plaid, beth yn gwmws fyddai'r addewidion yn yr etholiad, roedd hynny'n cael ei wneud yng nghefnidir y Ddeddf ei hun.

[28] **Simon Thomas:** A oes lle i wella?

Simon Thomas: Is there room for improvement?

[29] **Y Prif Weinidog:** Rŷm ni wastad yn gwrando. Mae yna raglen gyda ni. Mae'n hollbwysig ein bod ni'n gallu gweithredu ar y rhaglen honno, ond, wrth ddweud hynny, wrth gwrs, rwyf wedi dweud sawl gwaith nad oes monopoli gan un blaid yn y lle hwn ar syniadau, a dyna pam rŷm ni'n agored, wrth gwrs, i weithio gyda phleidiau eraill er lles pobl Cymru.

The First Minister: We're always listening, of course. We have a programme, and it's important that we can implement that programme. But, in saying that, I've said several times that no party in this place has a monopoly on wisdom, and that's why, of course, we're open to working with other parties for the benefit of the people of Wales.

[30] **Ann Jones:** Okay, Lynne.

[31] **Lynne Neagle:** Thank you, Ann. There's a lot of emphasis in 'Taking Wales Forward' on the need to use existing community structures and resources and on promoting community involvement and ownership, yet one of the first things that's happened has been the decision that the Minister is minded to phase out Communities First. How do you see that process fitting with the aims in the programme for government, particularly in relation to the need to tackle child poverty?

[32] **The First Minister:** Building resilient communities is hugely important to us—it's one of the seven well-being goals in the future generations Act. We have to make sure that, when we look at helping communities and individuals, we have the most effective programme possible. Communities First has been around for a long time—it's time for it to be refreshed. I know

that the Cabinet Secretary had said he's minded to phase it out, but we want to make sure that what we replace it with is better and more far-reaching. We know that Communities First has been successful in helping communities, but we also know that there is poverty within communities that don't qualify for Communities First. It's being able to help people who live in those communities that has to be important as well.

[33] We want to listen to what people have to say. We want engagement with not just organisations but people across the length and breadth of Wales. The intention is to make sure that we have a programme that is refreshed and a programme that, having learnt from the experience of Communities First, is broader and more targeted for the future.

[34] **Lynne Neagle:** Thank you.

[35] **Ann Jones:** Do you want to follow up?

[36] **Lynne Neagle:** If I could just ask one very quick supplementary, then, obviously, there is an enormous amount of good practice that's been developed—I know not everywhere—so, what will the Government's plan be to actually ensure that that good practice is retained, including in those communities that have benefited from the programme?

[37] **The First Minister:** Absolutely. As part of the engagement process, we wanted to know—well, we know—where some of the good practice is and to find out what else is working and incorporate that into what we do in the future. We don't want to lose that.

[38] **Ann Jones:** Okay. John.

[39] **John Griffiths:** Just to build on that, briefly, First Minister, some of the community centres in Communities First areas are particularly dependent on the programme. They're not delivering some of the programmes that will continue, like Lift and Communities for Work, but they are very valuable to their local communities. So, could you assure the committee and myself that, in this process of consultation, those particular community centres and what they deliver will be carefully considered in deciding the way forward?

09:15

[40] **The First Minister:** Yes, of course. Where they are effective, we want to

retain them. So, as the approach to building resilient communities changes we don't want to lose the expertise or the facilities that have been built up and have been successful in helping communities.

[41] **Ann Jones:** Okay? Shall we move on, then? Huw, on the Wales Bill and cross-party agreements.

[42] **Huw Irranca-Davies:** First Minister, could I ask you, first of all, what assessment you've made of the impact of the Wales Bill on the future programme of the Welsh Government?

[43] **The First Minister:** Well, one example is the Trade Union Act repeal Bill, which, as things stand at the moment, sits—we believe—within our competence, but may sit outside our competence when and if the Wales Bill is passed in its current form. That's meant that we've had to bring that forward quickly as a priority. Beyond that, there'll be the usual challenges of seeing a change in the Assembly's competence half way through the Assembly term. That's manageable. I don't see a difficulty with that, but we have to wait and see what the shape of the final Bill is.

[44] **Huw Irranca-Davies:** Okay. And, on that, I know you can't give a running commentary, but what do you make of the concessions made so far? What more are you looking for, either in policy terms or in fiscal terms?

[45] **The First Minister:** They're helpful. The first thing we have to understand, to my mind, is that this is not a Bill that will settle the issue of the devolved settlement in Wales. There will be outstanding issues that will have to be returned to, such as the jurisdiction, such as policing, things like air passenger duty. So, this is a step forward potentially, but it can't be a solution that is sustainable. But that is, unfortunately, the history. I regret that, but that's the history of devolution in Wales. The concessions that have been made are helpful. There's still some work to be done. The fiscal framework will need to be agreed before any consideration can be given to supporting a legislative consent motion, for example, in the future, but I think it's fair to say that the UK Government have listened in some areas. They still can't get their head around the issue of the jurisdiction or of policing—

[46] **Huw Irranca-Davies:** Well, can I just ask you on that? Because it's interesting that the letter went out on the eleventh of this month to the Lords, from Lord Bourne. It was quite interesting that he wrote to peers—and

I've had a good look at the letter. He says, and I quote, 'The Welsh Government has agreed to support the group'—this legislative reform group. Is that right, now, that it has the full backing of the Welsh Government? Because it seemed to me that you were in quite a different position previously, that you wanted something that was more rigorous to look at this issue of distinct jurisdiction, or separate jurisdiction, or at least to look at the reform. The letter implies that you're foursquare behind this working group.

[47] **The First Minister:** No. We're happy to be a part of it. Just to explain the history of it, the first meeting took place, to which Welsh Government officials were not invited, despite what the letter says.

[48] **Huw Irranca-Davies:** The letter does say that.

[49] **The First Minister:** The letter says that. That's not correct. A letter went out on 14 July, which I'm prepared to share with members of the committee, that emphasises the confusion that existed over whether officials had been invited or not. My view of the group is that it's wholly inadequate for the purpose that it is intended to serve. We're prepared to play a part in it, but there's nobody on it from Wales. There are Wales Office officials. Those who are involved in justice—none of them are from Wales at all. So, the question, then, I have to ask is: 'Well, what exactly is this group meant to achieve?' But better to be in, looking at what it's doing, than outside at this moment in time. But, from my perspective, what is hugely important is that a justice in Wales commission is set up. Our view is that it should be statutory. The UK Government's view is, at the moment, as we understand it, that it should be non-statutory, but there's no getting away from the fact that what we will have in the future is confusion. We will have the only jurisdiction anywhere in the world that I'm aware of where there are two sets of laws applying and two legislatures. It's confusing for professionals. We already have examples of lawyers arguing the wrong law because they're in Wales. It's particularly confusing for members of the public. More and more litigants in person are appearing before the courts because they can't get legal representation. It means that courts are slowing down, but, for them, it makes it even more difficult to access the right law as it applies in Wales. The fact that there's still a single jurisdiction confuses the matter even more.

[50] **Huw Irranca-Davies:** Well, that's crystal clear: that you're in disagreement with that letter that went out on substantial issues, and also on the way forward as well. Could I just ask one final question? Cross-party working seems to me a leitmotif now of this early stage of the Assembly.

There is a parliamentary review that has been set up into health and social care in Wales, which is part of agreements with Plaid Cymru. Do you see this as being an ongoing approach within the Assembly's working, that reaching across? What influence will that have on the shape of the forward programme of government?

[51] **The First Minister:** Hugely important. I see the arithmetic of the Assembly. There's never been a situation where any party has had a majority and the culture is different here, compared to, for example, in Westminster, where there was a coalition where they spent most of their time arguing with each other. Here, we have developed the tradition of scrutiny, of course, but also of working cross-party where there are common aims and objectives. I think that's what members of the public would expect us to do. At the end of the day, they are far more open to cross-party working than perhaps some in politics are. But for me, it's hugely important that we do reach out and work together for common goals where we can agree them.

[52] **Ann Jones:** Simon, you wanted to come in.

[53] **Simon Thomas:** Jest ar y pwynt yma: o'r hyn rydych wedi ei ddweud wrth Huw Irranca-Davies, rwy'n cymryd nad ydych eto'n barod i gefnogi LCM ar gyfer Bil Cymru.

Simon Thomas: Just on this point: from what you've said to Huw Irranca-Davies, I take it that you're not yet ready to support an LCM for the Wales Bill.

[54] **Y Prif Weinidog:** Mae hynny'n iawn. Nid ydym mewn sefyllfa i wneud hynny.

The First Minister: That's correct. We're not in a position to do that.

[55] **Simon Thomas:** Ai'r fframwaith cyllidol yr ydych chi'n aros amdano cyn eich bod mewn sefyllfa i benderfynu ar hynny?

Simon Thomas: So, is it the fiscal framework that you're waiting for before you're in a situation to make a decision?

[56] **Y Prif Weinidog:** Mae hynny'n un peth. Mae hynny'n hollbwysig. Nid oes modd cytuno ar unrhyw beth heb fod y fframwaith hwnnw wedi cael ei gytuno, ac mae Llywodraeth y Deyrnas Unedig yn deall hynny. Maent wedi dweud hynny wrthyf fi

The First Minister: That's one thing. That's crucially important. We can't agree anything unless that framework has been agreed and the UK Government understands that. They've told me that on a number of occasions. There are a number of

sawl gwaith. Mae yna sawl peth ynglŷn â'r pwerau sy'n gorfod cael eu datrys. Rydym yn mynd i ddechrau proses yr LCM o achos y ffaith bod yn rhaid i'r broses honno ddechrau er mwyn bod y Cynulliad yn gallu pleidleisio arno fe ym mis Ionawr. Ond nid yw hynny'n meddwl ar hyn o bryd, wrth gwrs, ein bod ni'n fodlon cefnogi'r LCM heb wybod yn gwmws beth fydd yn y Mesur ei hunan.

things in terms of powers that will need to be resolved. We are going to start the LCM process because that process has to start so that the Assembly can vote on it in January. But that doesn't mean that at the moment we are willing to support that LCM without knowing exactly what will be included in the Bill itself.

[57] **Simon Thomas:** Ond bydd y Cynulliad yn cael gweld rhyw fath o LCM yn fuan iawn, felly.

Simon Thomas: But the Assembly will, therefore, see some sort of LCM soon.

[58] **Y Prif Weinidog:** Ie, dyna'r nod. Mae'n rhaid i ni ddechrau'r broses nawr, neu ni fyddwn yn barod i wneud hynny ym mis Ionawr. Felly, rydym yn mynd i ddechrau'r broses ar y sylfaen *without prejudice*, gan ddweud, 'Reit, mae'n rhaid i ni ddechrau'r broses' ond wrth gwrs, nid oes penderfyniad eto ynglŷn â beth fydd y safbwynt terfynol ynglŷn â'r Mesur ei hunan.

The First Minister: Yes, that's the aim. We have to start the process now or we won't be ready for that vote in January. So, we're going to start the process without prejudice and say, 'Right, we have to commence the process', but of course, there's been no decision as of yet as to what the final stance on the Bill itself will be.

[59] **Simon Thomas:** Diolch.

Simon Thomas: Thank you.

[60] **Ann Jones:** Okay, thanks. Shall we move on, then? Mark, you wanted to ask some questions around climate change.

[61] **Mark Reckless:** First Minister, just to introduce that, in the programme of government you've dropped the detailed targets approach you used in the fourth Assembly, and I wonder: is that because the national indicators for the well-being goals are now the measures by which your Government should be judged?

[62] **The First Minister:** I think that's a fair point. We had 538—if I remember—indicators, at least over 500. There was some debate as to

whether it was that exact figure—too many. We were criticised for having too many indicators for people to get a clear picture of what exactly we were doing as a Government. We took that on board and, indeed, the indicators are there for us to be judged against. That's true.

[63] **Mark Reckless:** On climate change, speaking with Cabinet Secretary, Lesley Griffiths, she says, notwithstanding the 36 per cent cut in the capital budget and your prioritisation of that, that she expects to be able to meet the climate change goals of the Welsh Government, but there's no plan to set any climate change budget prior to the statutory back-stop date of the end of 2018. Is that because you're expecting to meet your climate change goals through the closure of Aberthaw power station, and that other matters are relatively insignificant in comparison to that?

[64] **The First Minister:** No, because we know that Aberthaw—. We want to see Aberthaw stay open. It's an important employer. We know that Aberthaw's life will come to an end naturally in the next decade in any event. We know, of course, that industrial operations can have a major effect in terms of emissions, Tata particularly. If Tata wasn't there, well, yes, our emissions would drop dramatically, but then there'd be thousands of jobs that wouldn't be available either. So, getting the balance right between retaining the jobs that we have and reducing our emissions and our carbon footprint is never easy but, nevertheless, in the longer term we feel that we will see our emissions drop in any event. But, no, we can't rely on losing industrial plant in order for carbon emission targets to be met. We have to look, for example, at things like the metro to make sure that fewer people feel that they have to get into their cars. We know that transport is a significant contributor to carbon emissions. So, no, Aberthaw is not the panacea in terms of reducing our footprint.

[65] **Mark Reckless:** But on transport, you are still promoting the black route for the M4. You mentioned Port Talbot, and prior to the referendum you were putting greater emphasis on how high the pound was and the problems that that was leading to. Now that the pound is so much more competitive, do you recognise that as a factor in supporting the continuing quantity and quality of production at Port Talbot, and do you also see it as something that you can use to help encourage inward investors by pointing to how much more competitive Wales has become as a base for production?

[66] **The First Minister:** It's true to say that the slide in the pound has been helpful for our exporters, but they themselves have said that we can't rely on

that in the long term. This is a short-term advantage to exporters. But what they're now seeing is a rise in their input costs. If we look at Tata, for example, they import iron ore and coal, and the price of that is rising. So, short-term gain is inevitably balanced, if you are importing a significant amount of raw material, by a long-term loss. As far as Tata are concerned, they export around about 30 per cent of what they produce—beyond Europe, some of it. It's hugely important that they're able to continue to do that. But for a lot of our exporters the boost that the drop in the exchange rate has had for them will be balanced in the longer term by the increase in their input costs as they import so much of the raw material that they use to manufacture.

[67] **Mark Reckless:** Even though the value of their output is presumably greater than the value of their input.

[68] **The First Minister:** At the moment, they've hedged, of course. A lot of them have hedged for the long term in terms of buying their raw materials, and once those hedges come to an end, then of course the input costs will hit. For some industries, that's not so important. They don't import much as far as their raw materials are concerned. But for industries like Tata, of course that will be difficult for them because of the rise in their input costs. We don't have coal available for them to use as coke. We don't have iron ore as a raw material. So, yes, that short-term boost is important, but they know full well that it needs more than that in order to sustain the long-term security of the plant in Port Talbot particularly.

[69] **Mark Reckless:** Thank you.

[70] **Ann Jones:** Mike.

[71] **Mike Hedges:** Very briefly, if devaluation worked, we'd be a very successful economy. The pound's collapsed from something like \$4.20 to the pound in 1945 to about \$1.20 now. It gives a short fillip, but do you agree it's not a long-term solution?

[72] **The First Minister:** No, it isn't. Some industries will benefit very much in the short term, but again, we are net importers of food; always will be, always have been. We will see an increase in food prices, of that I have no doubt, despite the fairly cut-throat competition that takes place amongst retailers. We know there will be an increase in the price of fuel. That's obviously priced in dollars, and we've seen the slide against the dollar. That's

inevitable, and that will have an effect inevitably on distribution costs and ultimately on costs of manufactured goods. So, at the moment, yes, it's true to say that our exporters have seen a better picture than when the pound was higher, but when those input costs start to hit, it will then balance out once again. We can't rely on exchange rates as a beneficial long-term tool to help Welsh industry.

[73] **Ann Jones:** Thank you. Jayne.

[74] **Jayne Bryant:** Thank you, Chair. Tackling health inequalities is critical for the future well-being of the people of Wales, and we know that poverty feeds poor health. How is this being tackled across Government as a priority?

[75] **The First Minister:** We are looking at refreshing the child poverty strategy. Carl Sargeant is the lead Minister, but I have to emphasise that I see poverty as something that is something that the whole Government needs to approach and tackle, rather than it sit entirely within the portfolio of one Minister. So, that's what we'll be doing next; and, of course, looking at ways that we can help to alleviate poverty by refreshing schemes such as Communities First and looking at new approaches to make sure that we can become even more effective. That said, of course, many of the levers are not in our hands. We know that the recession post 2008 hit the lowest paid hardest. We know that there are too many people who are agency workers. They've become self-employed against their own desires. They're on zero-hours contracts and all these things. Even though they may be in employment, actually their household income is such that they've gone into poverty. One of the issues that I heard many times in May and June was people saying to me, 'Well, I remember when my father'—it was 'father' normally, when they were talking, or usually—'was in the steelworks, or was in the mines, it was a tough job, but it was well paid. There was a pension at the end of it and it was secure. I, on the other hand, have two or three jobs'—casual, as they would call it—'zero hours, no pension. Someone's to blame for this'. That's the big challenge for us as a society. Our unemployment figures are low, that much is true, but masking that is a decline in the security of employment that people feel very worried about.

[76] **Jayne Bryant:** Thank you. Just quickly, we know that the older population is growing in Wales. How do the 'Taking Wales Forward' programme priorities specifically address the challenges with an older population, both in the immediate term and for the future generations of older people?

09:30

[77] **The First Minister:** Several things. But first of all, in the short term, it means holding steady on what we spend on health and social services. I've never understood the reasoning behind separating the two. They clearly are interlinked. That's why, of course, we spend 7 per cent more on health and social services per head than is the case in England. That reflects partially the fact that we have a slightly older population, but ultimately this starts with improving the health of the population when they're young so that people's general state of health is good when they're young and they keep that as they get older. We have seen a decline in the rate of strokes and heart disease. That's to be welcomed. There are some areas that are more stubborn. It's true to say that you can't do everything, because of the frailty of the human body. One of the things that was said to me was that if people take exercise in their twenties, thirties and forties, they're less likely to have a stroke or heart disease but more likely to have a joint replacement when they're older. But better that than a debilitating stroke, for example. So, for us, the question always is making sure there's enough resource to deal with current issues and the current population whilst, at the same time, being able to devote enough resource to longer-term health gain so that people's general state of health improves over the generations.

[78] **Jayne Bryant:** Thank you.

[79] **Ann Jones:** Russell.

[80] **Russell George:** First Minister, in developing questions from David Rees earlier, what was different in your programme for government and 'Taking Wales Forward' as a result of Brexit, as opposed to the UK voting to remain in the European Union?

[81] **The First Minister:** The biggest issue for us is the question mark over the European funding. We've had some comfort on that with what the UK Government has said—up until 2020—but beyond that there's nothing. We get about £650 million a year in total in European funding. Some of that is through convergence funding, which, it could be argued, we wouldn't want to qualify for in the future, but the point is that we would have had transitional funding if we hadn't qualified so that we don't fall off a cliff edge. At the moment, there is no money to pay farmers, for example—their subsidy payments of £260 million—beyond 2020. So, that's an issue. We

know, with the metro, for example, that there is £125 million of funding that is now in question. It's not fatal to the metro, but of course it imposes a greater limit on what we can do as far as the ambition and speed of the metro's development and extension can go. So, that really has been the main issue: what we do with a substantial loss of finance, particularly beyond 2020.

[82] **Russell George:** But my question was specifically: what was different in your programme for government? Because that came about after Brexit.

[83] **The First Minister:** Is it before—?

[84] **Russell George:** Your programme for government was launched in September, and that was after Brexit. So, what I'm asking is: what was different in your programme for government as a result of Brexit?

[85] **The First Minister:** Well, we intend to deliver our programme for government. We haven't changed the programme for government as a result of Brexit, although we do face challenges in terms of finances that are not yet answered. We haven't changed our philosophy as far as attracting inward investment is concerned. We've got the message out there that Wales is open for business. We've been particularly active in ensuring that, with what we've launched to recruit medical staff, people don't feel that Wales or Britain is not welcoming to doctors. We have an international market for doctors and we rely on doctors from other countries to work in our NHS. We always have done. Other countries do the same. There is no country in the western world that's entirely able to train its own staff and retain its own staff. It's an international market. So, the programme for government remains, but of course there are issues such as finance that will need to be resolved in the future.

[86] **Russell George:** You said that Wales is open for business, and you mentioned Scotland earlier on. In the SNP conference last month, Nicola Sturgeon talked about a four-point plan to boost trade and exports. She said that she wants to create a permanent trade representation in Berlin, and investment hubs in Dublin and Brussels. She also said that she wants to double the number of Scottish Development International staff working across Europe to support investment and trade opportunities for Scotland. So, what plans do you have in that regard, and do you have plans to increase staff in international Welsh Government offices?

[87] **The First Minister:** As long as we don't get criticised for it. That's the point. I have sat—. He hasn't done this personally, but his party has, on many occasions, criticised us for having offices at all abroad. They have been hugely useful for us in attracting investment. The Scots have many, many more people on the ground than we have. I would argue, however, that that hasn't necessarily translated into great success as far as investment is concerned. Yes, we will need to boost our offices. The question for us is always this: do you boost an existing office or do you open up a new office, possibly with just one member of staff? The Scots might talk about opening an office in a particular city, but it might just be one person. We were in Dublin before Scotland; we reopened the office there and that's been hugely beneficial for us. But we commissioned work from the Public Policy Institute for Wales specifically on that point: what is the most effective way forward? Do you boost existing offices or do you open a new office? Ireland has the same dilemma, given its size. The way it was put to us by the Irish was, 'The question for us is: do we double the number of staff in a German city or do we have one person in Jakarta? How do we become effective?' So, that's why we commissioned that work.

[88] We'll continue to look at new offers in the States, particularly. We've just opened Atlanta. We need to look at whether we open another office in the States out on the west coast or look further north in North America, possibly not in the States. Brussels will remain; that's hugely important—that's going to be one of the world's major markets anyway. And we'll continue to look at where we can best place Welsh staff.

[89] **Russell George:** But these issues weren't in your programme for government. It's not an alternation you made to your programme of government to do what you've just stated now.

[90] **The First Minister:** No, it's an ongoing programme. A lot of staff were lost pre 2011. We've looked to reopen offices that were shut then and re-employ more staff. We've seen the benefits of that with the investment that we've been able to attract. So, this is just a continuation of something that we began in 2011.

[91] **Ann Jones:** And then finally on this section, John Griffiths.

[92] **John Griffiths:** First Minister, I want to return to health and social care. In responding to Jayne Bryant you touched briefly on health and social care issues. I'd like to hear from you as to how the parliamentary review into the

long-term future of health and social care will shape Welsh Government policy making for the future, including on the wider determinants of health and ill health beyond health and social care services.

[93] **The First Minister:** The intention is to have a cross-party approach to this. That doesn't mean that we're looking to avoid scrutiny or that other parties will be drawn in and not be able to criticise where they feel they should. That's not the intention. But it is the intention to make sure that we have the broadest review possible to see if we can come to some common goals at least, without prejudice to the ability of others to scrutinise what the Government does, of course. But that is what the review is intended to do.

[94] **John Griffiths:** On the wider determinants of health and ill health, First Minister, you mentioned physical activity and exercise earlier and we now have the Minister for health and sport. In terms of Welsh Government's thinking and policy making, will we now see a greater emphasis on physical activity to be more preventative in tackling health issues in Wales?

[95] **The First Minister:** Yes. That's the reason why sport is specifically included in the title. I took the view that you had to separate elite sport from community sport. Elite sport is performance, and a lot of it has an economic drive, major events particularly, whereas community sport is indeed about improving people's physical health. I wanted to make sure that, as we talk about social prescriptions and we talk about people accessing ways to help them that don't include pharmaceutical interventions—it's hugely important, then, that sport is seen as a part of health and improving people's underlying health, which is why it sits in that department.

[96] **Ann Jones:** Okay. If everybody's sort of fairly—you've got one, and you—. I knew I shouldn't have looked over there. Go on then, Simon, quickly.

[97] **Simon Thomas:** There's a link between what John Griffiths has just asked and what Jayne Bryant asked earlier. You talk about the change in services all the time, improving overall health in order to save on the chronic services, if you like. But you haven't got the resources and the budget to double-run these services, have you? You can't continue with the sickness service, if you like, whilst trying to put more resources into the health side of things, because you just don't have the resources and the budget to do that.

[98] **The First Minister:** It's true to say that the immediate pressure comes on providing a service now, because people expect to have a level of service

and they are disappointed if they don't get that level of service. So, yes, it is right to say that there is immense pressure to make sure that more resource goes into dealing with people's conditions now.

[99] **Simon Thomas:** And political pressure.

[100] **The First Minister:** Sorry?

[101] **Simon Thomas:** And political pressure from all parties.

[102] **The First Minister:** That's absolutely true—absolutely true. We see that on an almost daily basis, but that doesn't mean, of course, that we allocate all the resource to what I think you've rightly described as a sickness services. So, allocating sufficient resource so that we can improve people's health in the longer term is important, but, you know, it can be difficult. Given the fact that demand on the health service continues to increase, we've continued to put more resource into the health service. What we have to avoid becoming is a Government that simply looks at dealing with what is here and now. The future generations Act tells us that we have to look at the future and look to provide—even though we may not be able to allocate as much resource as we would want to, given the circumstances we find ourselves in—we have to make sure that we allocate an adequate amount of resource to make sure that we deal with these problems in the future.

[103] **Ann Jones:** Well, we were going to move on to affordability, and you've got a question around that, so do you want to do your question, because it ties in, I think, where you started your questioning?

[104] **Simon Thomas:** Well, I think that was my kind of question.

[105] **Ann Jones:** Was it? Oh, right.

[106] **Simon Thomas:** I've got another question, however. [*Laughter.*] Perhaps we'll come back to that a little later.

[107] **Ann Jones:** Okay. All right, then. I was just thinking, if you wanted to continue that theme, but, no—. Shall we move on to affordability, then? Nick, you've got a question around the new tax-raising powers.

[108] **Nick Ramsay:** Yes. First Minister, we're currently in the scrutiny period of the draft budget, which, I imagine—I know—underpins the programme for

government. There are commitments from that programme that will clearly go beyond this budget over the next four or five-year period of this Assembly, and yet, there doesn't seem to be any acknowledgement or any detail at this point about how tax powers will be used to underpin the programme of government, even though those tax powers will be with us in the very near future. I think that this is the last budget we'll be looking at, actually, that won't actually be within the new tax power regime. Why is there no factoring in of the devolution of tax powers? And are you confident that you know exactly what you're going to be doing with those tax powers to make sure the programme of government can be delivered?

[109] **The First Minister:** Well, two things: first of all, we need that fiscal framework agreed between us and the UK Government. There has been good progress on that, but it's not agreed yet, and that fiscal framework will be hugely important to make sure that Wales doesn't lose out as a result of the devolution of these tax powers. I have to say that we have no plans to change the tax rates, but what the devolution of income tax will give us is the ability to use that revenue stream to borrow, and that, I think, is hugely important. We have been, up until now, the only level of government above community councils that can't borrow money—Northern Ireland can do it, Scotland will be able to do it, obviously the UK Government can do it, local government can do it. Now, these powers have to be exercised prudently. We understand that, and I fully understand that in order to be able to borrow, there needs to be a revenue stream, and what that will give us, along with stamp duty—or the land transaction tax, as it will become—and landfill disposals tax, is that revenue stream against which we can borrow.

[110] **Nick Ramsay:** Are you happy with the progress that's been made with the establishment of the Welsh Revenue Authority? We've got the Welsh Revenue Authority coming down the line, we've got the new Welsh treasury—is that all on track, and do you think it's going to be capable of delivering—Welsh revenue authority

[111] **The First Minister:** Yes, I am. We started very early with the Welsh Revenue Authority, once we knew, of course, that LTT, as it will become, and the landfill disposals tax were coming. So, the work is going very well, and I anticipate that the authority will be ready, as required.

[112] **Nick Ramsay:** Thanks. And, given your statement that where we start new programmes to fulfil our pledges, we must stop something else to pay for it, can you give us any examples of where the Welsh Government is

intending to withdraw funding from other programmes to pay for new commitments?

[113] **The First Minister:** Well, we haven't needed to do it yet, because we've had cash increases from the UK Government, even though they're not real-terms increases. Now, that may not be the case in the future, and, yes, then we will have to take decisions on where funding should be stopped, but, so far, those cash increases, as far as this financial year is concerned, have been able to ensure that we haven't had to take a decision on what to cut.

[114] **Nick Ramsay:** Very finally?

[115] **Ann Jones:** Yes.

[116] **Nick Ramsay:** Very finally: so, you're happy that this budget plays a significant role in the major programme over the next few years and that it will actually be a workable piece of the jigsaw to make sure that that programme of government can be delivered over the next few years.

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

[118] **Ann Jones:** Mark and then Mike—on this same point, I take it.

[119] **Mark Reckless:** Revenues from land transaction tax, from the landfill tax, from income tax, if that comes, will be offset by a reduction in the block grant. So, when you are looking to support borrowing, will there actually be more money there to support the borrowing, and won't it actually, even with a good fiscal framework, be subject to higher risk than under block grants and therefore perhaps less attractive to secure borrowing, unless, of course, you're planning to raise those taxes?

[120] **The First Minister:** No. We're not planning to increase the rates of income tax in Wales, but it is right to say that the questions that have been asked are questions that are being considered as part of the fiscal framework discussions. It's hugely important for us that we don't see a situation where Wales is worse off as a result of those discussions, but I'm confident we can get to a position where that isn't the case.

09:45

[121] **Ann Jones:** Okay. Mike.

[122] **Mike Hedges:** Thank you, Chair. My questions follow on from Nick Ramsay's. The first one is: what progress is being made on the aggregate levy?

[123] **The First Minister:** On the aggregate levy—that's still stuck at the moment, if I remember rightly, in court action. There's an issue, if I remember rightly, over whether it can be set at different levels across the UK, where the Azores judgment is involved. To my memory, that's where it's at at the moment.

[124] **Mike Hedges:** Yes, but, of course, the Azores judgment will disappear in two years' time, so we should be available to have it, shouldn't we?

[125] **The First Minister:** It depends on what the nature of the UK's relationship is with the EU in the future, and whether there'll be some aspects of European law that will continue to apply, and, indeed, what the UK Government itself does. So, again, it may, or it may not.

[126] **Mike Hedges:** And the other question I've got is: we've got an agreement on no detriment—which has discovered a new meaning to what I thought; I thought it was going to be at the very beginning within the fiscal framework. Assuming that the Treasury come up with numbers that we don't agree with, and I look at what happened over the funding for the Olympics, where we probably got what I think should have been Swansea's share of it for the whole of Wales, is there any proposal to have an appeals mechanism for a body to adjudicate between the Treasury and between the Welsh Government—a bit like the Office for Budget Responsibility acts as an arbitrator—in order that we are not treated unfairly?

[127] **The First Minister:** I agree wholeheartedly with that. Australia has its grants commission, which is a model that can be looked at. The UK will have to develop its structure as we leave the EU. We can't go to a situation where decisions on the UK's internal market, or financial decisions, are governed entirely by Whitehall—there has to be agreement between the different Governments. So, for example, if we look at animal health, it makes sense to have a common animal health regime across GB—of course it does—but by agreement, not by imposition. With agriculture, imposition of what, effectively, would be the English payment scheme on the rest of the UK would not be acceptable—it has to be done by agreement. The same with finance.

[128] The difficulty we have at the moment is the Joint Ministerial Council's disputes resolution process basically ends with the Treasury. So, if you are in dispute with the Treasury, the Treasury are the other party in the dispute, and they also judge it. Well, in the long term, that can't possibly be right. We do have to move to, I think, an independent body. One of my suggestions years ago was that any dispute would be adjudicated by a panel of four or five—perhaps those in the Lords, people with experience, but not in any way politically connected, or in active politics. But the Treasury wouldn't let go of it. But that has to change in the future if the UK is going to be robust in the future.

[129] **Mike Hedges:** My last question: of course, London is different to the rest of Britain. London is an international city, and probably more comparable to New York than it is to the rest of Britain, and gross—. Land values and house prices in London bear no relationship at all to the rest of Britain, but bear a relationship to what's happening in the rest of the world. How can we ensure that what's happening in London is excluded from comparisons? Otherwise, we're bound—no matter what the Welsh Government does, or whatever Welsh Government we have—to do less well than London.

[130] **The First Minister:** It's a two-edged sword, because, of course, the whole of Britain benefits from money being distributed out of London to the rest of the UK. But, you're right, of course London operates as a city almost outside of the UK in terms of the fact that it's a world city. One of the issues that have been raised from time to time is that London should keep its own revenue. Well, yes, that would be great for London, that's true, not so good for the rest of the UK, and it would also undermine one of the reasons why the UK exists in the first place. That redistributed element is surely one of the benefits of UK membership, as far as Wales is concerned. So, what's hugely important, and I understand this point, is that the fiscal framework is agreed, and it's agreed on a basis that's beneficial to Wales. Ideally, we'd see Barnett reform, but that is not in the vocabulary of the current UK Government.

[131] **Mike Hedges:** Okay.

[132] **Ann Jones:** Okay. Simon.

[133] **Simon Thomas:** Jest i **Simon Thomas:** Just to start, one very

ddechrau, un cwestiwn penodol iawn: rŷch chi newydd sôn eich bod chi'n hyderus bod sefydlu Awdurdod Cyllid Cymru yn mynd yn ei flaen fel rŷch chi'n ei ddisgwyl. A ydych chi wedi penderfynu ble i roi pencadlys yr awdurdod hwnnw? Rŷm ni'n colli sgiliau iaith Gymraeg trethiannol ym Mhorthmadog, er enghraifft, sydd, y gallaf ddweud wrthyf chi, yn rhywbeth sydd yn golled go iawn i bobl sy'n arfer yr iaith Gymraeg wrth drafod trethi. Byddai'n beth da i ddangos eich bod yn symud awdurdod y tu allan i Gaerdydd. A oes penderfyniad wedi digwydd eto?

specific question: you've mentioned that you're confident that establishing the Welsh Revenue Authority is progressing as you'd expect. Have you decided where to put the headquarters of that authority? We're losing Welsh language skills in taxation in Porthmadog, for example, which is, I can say to you, a real loss for the people who use Welsh when discussing taxation. It would be a good thing to show that you're moving an authority outside Cardiff. Have you made a decision yet?

[134] **Y Prif Weinidog:** Na, dim eto. Rwy'n ymwybodol, wrth gwrs, o'r pwyntiau sy'n cael ei wneud ynglŷn â Phorthmadog. Mae pobl wedi dweud hyn wrthyf fi o'r blaen. So, na, nid oes penderfyniad eto, ond rwy'n deall, wrth gwrs, y nod i sicrhau bod mwy o swyddi ar gael tu fas i Gaerdydd.

The First Minister: Not as of yet, no. I am aware of the points that you make about Porthmadog. That point has been made to me in the past. But, no, no decision has been made as of yet, but I do understand, of course, the aim of ensuring that there are more jobs available outwith Cardiff.

[135] **Simon Thomas:** Ai eich penderfyniad chi fel Llywodraeth fydd sefydlu pencadlys, neu benderfyniad yr awdurdod pan fyddwch yn penodi cadeirydd?

Simon Thomas: Is it your decision as a Government to establish the headquarters, or the decision of the authority when you appoint a chair?

[136] **Y Prif Weinidog:** Na, ni fel Llywodraeth.

The First Minister: No, us as a Government.

[137] **Simon Thomas:** Océ. Diolch. A gaf i jest fynd yn ôl at fenthycu am eiliad? Mae'r darlun yn dal yn niwlog oherwydd nid oes fframwaith cyllidol yn ei le, ac mae wedi'i gymysgu gan y

Simon Thomas: Okay. Thank. Could I just return to borrowing for a second? The picture is still cloudy because there is no fiscal framework in place, and it has been confused by

ffaith bod gennych chi, mewn theori o leiaf, fynediad i fenthyca cynnar ar gyfer un prosiect yn benodol, sef yr M4 newydd, wrth gwrs. Pe na bai'r ymchwiliad cyhoeddus yn cefnogi eich cynlluniau presennol ar gyfer yr M4, a fyddai gennych chi yr hawl i'r arian yna ar gyfer cynlluniau eraill, megis y metro?

the fact that you, in theory at least, have access to early borrowing for one specific project, namely the new M4 relief road. If the public inquiry didn't support your current plans for the M4, would you have the right to claim that money for other projects, such as the metro?

[138] **Y Prif Weinidog:** Na, dim ar hyn o bryd. Mae'r arian yna—

The First Minister: No, not at the moment. That money—

[139] **Simon Thomas:** A ydy hynny'n rhan o'r drafodaeth rydych chi'n ei chael o gwmpas y fframwaith cyllidol?

Simon Thomas: Is that part of the discussions you're having around the fiscal framework?

[140] **Y Prif Weinidog:** Ar ddiwedd y dydd, bydd, wrth gwrs, achos mae hwn yn rheol dros dro. So, efallai, bydd hynny'n newid gydag amser.

The First Minister: At the end of the day, it will be, because this is a temporary rule. So, perhaps that will change in time.

[141] **Simon Thomas:** Maes o law.

Simon Thomas: In due course.

[142] **Y Prif Weinidog:** Ond, ar hyn o bryd, mae'r arian yna ar gael i'r M4—nid dim ond i'r *black route*, wrth gwrs, ond i'r M4 ynglŷn â sicrhau bod yna ffordd osgoi rownd twneli Brynglas. Ond, wrth gwrs, bydd hynny'n newid, lle bydd y rhwystr yna ddim yna yn y pen draw.

The First Minister: But, at the moment, that funding is available for the M4—not only for the black route, of course, but for the development of the M4 in ensuring that the relief road around the Brynglas tunnels is in place. But, that will change once that barrier is removed ultimately.

[143] **Simon Thomas:** Rwyf jest eisiau deall pa gyfyngiadau sydd o gwmpas y penderfyniad yna. Rydych newydd ddweud nid o reidrwydd y *black route*, ond ar gyfer gwelliannau yn gyffredinol. Felly, a ydy'ch pwerau benthyg yn y maes yma, sydd hyd at £0.5 biliwn yn ôl beth rwy'n ei ddeall,

Simon Thomas: I just want to understand what restrictions surround that decision. You just said it's not necessarily the black route, but for improvements generally. So, are your borrowing powers in this area, which are up to £0.5 billion, as far as I understand, something that

yn rhywbeth rydych yn gorfod ei drafod gyda Llywodraeth San Steffan, neu a ydyn nhw'n mynd i ddweud 'Wel, mae'n natur problem trafnidiaeth, felly cariwch ymlaen gyda fe'? Pa fath o benderfyniad sydd yna?

you have to discuss with the Westminster Government, or are they going to say, 'Well, it's a transport project, so carry on with it'? What kind of decision is there?

[144] **Y Prif Weinidog:** Na, nid oes eisiau trafod. Mae'r arian yna ar gael ar hyn o bryd i un project, ta beth fydd llwybr y project hwnnw, ac, wrth gwrs, unwaith y byddwn mewn sefyllfa lle bydd y pwerau wedi cael eu trosglwyddo, felly bydd unrhyw rwystr yn mynd.

The First Minister: No, there is no need for discussion. That funding is available now for one project, whatever the route of that will be, and once we're in a position where the powers are transferred then any barrier will be removed.

[145] **Simon Thomas:** A'r cwestiwn olaf, jest ar y benthg, felly. O ystyried yr holl bwerau datganoledig a fydd yn dod—y ddau brif dreth rydym yn eu trafod ar hyn o bryd a'r y dreth incwm—a oes gennych chi unrhyw amcangyfrif o tua faint y bydd modd i Lywodraeth Cymru ei fenthca mewn ffordd ddiogel wrth fwrw ymlaen? A ydym ni'n sôn am tua £2 biliwn, neu a oes yna unrhyw ffigwr gennych chi, i gefnogi'r rhaglen llywodraethu sydd gyda chi nawr?

Simon Thomas: And the final question on borrowing therefore. Given all the devolved powers that will come—the two main taxes that we are discussing currently and income tax—do you have any estimate of how much the Welsh Government will be able to borrow in a secure way in pressing ahead? Are we talking about £2 billion, or do you have any figures in mind, to support the programme for government that you have currently?

[146] **Y Prif Weinidog:** Na, dim ar hyn o bryd. Mae hynny'n rhywbeth rydym yn dal i'w ystyried, ac mae'n dibynnu, wrth gwrs, ar beth fydd canlyniad y trafodaethau ar y fframwaith cyllidol. Felly, na. Beth sy'n wir i'w ddweud yw y byddwn yn gallu benthg mwy o arian, ond ar hyn o bryd nid yw'n glir yn gymwys

The First Minister: Not at the moment, no. This is something that we are still considering, and it depends, of course, on the outcomes of the negotiations on the fiscal framework. So, no. What is true to say is that we will be able to borrow more, but it's not clear exactly what the limit will be at the moment.

beth yw'r *limit*.

[147] **Simon Thomas:** A fyddwch chi'n ymgynghori ar hynny, neu ydy e
Simon Thomas: Will you be consulting on that, or is it just—
 jest—

[148] **Y Prif Weinidog:** Na, na— **The First Minister:** No, no—

[149] **Simon Thomas:** Beth yw'r camau i benderfynu ar rywbeth fel yna, achos mae'r cwestiwn o sefydlogrwydd incwm a refeniw y Llywodraeth yn bwysig fan hyn?
Simon Thomas: What are the steps to make that kind of decision, because the question of stability of income and revenue for the Government is very important?

[150] **Y Prif Weinidog:** Mae hynny'n rhywbeth i'r Llywodraeth ei ystyried, ac, wrth gwrs, i'r Cynulliad ei sgrwtineiddio yn y modd arferol. Byddai hynny'n rhywbeth a fyddai'n cael ei ddelio ag ef ar lawr y Cynulliad.
The First Minister: That is something for the Government to consider and, of course, for the Assembly to scrutinise in the usual manner. That is something that would be dealt with on the floor of the Assembly.

[151] **Simon Thomas:** Bydd, bydd. **Simon Thomas:** Yes, it will. Okay. Ocê.

[152] **Ann Jones:** I've got John on this point, and then I'll come back to you.

[153] **John Griffiths:** I just wanted to ask a little further, First Minister, in terms of the significance of that borrowing ability for the M4, that £500 million. Because given the timescale of the work on the M4, and the fact that Welsh Government will have borrowing powers more generally within that timescale, how significant is that early borrowing facility for the taking forward of Welsh Government policy on the M4, and indeed, more widely, on the metro?

[154] **The First Minister:** Well, we never intended to borrow for the metro in its early stages in any event. The finance was there. We were looking at different funding sources, and part of it was European funding. The borrowing was simply for the M4 at this stage. It depends on the outcome, of course, of the inquiry and when the M4 relief road starts. I'm hopeful that it will start before the rules change to make it easier for us to have more

flexibility over borrowing. There will be a limit of course, a Treasury limit, I should add, on what we can borrow. It won't be an open chequebook in that sense. But, much of it depends on the timing of the inquiry, the recommendations of the inquiry, and any decisions that are taken thereafter.

[155] **Ann Jones:** Okay. Bethan.

[156] **Bethan Jenkins:** Rydym wedi cyffwrdd yn gynharach ar weithio gyda phleidiau eraill, ond nid yn y cyd-destun o ba mor fforddiadwy yw rhai o'r cysyniadau sydd wedi dod ger bron gan Blaid Cymru. Hynny yw, mae rhai ohonyn nhw yn beilotiaid: mae yna ganolfan newydd i hyrwyddo'r Gymraeg ac mae yna arian ychwanegol yn mynd mewn i anhwylderau bwyta. Os oes gan rhai o'r projectau yma werth mwy hirdymor, a fydddech chi'n edrych i weld sut y byddai hynny yn cael impact ar gyllidebau yn y dyfodol? Oherwydd, wedyn, byddai'n rhaid addasu beth rydych yn ei wneud o ran yr hyn sydd yn y rhaglen ar hyn o bryd er mwyn gallu parhau gyda rhai o'r syniadau hynny.

Bethan Jenkins: We touched earlier on working with other parties, but not in the context of how affordable some of the concepts are that have come before us through Plaid Cymru. That is, some of them are pilots: there's a new centre to promote the Welsh language and there's additional money going in to eating disorders. If some of these projects do have a greater value in the long term, would you look to see how that would have an impact on future budgets? Because then perhaps you'd have to adjust what you're doing in terms of what's in the programme at present in order to continue with some of those ideas.

[157] **Y Prif Weinidog:** Wel, wrth gwrs, bydd hyn yn rhan o'r trafodaethau yn y pen draw dros y blynyddoedd i weld beth yn gwmws sy'n gweithio. Ac, wrth gwrs, ein nod ni fel Llywodraeth yw gweithio gyda'r pleidiau eraill ynglŷn â'r gyllideb. Mae'n gynnar eto i ddweud yn gwmws beth fydd yn digwydd dros y blynyddoedd nesaf, ond mae yna gytundeb gennym yn awr i symud ymlaen. Bydd yn rhaid i ni ystyried pa mor effeithiol yw'r projectau peilot o

The First Minister: Well, yes, this will be part of the negotiations eventually over the years to see exactly what does work. And our aim as a Government, of course, is to work with other parties on the budget. It's too early to say exactly what will happen over the next few years, but we do have an agreement to move forward. We will have to consider how effective the pilot projects are and whether they are to be funded for the future.

ran a ddylen nhw gael eu cyllido yn y dyfodol.

[158] **Ann Jones:** Okay? Is everybody content, then, that we've asked enough questions on affordability? Okay, fine. We move on to the delivery section, then, of the programme for government. David, you've got the first set.

[159] **David Rees:** Thank you, Chair. I think it's partly been answered because Lynne Neagle asked earlier about Communities First, but she also highlighted the input into the decision in your document about helping communities, working with communities and supporting communities. At times of austerity, we are seeing, actually, many of those communities struggling because of local government decisions to change some of the services that are non-statutory. How do you see your Government actually supporting those communities to ensure that those services remain in those communities, so that they can benefit from services such as libraries, community centres and leisure centres in their heart, and they haven't got to go out? They're having tremendous trouble, actually, leaving those communities to find them elsewhere.

[160] **The First Minister:** Our preferred position is that local authority facilities should continue to be run by local authorities, but there may be occasions when that's not possible. The last thing we would want local authorities to do is to close facilities; there are two other options they should consider first. Firstly, whether there is a social enterprise or a not-for-profit that can take over those facilities—I've seen it, for example, in my own authority in Bridgend—or whether there's a local community group that can take over a facility—I've seen it in your constituency in Britton Ferry. All those possibilities should be explored, rather than simply saying, 'Well, we can't afford to run this anymore, so we're going to close it.' That, I don't think, is an acceptable approach in these times of austerity.

[161] **David Rees:** And will your Government be looking at ways to make it smoother and easier for those community groups to actually do that, because some of them find it very difficult to get support and very difficult to get advice, and the timescales put upon them by local authorities are very tight?

[162] **The First Minister:** It's hugely important that they're able to access advice. We do work with the third sector, of course. We've got an action plan that we work on with them. There are many associations of voluntary

organisations locally that are able to offer advice to community groups in terms of where they can get access to funding, how they can get access to training, and we've seen that happen in many parts of Wales. But, to my mind, it truly is in the interests of a local authority to be able to smooth the transition and to provide help to people who wish to run a facility as a community group, rather than just saying, 'It's all yours now.' I've seen good examples of that happening across Wales where that transition has been facilitated properly by a local authority.

[163] **David Rees:** And is that what is meant by a 'made in Wales approach', because I'm deeply concerned still that there are authorities that don't have the same view as you, and are therefore making things difficult? On top of which, we have seen the same individuals in those communities taking on task after task after task, and therefore they're becoming, basically, worn out and tired—they are being exhausted because of the process.

[164] **The First Minister:** When I first heard the term 'big society', I did see it, I have to say, as a way of throwing what were previously local authority services at voluntary groups on a wholesale basis. That said, I think where it's possible for an enthusiastic community group to take over a facility—where it's possible for a not-for-profit or a social enterprise to do that—then that's exactly what local authorities should be considering, if they say that they can't do it themselves.

[165] **David Rees:** Okay.

[166] **Ann Jones:** Lynne.

[167] **Lynne Neagle:** I think we have to recognise that local authorities don't want to make these cuts. Obviously, they're in a very difficult position indeed, and I very much welcome the protection that the Welsh Government has tried to give local government, but we are in hard times.

10:00

[168] And it does seem to me that there's a really key role for organisations like Sport Wales and the relevant bodies to actually co-ordinate more and to share expertise, and to bring people together. I don't know if that work is happening at the moment. Is that something that you would look at trying to drive forward as a Government?

[169] **The First Minister:** I think that's an eminently sensible suggestion. Sport Wales are the body charged with promoting sport and to assist, to my mind, community groups to move forward with taking over a facility such as this. It's a big ask of people. Enthusiasm is one thing, the ability to do it and the ability to access the advice and finance that you need is another. But I would expect, for example, the local associations of voluntary organisations to be able to help, and they are doing that—I've seen examples of that—but Sport Wales will have a role; that's true.

[170] **Ann Jones:** Okay. Mike.

[171] **Mike Hedges:** On that, of course, with sports clubs taking over their clubs' sports grounds, that can work very well, but they need access to equipment. Cutting a football ground or a rugby ground is not the same as cutting your back garden. So, has any advice been given to local authorities or others to try to ensure that adequate equipment is available to sports clubs that take over grounds?

[172] **The First Minister:** I would expect that to be part of the discussions that take place. Clearly, a voluntary group is not going to want to take over something that is in desperate need of a huge amount of money just to keep it open. In the same way, there's no point taking over a building if none of the equipment that was there previously is still there. So, it's hugely important that, as part of those discussions, local groups feel that they're able to take over a facility that will be improved in the future and can be run without a huge financial burden.

[173] **Ann Jones:** Okay, on this point, Huw, or Simon?

[174] **Huw Irranca-Davies:** It's on this point.

[175] **Ann Jones:** Both on this point?

[176] **Simon Thomas:** On local government.

[177] **Huw Irranca-Davies:** Yes, on this point.

[178] **Ann Jones:** Well, on this point, I'll take Huw first and then I'll come back to you on local government.

[179] **Huw Irranca-Davies:** A very short question: do you have any concerns

that, because of the year-on-year deep ingress into both the public sector, local authorities particularly in this case, but also into the third sector as well, that that capacity to deliver this collaboration and reform is denuded? I say this as I look around different parts of Wales and you speak to back-office functions in local authorities, where people expect things to be happening and they say, 'We've had endless Westminster-driven cuts behind the scenes again and again and again; we'd love to help deliver this, and so would the third sector, so would all those community voluntary organisations, but it's tough.'

[180] **The First Minister:** Yes, but the question I'd ask is: do local authorities need to be running their own back-office functions, or can they just not pool their resources? That's what we're trying to encourage them to do now in order to be able to get greater resilience, as far as they're concerned, and be able to offer that advice. For the future, the future of local government lies in collaboration amongst local authorities, given the size of our local authorities, to be able to deliver a better service. So yes, it is tough, even though in Wales we have protected local government spending relative to elsewhere in the UK, but local authorities, I'm sure, can find new ways of working, particularly working more closely with each other.

[181] **Huw Irranca-Davies:** But my point is specifically about that issue: it's not the generality of the cuts, it's in this fact of having to work in a different way, in a smarter and a cleverer way with fewer resources. Accepting that, is the capacity there, both in the third sector and in local authorities to do that level of collaboration? Because in days gone by, we would have said, 'Let's throw some resource at this to make this happen', but not we don't have the resource to do that.

[182] **The First Minister:** There are good examples of it happening anyway.

[183] **Huw Irranca-Davies:** Yes.

[184] **The First Minister:** I think it's true to say that we must guard against what I think David Rees has described, which is volunteer exhaustion, where the same people in communities are involved in everything. And being able to encourage more people to come forward as volunteers is going to be important, as it always will be in the future. That's why we work with the third sector in order for them to be able to attract more volunteers.

[185] **Ann Jones:** Simon.

[186] **Simon Thomas:** Ie, jest ar y pwynt yma, mae'n amlwg yn y rhaglen llywodraethu eich bod chi wedi troi i ffwrdd oddi wrth ad-drefnu llywodraeth leol, fel y cyfryw, ond mae nifer o ddatganiadau wedi cael eu gwneud gan yr Ysgrifennydd Cabinet ynglŷn â chydweithio, a hyd yn oed cydweithio gorfodol. Mae'n ymddangos i mi nad oes modd i chi gyflawni'r hyn rydych chi'n bwriadu ei wneud heb ryw fath o ddeddfwriaeth. A ydych chi'n bwriadu dod â Deddf diwygio, os nad ad-drefnu, llywodraeth leol i'r Cynulliad, felly?

Simon Thomas: Just on that point, clearly, in the programme for government, you have actually turned your back on local government reorganisation as such, but many statements have been made by the Cabinet Secretary on collaboration and even enforced collaboration. It appears to me that you can't achieve what you want to achieve without some sort of legislation. So, do you intend to introduce a local government reform, if not reorganisation, Act to the Assembly?

[187] **Y Prif Weinidog:** Ydyn; nid ad-drefnu, rydym ni wedi dweud hynny nawr. Beth mae'r Ysgrifennydd wedi ei ddweud yw nad yw e moyn ad-drefnu; bydd 22 o awdurdodau lleol, ond fyddan nhw ddim yn gwneud popeth eu hunain. Mae'n rhaid gweld mwy o gydweithio yn rhanbarthol. Rydym ni wedi gweld hyn yn gweithio yn effeithiol iawn gydag addysg. Mae'n rhaid gwneud yr un peth, er enghraifft, gyda chynllunio, jest i roi enghraifft arall. Ond ni fydd hyn yn rhywbeth gorfodol—all e ddim bod, neu fyddai fe ddim yn gweithio. So, bydd rhaid newid y gyfraith er mwyn sicrhau bod yna ffordd i orfodi awdurdodau lleol, os maen nhw'n moyn cadw eu hannibyniaeth yn y ffordd honno, i weithio gyda'i gilydd er mwyn gweithredu gwasanaeth gwell i'w hardaloedd.

The First Minister: Yes; not reorganisation, we've said that now. What the Cabinet Secretary has said is that he doesn't want reorganisation; there will be 22 local authorities, but they won't do everything themselves. Now, we have to see more collaboration on a regional level, and we've seen that working very effectively with education and also with planning, just to give you another example. But it can't all be voluntary, or it wouldn't work. So, we will have to change the law to ensure that there is a way to enforce local authorities, if they want to keep their independence, that they have to work together in order to offer a better service to their areas.

[188] **Simon Thomas:** Beth yw'r amserlen, felly, ar gyfer deddfwriaeth o'r fath? Nid yw yn y rhaglen ddeddfwriaethol bresennol, nac ydy?

Simon Thomas: What's the timetable for such legislation, because it's not in the current legislative programme, is it?

[189] **Y Prif Weinidog:** Ond mae hon yn ddeddfwriaeth y bydd yn cael ei doddi o flaen y Cynulliad mor gynted â sy'n bosibl.

The First Minister: No, but this is legislation that will be placed before the Assembly as soon as possible.

[190] **Simon Thomas:** Oce. Rydw i'n gysurus gyda hynny, achos dyna'r polisi yr oeddem ni'n ei gymryd cyn yr etholiad diwethaf. Ond, i droi at sut mae ariannu'r broses yna, a ydy'r ddeddfwriaeth yna yn mynd i edrych hefyd ar ddulliau cyllido llywodraeth leol, achos mae rhai o'r problemau sydd wedi cael eu rhannu o gwmpas y ford heddiw yn deillio o'r ffaith bod llywodraeth leol, byddai rhai yn dadlau, yn orddibynnol ar arian o'r canol ac nad yw'n codi digon o arian yn lleol. Mae'r sgôp yn gyfyngedig, ond mae gyda chi ddwy brif ffrwd—y dreth gyngor ei hunan, a threth fusnes. A ydy'r ddwy dreth yna yn debyg o gael eu diwygio yn y Cynulliad hwn hefyd?

Simon Thomas: I'm comfortable with that, because that's the policy that we put forward prior to the last election. But, in turning to how you fund that process, is that legislation also going to look at the funding arrangements for local government, because some of the problems that have been aired around the table today emerged from the fact that local authorities, some would argue, are over-reliant on central funding, and don't raise enough funds locally. The scope is limited, but you have two main sources—council tax and business rates. So, are those two taxes likely to be reformed in this Assembly?

[191] **Y Prif Weinidog:** Gallwn ni ystyried hynny, ond mae'n rhaid bod yn ofalus, yn enwedig gyda threth fusnes. Dim ond pum awdurdod fyddai'n ennill o achos hynny. Byddai'r rhan fwyaf ohonyn nhw'n colli allan. Byddai Caerdydd, Pen-y-bont ar Ogwr a sir Benfro yn ennill yn fawr iawn, o achos y ffaith bod Valero, er enghraifft, yn sir Benfro. Ond byddai rhai awdurdod yn colli

The First Minister: We can consider that, but that we have to be careful, particularly with business rates. Only five authorities would gain from that. Most of them would lose out. Cardiff, Bridgend and Pembrokeshire would gain a lot, because Valero, for example, is down in Pembrokeshire. But some authorities would lose money, particularly those in rural areas, because money is being

arian, yn enwedig awdurdodau gwledig, o achos y ffaith bod arian yn cael ei drosglwyddo mas o ardaloedd trefol—

transferred out of the urban areas—

[192] **Simon Thomas:** Ond rŷch chi wastad yn gorfod cael rhyw fath o drefn ar drethi.

Simon Thomas: You always have to have some sort of distribution mechanism.

[193] **Y Prif Weinidog:** Ie, mae'n rhaid sicrhau nad ydym ni mewn sefyllfa lle mae rhai awdurdod lleol yn colli mas yn fawr iawn achos unrhyw fath o ad-drefnu. Mae rhai wedi sôn am gadw eu trethi busnes. Wel, mae hynny'n newid sylfaenol a sylweddol ynglŷn â'r ffordd y maen nhw'n gallu cyllido eu hunain. Ond, mae hyn yn rhywbeth y gallwn ni ei ystyried wrth weld y model rhanbarthol yn datblygu yn y pen draw.

The First Minister: Yes, we have to ensure that we're not in a position where some authorities lose a great deal as a result of any reorganisation. Some have mentioned that they should retain their business rates. Well, that's a fundamental and significant change in terms of how they self-fund. But this is something that we can consider in seeing the regional model develop, ultimately.

[194] **Simon Thomas:** Ond a ydych chi'n cytuno gyda'r rhai sy'n dweud nad yw e'n glir ar hyn o bryd o ran adnabod bod gwaith gan awdurdod, neu waith da mewn ardal i hybu'r economi, yn cael ei wobrwyo a bod yna ddim cylch *virtuous*, fel petai, o weld twf trethi busnes wedyn yn cael ei fwydo nôl i'r economi. Dyna beth mae'r *business improvement districts* yn trio'i wneud, er enghraifft. Ond, a oes yna unrhyw ffordd o weld hynny'n datblygu wrth i'r rhaglen lywodraethu yma gael ei gweithredu?

Simon Thomas: But do you agree with those who say that it's not clear at the moment, and it's not easy to identify that good work carried out by local authorities in the economy is rewarded, and that there is no virtuous circle in seeing the growth of business rates being fed back into the economy? That's what BIDs are trying to do, for example. But is there any way of seeing that developing as the programme for government is implemented?

[195] **Y Prif Weinidog:** Mae hynny'n wir am Gymru, wrth gwrs, a'r ffaith nad ydym ni'n gweld unrhyw fath o

The First Minister: That's true about Wales, of course, and the fact that we don't see any growth in corporation

dwf yn y dreth gorfforaethol. Mae'n wir i ddweud ei bod hi'n bosibl i ystyried sefyllfa lle byddai awdurdodau lleol yn gallu cadw mwy o arian o'r dreth fusnes, ond beth fyddai'n digwydd os yw'r dreth yna yn mynd i lawr a'r arian yn mynd i lawr? Byddai'n rhaid ffeindio rhyw ffordd iddyn nhw gael rhyw fath o iawndal o awdurdodau eraill, neu o Lywodraeth Cymru. So, pan mae popeth yn mynd yn dda, wel, iawn—mae'n wir i ddweud y byddai system fel yna yn bosibl. Ond beth fyddai'n digwydd pe bai 2008 yn digwydd unwaith eto a bod un awdurdod efallai yn gweld cwmp sylweddol yn yr arian y maen nhw'n ei godi o'r dreth fusnes? Dyna'r broblem y byddai eisiau ei datrys.

tax. It is true to say that it is possible to consider a situation where local authorities could retain more business rates revenue, but what would happen if the tax and revenue reduces? We'd have to find some way of having some kind of compensation from other authorities, or from the Welsh Government. So, when things are going well, fine—it's true to say that that kind of system would be possible. But what happens if we have another 2008 and one authority sees a significant decrease in the money that they raise from business rates? That's the problem that we would have to resolve.

[196] **Simon Thomas:** Ond nid ydych chi'n cau'r draws yn glep ar y syniad o ddiwygio, unrhyw fath o ddiwygio.

Simon Thomas: But you're not closing the door entirely on the idea of reform.

[197] **Y Prif Weinidog:** Na. Fyddwn ni ddim yn gweld sefyllfa lle byddai'r dreth fusnes yn cael ei datganoli yn hollol i awdurdodau lleol. Nid wyf i'n meddwl y byddai hynny'n gweithio yn ymarferol. Rydym ni wastad yn agored i weld ym mha ffordd y gallwn ni ddatganoli mwy o bwerau i awdurdodau lleol, lle mae hynny'n mynd i fod yn weithredol.

The First Minister: No. We wouldn't see a situation where business rates would be completely devolved to local authorities. That wouldn't work in practice. But we're always open to change, or open to see how we can devolve more powers to local authorities, where that is practicably possible.

[198] **Ann Jones:** John.

[199] **John Griffiths:** Yes, while we're talking about delivery, First Minister, earlier we talked about indicators and the Well-being of Future Generations (Wales) Act 2015, and obviously it's very important the Welsh Government is

in a position to know, through monitoring and evaluation, whether what it wants to see delivered through its strategy and policies is being delivered. Is Welsh Government still on a journey towards results-based accountability? If so, where is Welsh Government on that journey?

[200] **The First Minister:** Well, we have the seven goals we can be judged against. We have the 46 indicators against which we can be judged. We have the Future Generations Commissioner for Wales, whose role it is to act as a critical friend, if I can put it that way—not a friend, and not in Government’s pocket, of course not, but a critical friend of Welsh Government. It’s against the requirements of the FG Act that we would expect ourselves to be judged.

[201] **John Griffiths:** Just to take it a little bit further, Chair, I think we’re all familiar with the scenario where, in the past, there’s been some measurement of output as it was described. So, it was about people accessing programmes, perhaps, rather than delivery of the purposes and aims of those programmes. I think that’s why there was the concentration on moving towards results-based accountability, to have those harder outcomes evidenced. So, what you’ve just described now, does that place Welsh Government firmly on that footing of results-based accountability, in your view?

[202] **The First Minister:** I think that’s a fair point. You can’t get judged on the number of strategies you produce; you get judged on how effective they are—how many people you get into training, how many people you get into jobs, how many people are able to access secure employment, just to give an example on the economy. These things are important—that’s true. I’ve often used the phrase ‘strategy factory’ in the past and that’s what Government needs to avoid. Yes, you have to outline what you’re going to do, but what’s hugely important is how you do it and how you’re judged on how you do it. That’s where results come in. At the end of the day, we are judged. I’m questioned in the Chamber every week on statistics and that’s what scrutiny is about. I understand that.

[203] **Ann Jones:** Okay. Can I just ask you, I take licence from the Chair, as the only north Walian here, could you just outline to the people of north Wales—

[204] **Simon Thomas:** I go up to Porthmadog.

[205] **Ann Jones:** Well, yes, we’ll mention Porthmadog, yes. Could you just

outline for the record and for the people of north Wales how your Government strategies and how your Government programme will help them?

[206] **The First Minister:** In several areas. First of all, if we look at health, we did put Betsi Cadwaladr into special measures. They were not delivering the service that people would expect. How can people judge that? They've seen improvements, for example, in cancer treatment and we're seeing the sub-regional neonatal intensive care centre coming to Glan Clwyd. I intervened personally in that to make sure that we had a review that indicated that that SuRNICC was possible to place in Wales, otherwise those mothers would've gone to Arrowe Park, where we'd have had no control over the level of service.

[207] In terms of the economy, Airbus is our single biggest employer and we work very closely with Airbus. Going across the coast, Surf Snowdonia, [*Inaudible.*] Wylfa Newydd—we're very supportive of as a driver for employment. If we look at Rhyl, which I know the Chair has great interest in—

[208] **Ann Jones:** Where's that?

[209] **The First Minister:** —£34 million of investment into the seafront in Rhyl. There's a new school in Rhyl as well, and people can see these as examples of where Welsh Government is looking to invest. We also have people, of course, numbering in the hundreds, working in Llandudno Junction. I know full well that people will say to me, 'Well, the north is forgotten about'. What I say to them is that, actually, the north has about a quarter of the representation in the Assembly; it has strong representation in Cabinet at a level that doesn't exist in Westminster. So, the north's voice can never be forgotten, and I know full well, Chair, that you would never allow that to happen anyway.

[210] **Ann Jones:** All right, thank you. I just wanted something on the record about that. If we're happy with that section that we've completed, shall we move around to topical questions and then, perhaps—? There are a number of people who've got topical questions—sorry about this, First Minister, but we'll try and get through them all. Dai, do you want to start off, then, with a topical question?

[211] **Dai Lloyd:** Diolch yn fawr, **Dai Lloyd:** Thank you very much, Gadeirydd. Bydd y Prif Weinidog yn Chair. The First Minister will be

ymwybodol, yn naturiol, y cyhoeddwyd adroddiad gan Goleg Brenhinol y Meddygon—Royal College of Physicians— ar ysbytai'r wythnos hon, a oedd yn darogan nifer o bethau, ond yn benodol bod 40 y cant o swyddi gwag ymhlith arbenigwyr hŷn mewn ysbytai, ynghlwm â nifer o swyddi gwag ymysg meddygon iau yn ysbytai hefyd. Beth oedd rhai o'r meddygon hyn yn ei ddweud oedd efallai bod nifer o ffactorau, yn naturiol, ond un o'r pethau y maen nhw'n poeni amdano ydy'r canran o fyfyrwyr meddygol o Gymru sydd yn derbyn hyfforddiant mewn ysgolion meddygol yng Nghymru. Yn yr ysgolion meddygol y tu fas i Gymru rŷch chi'n eu gweld yn yr Alban a Lloegr, mae dros 50 y cant o fyfyrwyr meddygol yn dod o'r ardal, yn sylfaenol, o'r lle mae'r ysgol feddygol honno wedi cael ei lleoli.

aware, naturally, that a report was published by the Royal College of Physicians this week, which forecast a number of things, but particularly, that 40 per cent of the vacant posts in hospitals were for senior clinicians, and that there were a number of vacancies among junior doctors too. What some of these physicians were saying was that there may be a number of factors, naturally, but one of the things that they are concerned about is the percentage of medical students from Wales who receive training in medical schools in Wales. In medical schools outwith Wales in Scotland and in England, over 50 per cent of medical students come from the area in which the medical school is based.

[212] Rhyw 15 mlynedd yn ôl pan edrychais i ar ffigurau Caerdydd, 38 y cant o fyfyrwyr meddygol yng Nghaerdydd ar y pryd oedd yn dod o Gymru, a nawr mae'r canran yng Nghaerdydd ac yn Abertawe yn is na hynny. Wrth gwrs, beth rydym ni'n ei weld ydy pobl sy'n derbyn hyfforddiant yn graddio fel meddygon, felly, yn ein hysgolion meddygol ni yma yng Nghymru, ond wedyn yn gadael i fynd yn ôl i le bynnag maen nhw eisiau mynd. Mae hyn yn adlewyrchiad, efallai, o'r problemau rydym ni'n eu cael, felly, wrth lenwi'r swyddi gwag hyn yn nes

Some 15 years ago when I looked at figures for Cardiff, the figure was 38 per cent in terms of medical students from Wales, and now the percentage in both Swansea and Cardiff is lower than that. Of course, what we see is people receiving training and graduating as doctors in our medical schools here in Wales, but then leaving to return to wherever they're from or wherever they want to go. This is a reflection of the problems that we have in filling our vacant posts later on in the process. Are you part of any discussion, therefore, to increase the percentage of medical

ymlaen. A ydych chi'n rhan o unrhyw drafodaeth, felly, i gynyddu canran y myfyrwyr meddygol yn Abertawe—yn yr ysgol ôl-raddedig yn fanna, wrth gwrs—ac yng Nghaerdydd, i gynyddu canran y myfyrwyr meddygol sy'n dod o Gymru.

10:15

[213] **Y Prif Weinidog:** Mae sawl person wedi dweud wrthyf fi fod yna deimlad ymysg pobl ifanc ei bod hi'n haws cael lle mewn coleg yn Lloegr nag yng Nghymru, er eu bod nhw'n dod o Gymru. Mae hynny'n fy nhrwblu i, mae'n rhaid i fi ddweud. Mae'n rhaid inni ystyried pam mae hynny yno, fel *perception*, a hefyd, wrth gwrs, i sicrhau bod mwy a mwy o fyfyrwyr yn yr ysgol yn ystyried meddyginiaeth fel gyrfa. Un modd i wneud hynny, wrth gwrs, yw edrych i weld os gallwn ni estyn nifer y llefydd sydd ar gael. Mae'r Ysgrifennydd ar hyn o bryd yn edrych ar Fangor i weld beth sy'n bosibl ym Mangor, wrth gofio'r ffaith nad oes ysbyty athrofaol yn yr ardal, ond mae hynny'n rhywbeth gallwn ni ystyried, wrth gwrs. Ar un adeg, roedd hi'n wir i ddweud bod meddygon yn tueddu dilyn eu gyrfaedd yn yr ardal lle roeddynt wedi hyfforddi. Nid felly y mae hi ar hyn o bryd yng Nghymru, ond mae'n amlwg bod eisiau gwneud mwy er mwyn hybu mwy o fyfyrwyr ifanc i ystyried meddyginiaeth. Wrth ddweud hynny, wrth gwrs, dim ond rhan o'r llun yw hyn. Mae'n rhaid inni hefyd sicrhau ein bod ni'n gallu

students in the postgraduate school in Swansea, and in Cardiff also, in order to increase the percentage of medical students from Wales.

The First Minister: Several people have told me that there is a feeling among young people that it's easier to get a place in an English college than in Wales, even though they come from Wales. That does trouble me, I have to say. We have to consider why that perception exists, and we have to ensure that more schoolchildren do consider medicine as a career. One way to do that, of course, is to look at whether we can extend the number of places that are available. The Cabinet Secretary is looking at Bangor to see what's possible in Bangor, bearing in mind that there's no university hospital in the area, but that's something that we can consider of course. At one time, it was true to say that doctors tended to pursue their careers in the areas where they trained. That's not how it is in Wales at present, but evidently we need to do more in order to encourage more young people to study medicine. In saying that, that's only a part of it, as you have to ensure that we attract people in because it's an international market in terms of doctors.

tynnu pobl i mewn, achos y farchnad
rhyngwladol sydd yna ynglŷn â
meddygon.

[214] **Ann Jones:** David Rees.

[215] **David Rees:** Before I go on to my question, on that one: doctors aren't the only aspect of the workforce in the healthcare. We talked earlier about the affordability and as you say, and as Simon said, we are firefighting an awful lot because of dealing with current sicknesses and ill health. Looking forward, is your Welsh Government now putting in place a strong strategy for all health professionals—nurses, other allied health professions—to ensure that the resources are there so we can deliver care in the home, care in the community, but also to ensure that we can still deliver effective care in our tertiary sector and secondary sector?

[216] **The First Minister:** Yes. We have been encouraging as much cross-working as possible amongst the professions. We're seeing in it Prestatyn at the moment. Where you look at Healthy Prestatyn, you have available to people who go to what was a GP—or replaced two GP surgeries—a number of professionals and they are referred to the person who's most appropriate to them. I'm aware of what the British Medical Association is saying about the need to increase the number of GPs. I listen to what they're saying, but there's no point in increasing the number of GPs if the work they're dealing with is work that actually could be dealt with by someone else. It just puts more pressure on them. So Choose Well is hugely important, saying to people, 'Go and see a pharmacist first, if not, then a community nurse and then a GP.' I'm very keen to get away from the idea that people think that their first port of call is a GP. That just puts pressure on GPs for no reason. So, yes, I am aware of what the BMA are saying, but I also take the view that GPs are important, clearly, but it's also about those other professions, such as occupational therapists, such as physiotherapists, such as community nurses, who can provide that holistic service and take pressure off the GP workforce.

[217] **Ann Jones:** We'll move on because you've opened a can of worms now. Everybody wants to talk about this. Simon.

[218] **Simon Thomas:** Jest wrth sôn **Simon Thomas:** Just on the issue of am feddygon teulu, mewn mannau o GPs, now in some areas of Wales Gymru mae yna broblem ddifrifol there is a serious problem in

wrth recriwtio a chadw meddygon teulu, does dim dwywaith am hynny. Mae yna sawl dull—rŷch chi newydd sôn am un yn y gogledd, ond mae yna ddulliau eraill rwy'n ymwybodol ohonynt—clystyrau er enghraifft, ac ariannu uniongyrchol i'r clwstwr yn hytrach na thrwy fwrdd iechyd. Mae hynny yn newid y peth. Mae'n gofyn y cwestiwn, a dweud y gwir, i Lywodraeth Cymru: a ydym ni'n gallu cadw y dull presennol o feddygfeydd preifat sydd gyda ni i ddarparu gwasanaeth gofal sylfaenol? Onid yw yw hi'n bryd camu yn ôl a dweud ei bod hi'n bryd symud at fodel newydd a bod y model newydd yn mynd i gynnwys pethau fel y clystyru yma, y cymysgedd o wahanol staff, o wahanol sgiliau, *advanced practice nurses* a phob dim arall, a'i bod hi'n bryd rhoi diwedd a therfyn ar y feddygfa teulu draddodiadol? Ai dyna'r sefyllfa rydym ni ynddi?

recruiting and retaining, there's no doubt about that. There are a number of methods, and you've just mentioned one in north Wales, but there are others in terms of clustering and direct funding for clusters, rather than it coming through the health board. That can change things, and it does pose the question of the Welsh Government: can we actually retain the current model of private surgeries that we have in providing primary care services? Isn't it time to take a step back and say we need to move to a new model and that the new model will include things such as clustering, the mix of different staff with various skills, advanced practice nurses and all sorts of other skills, and that it is time to put an end to the traditional GP surgery? Is that the situation we find ourselves in?

[219] **Y Prif Weinidog:** Rwy'n credu bod hynny'n mynd i ddigwydd ta beth. Nawr, barn y rhan fwyaf o feddygon teulu byddai, 'Na, byddem ni'n moyn cadw y system bresennol,' achos mae nifer ohonyn nhw wedi prynu mewn i bractis, felly mae'n nhw'n moyn ystyried y buddsoddiad yna, ac rwy'n deall hynny. Mae'n bwysig i rai ohonyn nhw eu bod nhw'n cael eu hystyried fel eu bod nhw'n annibynnol ac yn gallu rhoi cyngor annibynnol. Ond, beth sy'n digwydd nawr yw bod myfyrwyr yn dod allan o'r brifysgol, mae dyledion gyda nhw ac nid ydyn nhw'n moyn

The First Minister: Well, I think that's going to happen whatever. The opinion of the majority of GPs is, 'No, we would want to keep the current system,' because they've bought into the practice and so they want to consider that investment. I understand that. It's important for some of them that they are considered as being independent and can provide independent advice. But, what's happening now is that students come out of university, they have debts and they don't want to buy into a practice. I've seen that in my area, where there are far more

prynu i mewn i bractis. Rwyf wedi gweld hynny yn fy ardal i, lle mae llawer mwy o feddygon sydd ar gyflog nawr na meddygon sydd wedi prynu i mewn i fod yn bartner mewn meddygfa deuluol. Rwy'n credu bod hyn yn mynd i ddigwydd dros amser. Mae hwn yn gyfle o achos y ffaith, mewn rhai rannau o Gymru, yn enwedig mewn ardaloedd gwledig, os ydych chi yn eich ugeiniau ac mae rhywun yn dweud wrthyh chi, 'Mae'n rhaid i chi weithio yn y fan yna ac rydych chi'n mynd i aros yn y fan yna nes eich bod chi'n 60 a mwy', mae'n nhw'n dweud, 'Wel, nid wyf fi'n moyn gwneud hynny. Mae hynny'n amser hir iawn'. Os ydych chi'n dweud wrth rywun, 'Cerwch i'r fan yna, ac wedyn mae lan i chi benderfynu faint o amser rydych chi'n mynd i aros', wel, efallai y gwnân nhw aros ta beth. Felly, mae'n rhaid gweld—

[220] **Simon Thomas:** A yw hynny'n rhoi cyfle i chi, fel Llywodraeth? Mae'n rhoi cyfle i chi fanteisio ar y cyfle hwnnw. Mae gwacter yn agor. Dylech chi fod ar y droed flaen.

[221] **Y Prif Weinidog:** Wel, rwy'n credu bod y byrddau iechyd yn gallu gwneud hyn. Mae yna gyfle i sicrhau bod pobl yn gallu mynd i ardaloedd lle mae wedi bod yn anodd i recriwtio pobl, heb ddweud wrthyn nhw, 'Mae'n rhaid i chi fynd yno a sefyll yno am weddill eich gyrfa'. Mae yna gyfle yno. Mae'n wir i ddweud bod yna llawer o feddygon teulu sydd ddim yn cytuno â hynny, ond mae'n

doctors who are salaried than those who have bought into being a partner in a GP practice. So, that's going to happen over time. Now, this is an opportunity because of the fact that, in some parts of Wales, particularly in rural areas, if you're in your 20s and someone tells you, 'You have to work there and you're going to stay there until you're 60 or older', they say, 'Well, no, I don't want to do that. That's a very long time'. If you tell somebody, 'Go there, and then it's up to you to decide how long you're going to stay there', well, maybe they'll stay anyway. So, we have to see that—

Simon Thomas: Does that give you an opportunity, as a Government? You need to take that opportunity. There's an opening there, and you should be on the front foot.

The First Minister: Well, the health boards can do this. There is an opportunity to allow people to go to areas where it's been difficult to recruit people without telling them, 'Well, you have to go there and stay there for the rest of your career'. So, there is an opportunity there, but it is true to say that there are a lot of GPs who don't agree with that, but I have to tell them, 'Well, times are

rhaid i fi ddweud wrthyn nhw, 'Mae changing now, and there are fewer amseroedd yn newid nawr, ac mae and fewer people who want to buy yna llai a llai o bobl sydd eisiau prynu into a practice in the traditional way'. i mewn i bractis yn y ffordd draddodiadol'.

[222] **Ann Jones:** I'd forgotten what it was like to chair a committee with you on. That was quite interesting. Sorry, David. Your original question—. It was your fault; you started all this off. Your original question, please.

[223] **David Rees:** It goes back to the economy and perhaps what you were talking about before. We all appreciate the importance of the foundation industries to our economy. I refer to Tata, for obvious reasons, as it's in my constituency. I have said it before: the Welsh Government, I think, led very strongly in the early months of this year, but it's gone very quiet lately. People seem to have an impression that everything is fine, everything is moving along, but we're all aware of the uncertainty still created by the decision of Tata. Ford is another example. Recently, we've seen uncertainty as a consequence of the decision about Ford. What is the Welsh Government doing to ensure that companies such as Tata are supported, and that the commitment that you gave back in March is still there to the industry now so that the jobs are secured? Because companies such as Tata are not just a business; they are basically the heart of the community. The loss of companies such as that would devastate my constituency—and your constituency, probably, even, as well.

[224] **The First Minister:** You can't be a modern industrial economy if you don't produce your own steel. There are a number of reasons why you need to do that. One of them, for example, is: how do you provide the kit for your armed forces if you're reliant on another country to manufacture it for you? There are lots of issues there that arise, one of which is security. I think the best way to describe the situation of Tata at the moment is that things are better, but certainly not out of the woods. There are two major issues that are yet unresolved. Firstly, the issue of pensions, which there's been no progress on with the Government since this Prime Minister came into place. Secondly, energy prices. Now, I would strongly urge the Chancellor in his autumn statement to do something about energy prices. The steel industry in Wales is paying 46 per cent more for its energy than in other countries. I've listened to figures that Celsa have given me, where they compare their operations in Spain to the UK. Spain is 37 per cent cheaper when it comes to energy. Now, the exchange rate is helpful at the moment in that regard, but

this underlying lack of competitiveness, as far as energy is concerned, has to be addressed now to make sure that there's a level playing field for those who are operating in the UK, compared with the rest of Europe. I don't want to mislead people by saying that things are now settled, because they're not; they're better. The situation isn't as acute as it was in March, particularly for the heavy end in Port Talbot, but there is still work to do. The UK Government is not engaging in the same way as it did when the previous Prime Minister was there, and that's something that they need to readdress.

[225] **David Rees:** And is it engaging with your Government on these areas?

[226] **The First Minister:** Not as strongly as before June. I think it's fair to say that David Cameron did take quite a strong personal interest in the future of the steel industry and was prepared to consider options that were unusual, but that's gone now with this current Government. They do need to understand that, in order to secure a future for the steel industry, they need to take more interest than they have done so far.

[227] **Ann Jones:** I've got John Griffiths and Huw on this one.

[228] **David Rees:** Just one final point from me. Have you got a strategy in place now, if that's happening, to look at alternative options available to the Welsh Government to support industries such as Tata?

[229] **The First Minister:** We've put in place a package of more than £60 million, which is still on the table. Tata have been hugely appreciative of that. We can't do anything about the pension scheme—it has to be done at a UK level. We can't do anything about energy, because they have the ability to control energy prices. So, we do need the UK Government to resolve those two issues. If they are resolved then I think that Tata's future is secure, but they do need to be resolved. We've done as much as we can do. The UK Government now needs to resolve these issues as quickly as possible and not rely on the exchange rate to act as the cushion for years to come.

[230] **Ann Jones:** Okay. Right, I've got John, Huw and Jayne.

[231] **John Griffiths:** I think there are big questions, Chair, aren't there, in terms of industrial strategy. It's a criticism of the UK Government, I think, that it doesn't appear to have one. It ought to get one very quickly. At Liberty Steel recently, First Minister, we were celebrating the success of the reopening of the Tredegar plant but also looking at the plans that Liberty

have for the future. I think they've got some far-reaching ideas around steel and infrastructure and energy.

[232] One important aspect of that is the tidal lagoon. They have an interest in the tidal lagoon. Tidal lagoons would be big infrastructure projects and hopefully we would see a manufacturing capacity in Wales. Wales would be in at the forefront of a very important new development that hopefully would stand us in good stead for a long time to come. We expect to hear in the autumn statement—hopefully there will be an announcement giving the go ahead for tidal lagoons. I just wonder what Welsh Government is doing at the moment, First Minister, given the topicality of the decision that may be imminent, to continue to make it crystal clear that Welsh Government sees tidal lagoons as very important for those reasons and many more.

[233] **The First Minister:** It is transformative, not just the Swansea bay lagoon, but the potential for lagoons across the entire south Wales coast, not just in terms of being able to generate a reliable source of energy. As long as the moon is there, then the energy will be there. Yes, there is a significant capital cost, but we have to get out of this thinking that every single power plant in the UK has to be paid for by another country. We welcome the investment in Wylfa Newydd, of course we do, and we welcome the investment in Hinkley, but we do have to put our own hands in our own pockets from time to time in order to build the power capacity that we need. The Port Talbot dock is in a very good position to act as the main hub for maintenance and manufacture of the kit for the lagoons. There's huge potential in Port Talbot, possibly in Milford Haven as well, in servicing the lagoons in the future. There's huge potential there to create hundreds if not thousands of jobs, but it does need that commitment from the UK Government to make sure that this happens.

[234] **John Griffiths:** Just—

[235] **Ann Jones:** No, no—. Just briefly, because we've got five people on this and then we've got four more who've indicated—

[236] **John Griffiths:** I was—

[237] **Ann Jones:** No, no. Huw. Sorry, John—Huw.

[238] **Huw Irranca-Davies:** First Minister, a few weeks have gone by since the welcome Nissan statement. Are we any clearer now what was actually said to

Nissan and has the same thing been said to the automotive sector in Wales, including Ford, which you and I share an interest in as it's a local workforce?

[239] **The First Minister:** We're no clearer, although we do know that what I can only describe as a promise to use their best endeavours to avoid tariffs as far as the automotive industry is concerned has been made by the UK Government. Beyond that, we don't know what financial incentives may have been offered to Nissan.

[240] **Huw Irranca-Davies:** But they should be offered here, surely, if they've been offered—

[241] **The First Minister:** Equity suggests that that should happen. In the same way, equity suggests that tariff-free access should be extended to other sectors as well—steel, aeronautics. The automotive sector is important and I welcome a commitment to trying to avoid tariffs for the automotive sector, of course I do, but it can't just be for the automotive sector.

[242] **Ann Jones:** Okay. Jayne.

[243] **Jayne Bryant:** Just briefly, we were at Liberty Steel last week, along with John Griffiths and the MPs, and it's great news for Tredegar and hopefully Newport with future job announcements. But one of the points made was that the workforce that has been re-taken on at Liberty are all getting older. What are we doing to ensure that the skills are there for the next generation of these jobs coming through for younger people?

[244] **The First Minister:** I think there was a perception that steel making in some communities was on the way out. I think if you'd have said to people in Tredegar that steel pipe making would return, they'd have been surprised. Now that they see it there, there's more of an incentive for local youngsters, particularly, to want to get apprenticeships. Liberty Steel are fully aware of the need for training. They want to make sure they have a skills pipeline for the future and, of course, as a Government, we will stand ready to help them.

10:30

[245] **Jayne Bryant:** Thanks.

[246] **Bethan Jenkins:** I think people in Port Talbot would be very disappointed by what you've said previously about the fact that you as First

Minister can't do anything on energy prices and pensions. There is always a way for somebody in your position, I would have thought, to be able to exert your immense influence on the UK Government in relation to these things. So, I would like you to reflect on that. But, my question is with regard to the current situation at Tata with regard to the discussions with ThyssenKrupp in Germany and whether you think this would be the best deal for Wales. If not, would there be potential to go back to the Excalibur–Liberty Welsh proposition so that we can have that ownership and that control here in Wales?

[247] **The First Minister:** The Member is being mischievous when she says that. She knows full well it's the UK Government that controls the energy and not us. She knows that as far as pensions are concerned we don't have any role and actually I don't think that neither she nor I would want the UK Government to be allowed off the hook. They have a responsibility here to deal with energy prices and with pensions—

[248] **Bethan Jenkins:** And that's exactly why you should be much stronger on this.

[249] **The First Minister:** We are hugely strong on this. The reality is we can't control energy prices. They can and they have a responsibility to ensure—. We've done as much as we can, but the ball is now firmly in the court of the UK Government. They need to do more, particularly over energy. Let's see what happens in the autumn statement. And they need to do more in terms of dealing with the pensions issue. They can't just rely, as I think they are at the moment, on the exchange rate being favourable and, therefore, the pressure's off, because that's not going to be the case for the future. So, as far as Tata are concerned, we are still pushing the UK Government. We still want to see energy being dealt with as part of the autumn statement on the twenty-third and it will be of immense disappointment to the workforce in Port Talbot if we find that isn't the case. At the moment, Tata are showing commitment to Wales. There's no indication that they will want to sell to anyone else at this stage. On the ThyssenKrupp deal, what's absolutely crucial is that any joint venture includes two blast furnaces in Port Talbot. If there's a reduction to one blast furnace then, of course, if that blast furnace needs to be maintained in any way then there's no steel production at all at that point—or no production of iron at that point. So, it's hugely important that there are two blast furnaces going forward. We understand that the financial situation in Port Talbot has greatly improved from what it was in March. That's a tribute to the workforce who are there. Our package is still

on the table but the UK Government can't be allowed to get off the hook by simply saying, 'Well, the Welsh will deal with all that.' They have a responsibility as well.

[250] **Ann Jones:** Okay, thanks. Right, there are four people who've indicated that they've got topical questions and I do want to try and finish this session around about 10:50. Mark Reckless is the next one.

[251] **Mark Reckless:** First Minister, I commend you for the stance you took in our debate this week on scrapping the Severn tolls. On the issue of free-flow tolling, UK Ministers said to the Welsh Affairs Committee in July that investment in that would take three or, more likely, four years before it became operational. Given our vote this week and given that timescale, why is the Welsh Government supporting the introduction of that technology?

[252] **The First Minister:** We don't control the tolls. Even though the tolls are actually in Wales, the tolls are actually the responsibility of the highways agency and the Department for Transport. Anything that removes the barriers is welcome, but preferably we'd like to see the tolls removed. But there is an issue that we have to examine carefully and that is: if the physical barriers go, that would mean traffic will arrive at the Brynglas tunnels even more quickly and that will create even more congestion around the Brynglas tunnels, which clearly is an issue for us. We know that barrier-free tolling is becoming more common: the M50 around Dublin moved at a great expense from having barrier tolls in place to free-flow tolling and that has meant that traffic has flowed more easily. But, the danger is that you reduce congestion at the Severn bridge and increase congestion at the Brynglas tunnels, which is why the two issues have to be dealt with together.

[253] **Mark Reckless:** First Minister, we voted on Wednesday against having tolls. Could I ask you to look at the legal position? Because the current UK Government power to levy tolls stems from the Severn bridges Act. And once taken back into the public sector, a further sum—at the most recent estimate, £88 million—is paid off, and that power to levy those tolls lapses. So, whether it's administered by the highways agency or whether they own it may be neither here nor there, because under the Transport Act 2000, section 167, a road charging scheme would need a new scheme, and section 168 provides for a joint scheme of the Welsh Assembly and the UK Government. Surely, at least for the southern bridge, that would be required and, if we're against any tolls, why on earth should we support investing in free-flowing technology that couldn't come in until we had the power to stop

there being tolls?

[254] **The First Minister:** When the second Severn bridge was built, despite the fact that the tolls are in Wales, the legislation made it clear that, in effect, the tolls were in England. The Welsh Office of the day was given no role, as far as those tolls are concerned. So, when it comes to the Severn bridge tolls—. Just beyond the Severn bridge, it's right—of course we have those powers. But, because of the way that the legislation was set up, we actually have no control over those tolls or their setting.

[255] **Mark Reckless:** But, Minister, please will you check—? I know you're not going to take what I say as gospel on this, but please could I ask you to check this further, take legal advice, and look at the legislation yourself? The Severn bridges tolls, once they've raised that sum of money, the power of the UK Government Secretary of State to levy tolls under that Act lapses. At that point, there is a good argument that our agreement is required for continued tolling—that's what the St David's Day agreement says; it's what the Silk commission said. Please will you look at this, get legal advice and think about it very carefully before we encourage the UK Government to invest in free-flowing technology that would have no use if we succeed in stopping the tolls and do have that power after 2019?

[256] **The First Minister:** It's an interesting point and worth reflecting on, and I will do that.

[257] **Mark Reckless:** Much appreciated.

[258] **Ann Jones:** Perhaps we could have a note for the committee.

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

[260] **Ann Jones:** Thank you. Nick, you wanted to come in on this point.

[261] **Nick Ramsay:** No, I'm happy with that—I'll just stick to my question.

[262] **Ann Jones:** Right, okay. Go to your question, then.

[263] **Nick Ramsay:** Great. Thank you. First Minister, I've asked you about this in Plenary, but it's a very important subject for me and for other Assembly Members. Can you update us on the impact of next year's business rates revaluation on businesses across Wales? Are you in a position yet to

give more detail on transitional arrangements that will be in place? Would you, indeed, consider a delay in the implementation so that some of the problems can be ironed out?

[264] **The First Minister:** No, I don't think that we can delay, because there'll be many businesses that'll benefit. With anything like this, you tend to hear from the people who've lost out—understandably, of course. Indeed, in some parts of Wales, it seems that there have been significant increases, which is something we have to look at, which is why the transitional scheme of £10 million is in place. I'm surprised, because the last valuations took place in 2008, when the economic position was much stronger, and I would've thought that, for the vast majority of businesses, they would've seen a reduction in their business rates. Now, I am aware that other businesses have seen an increase—it's been raised with me in the Chamber—but that's why, of course, we have the transitional scheme in place, and there'll be further details coming in the very near future.

[265] **Ann Jones:** Just a small one then.

[266] **Nick Ramsay:** Yes. I appreciate that this is revenue-neutral overall, so it's not the sort of issue that we deal with in some other situations. However, if you take together the increase in the rateable value in my area, Conwy, and the Vale of Glamorgan, the increase in the multiplier, and the fact that some businesses are being raised above the thresholds that they're currently in, that is a heck of a lot of expense for a lot of businesses in rural areas particularly to take on. So, will you please undertake to look at it very urgently and see what transitional arrangements can be put in place?

[267] **The First Minister:** One of the things that I've noticed is that there seem to be concentrated effects in some parts of Wales—Cowbridge, for example, has been raised in the Chamber. I have asked officials to look at what the reasons for this might be and to see why some parts of Wales seem to have been affected in a much different way from most of the rest of Wales, if I can put it that way. But that's why the transitional rates scheme is there. It's designed to help businesses that have seen a significant difference in what they'll be asked to pay in the future. And, as I say, the details of that will be made available to Members in the near future.

[268] **Ann Jones:** Okay. Simon.

[269] **Simon Thomas:** No, I've covered all of my questions.

[270] **Ann Jones:** Right, thank you very much. Does anybody else have a topical question that they haven't notified? No. You've all been very good today—you can all go home early. First Minister, we've arrived at that position where nobody wants to ask you anything else, so can I say thank you very much to you and your officials? We'll send you a copy of the transcript to check for accuracy, but if we can have that one note I think we've asked for on Mark Reckless's question—thank you very much.

[271] **The First Minister:** Thank you.

[272] **Ann Jones:** We'll see you in February, I think, which is the next meeting.

10:39

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

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

Cynnig:

Motion:

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

*accordance with Standing Order
17.42(vi).*

Cynigiwyd y cynnig.

Motion moved.

[273] **Ann Jones:** With the committee's agreement, I resolve under Standing Order 17.42 to meet in private for the rest of the meeting. Okay? Thank you. That's great then—thank you very much.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 10:39.

The public part of the meeting ended at 10:39.