

Welsh Affairs Committee

Oral evidence: [Responsibilities of the Secretary of State for Wales](#), HC 680

Tuesday 19 Dec 2017

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Members present: David T. C. Davies (Chair); Chris Davies; Geraint Davies; Paul Flynn; Ben Lake; Anna McMorrin; Liz Saville Roberts.

Questions 1-86

Witnesses

I: Rt Hon Alun Cairns MP, Secretary of State for Wales, and Guto Bebb MP, Parliamentary Under-Secretary of State, Wales Office.

Examination of witnesses

Witnesses: Rt Hon Alun Cairns MP, Secretary of State for Wales, and Guto Bebb MP, Parliamentary Under-Secretary of State, Wales Office.

Q1 **Chair:** Order. Prynhawn da. I thank the Secretary of State for Wales and the Minister, Guto Bebb, for coming along this afternoon. I know that there is a debate in Westminster Hall at 2.30 pm that I think at least one of you has to attend, as will several Committee members. We fully understand that. The timing was out of everyone's hands, so that is absolutely fine. If you want to make a very quick opening statement, by all means do so, but not for too long, please, because we have many questions to get through this afternoon.

Alun Cairns: I am not sure whether Guto will want to say something, but let me at the outset say thank you very much for the support and the work of the Committee. We pay close attention to the work you are undertaking, and await with anticipation the reports that you will publish in due course, and the evidence that is gathered. Thank you also for recognising that Guto will need to get away. Perhaps Guto would like to explain that.

Guto Bebb: Yes, with permission, I will have to leave at about 2.20 pm, because I am speaking in the 2.30 pm Westminster Hall debate.

Chair: There will be other Committee members there, too. For the millions who are watching this live as it is broadcast, we want to make it clear that all those leaving will be discussing Welsh matters elsewhere in the House. With that in mind, I call Liz Saville Roberts to begin.

Q2 **Liz Saville Roberts:** Diolch, Cadeirydd. I apologise for having missed the Wales Office party yesterday; I was involved with a statement in the Chamber, which I could not get out of. At the same time I do have to express, I think, that the numbers of Merched y Wawr who I have spoken to who came to a previous party in the Wales Office enjoyed it very much indeed. It made an impression on them.

Alun Cairns: Can I rudely interrupt and say that I understand about last night and am grateful for the comments about Merched y Wawr; but these are receptions to recognise important cultural organisations in Wales, rather than a party—I would not want anyone to misunderstand what we are seeking to do—and build a Welsh network here in London.

Q3 **Liz Saville Roberts:** I am sorry; the correct terminology is "reception" and not "party." I stand corrected. Mae'n ddrwg gen i. It was unparliamentary language.

I will be attending the debate later, as will a number of us here, and so have been allowed to ask my questions now. Forgive me if they seem to be going in different directions. I think that others will be following the



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same scatter-gun approach. There won't necessarily be a logical silver thread through the questions.

I would like to start with a question that my colleagues have asked a number of times previously. I understand, Secretary of State, that you have said that you are optimistic about receiving a legislative consent motion from the Assembly in favour of the European Union (Withdrawal) Bill, but there has already been a statement from the Welsh Government that, unless clause 11 is amended, they would be unlikely to support an LCM. For what reason do you feel that an LCM is likely to be supported, and could you please tell the Committee what would happen in the really quite likely eventuality that it is not granted?

Alun Cairns: In the first instance, the reason I am optimistic is that I see that we are getting to a position—or we are working to get to a position; I do not want to overstate it—where there is confidence and trust on both sides, because there is no intention at all by the UK Government to hold on to powers that would ordinarily better be served in the devolved Administrations. There are 63 areas of law that we have listed, which there has been broad agreement about. There is one with elements where we are still drilling down into the detail of which parts of it are potentially devolved and which parts of it would not be devolved and would be reserved. The dialogue is coming to a position whereby we have a clear understanding, where clearly certain areas seem to be relatively straightforward about where they would automatically need no framework, or need very little work. There is a second area where there would be work in terms of having non-legislative agreements—memoranda of understanding, concordats, or whatever it would be. Then there is a third area that would need legislation.

If we take the easiest part, that demonstrates confidence that there is no will at all to hold on to power, because don't forget that these laws apply to the whole of the UK; it is not that they are held in London vis-à-vis the tensions across the UK in relation to Cardiff Bay and our particular situation. So that is quite straightforward for the first grouping.

On the second grouping some work is needed, in terms of what sort of agreement that would come to. The area I would point to is the protocol that we have come to in relation to water. Some feared at the outset that that was going to be a very difficult situation, in order to remove the Secretary of State's intervention powers, but then we get down to the practicalities of what it means. Let me give you one area that I could point to: the quality surrounding blood and blood tissue. Why would you ever want to hold on to that power here at Whitehall when there is a natural standard that applies if we want access to blood and tissues across the UK and across Europe? Therefore, that is a natural sort of place to get to.

The greater confidence that we are getting in that dialogue demonstrates that clause 11 is generally a transitional process. If I then jump to the third group I talked about, where legislation may well be needed, for areas such as state aid and so on, we would want to get to a position of having a legislative consent motion for those areas. That gives the Assembly a

strong influence over the third area. The second area we are discussing and we are coming to a common position on, and for the first area they will automatically be devolved.

- Q4 Liz Saville Roberts:** Forgive me, but that is your interpretation of the way clause 11 might pan out. We have already been given a different interpretation—I think it is from Mark Drakeford. Clause 11 has not been amended. That is your interpretation. As things stand, there is a possibility—a very likely possibility—that an LCM will not be granted by the Assembly. What happens then?

Alun Cairns: I had these questions during the passage of the Wales Bill, before it became the Wales Act. It is only through constant negotiation and dialogue that we can get to a position where we have a clearer understanding and where we make some changes. Clearly, some changes are possible and some are not, but we will look at how we can work to get a position that works for the Welsh Government and the other devolved Administrations, and for the UK Government. Ultimately, I am focusing on trying to give the greatest certainty and continuity to business.

The worst-case scenario if clause 11 didn't exist would be for businesses. I have an expert panel that advises on this; it is made up of a whole host of civic, business and local organisations. They dictate the logic that comes from it. Where certainty and clarity is needed, legislation is the best way forward. Where there isn't, then clearly one of the more informal routes, or even automatic transfer, is the other. The worst-case scenario that I would point to is that, without clause 11, there is a risk of four regulators.

The example I would highlight, which the expert panel listened to, is a chemical manufacturer in my constituency, Dow Corning—or Dow as it is now known. It highlighted what it would be facing in the marketplace. The logical conclusion that it set for the REACH regulations was that legislation is better in order to provide clarity internationally. That also provides the strongest opportunity to get a trade deal, because the European Commission will expect certainty over the rules that we pursue and not that we be in a position to undermine what goes on in Europe.

Liz Saville Roberts: Thank you very much. The irony, of course, is that we have that clarity as things stand and we are trying to recreate the wheel. Forgive me, but I am now going to jump from one subject to another—

Chair: I am keeping a close eye on your time, but I wondered whether anyone else wanted to come in while we are on the LCM issue, and then we can go straight back to you for your other questions. I wasn't sure whether Mr Flynn wanted to come in on the LCM.

Paul Flynn: What is LCM? I don't understand your acronym.

Chair: Legislative consent motion.

- Q5 Paul Flynn:** Oh, God—yes. I did ask the Prime Minister yesterday about this and got a wholly meaningless answer. What is the position? What



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does it mean? What is regulatory alignment? We have these new bits of jargon coming out. Does it mean that Northern Ireland and the Republic will be the border? Will it mean, as one MP feared, that trade will be going? We would be in a different position. Or will we? Could we get legislative alignment ourselves? If not, is not an obvious consequence of this that trade from go from the whole island of Ireland to Belgian ports rather than Welsh ports?

Alun Cairns: Well, Mr Flynn, on the first issue about the legislative consent motion, you are absolutely right; I am conscious that there is a lot of jargon out there and we need to be focusing on the outcomes. Let us not forget that there are many investors and many communities that are looking to us, so we need to talk in language that they would understand to provide the certainty and security. In relation to the legislative consent motion, we are seeking the support of the Welsh Government in terms of the legislation that is being passed through the Commons at this moment—

Q6 **Paul Flynn:** Thank you for that. Aren't you conscious of the fact that three newspapers over the last seven days have produced very impressive poll evidence that there has been a shift in public opinion against Brexit? Is it not right now that having had an advisory referendum based on misinformation by both sides that we should now have a confirmation-or-not referendum based on all the new horrors that we have seen Brexit is going to create?

Alun Cairns: We have had a referendum. Members will know that I campaigned for a remain vote, as did Guto, but of course we have to honour that referendum and deliver the best outcome. In delivering that—

Q7 **Paul Flynn:** Do you think it is sufficient that we honour it by having a vote on article 50? We have gone through this and discovered what it means, and what it means is that no Brexit is better than any Brexit. Every independent report shows that Brexit is going to be a disaster for jobs, for the economy, for isolation, for the farming industry and for all other industries. For goodness' sake, isn't it right that we say to the public, "We give you back power—have a second vote." The second thought is always more reliable than the first thought.

Alun Cairns: Certainty and continuity is what we are trying to deliver in how we are pursuing the withdrawal Bill. There is an obligation on all of us to recognise that we need to give confidence to business, to industry and to investors—

Paul Flynn: As they jump over a cliff.

Alun Cairns: Mr Flynn, if I may finish, with your permission. The OECD has published a report that predicts growth in both circumstances; whether a trade is agreed, which is what I expect and hope and want us to work towards, but even in the event of no deal, the OECD still predicts economic growth.

Q8 **Paul Flynn:** You have got no choice, as a Government Minister, except to



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be maniacally optimistic about Brexit. The country is disagreeing with you. Have you seen these three polls? Have you studied them? They are all in Conservative newspapers. Public opinion is changing and we must follow them.

Alun Cairns: I would say, Mr Flynn, that it is right to scrutinise Government Ministers and it is right to challenge, but investors will be watching our discussions, and I am absolutely confident. There are predictions of economic growth in the event of a deal or no deal, and I have spoken to investors who could well be spooked by the tone of the debate that we get. If we focus on what is actually happening—many predicted we would be in recession at this stage, but the economy is continuing to grow—

Paul Flynn: We know. We had Operation Fear on one side and Operation Lies on the other. Are we going to get our £350 million a week for the health service? Of course we are not. But people voted in deep ignorance, and they were misled by both campaigns. Now is the chance to vote on the information we know. Is your information today as reliable as what you told us a year ago about charging £3.70 for the tolls on the Severn bridge? I am afraid you are not infallible, Minister.

Chair: Mr Flynn, shall we come back to the Severn bridge issue? I would not want to cut your time short on it.

Q9 **Liz Saville Roberts:** This is one of my specific questions now, if anyone else wants to come in on this. It is to do with the apprenticeship levy and particularly its relationship to police training. We have raised a number of questions about this and had different responses. Of course, it is obviously very significant, because, if I remember correctly, it is 0.5% of the payroll, which means a considerable amount of money is going from our four police forces in Wales that at present is not coming back to them for the purpose of training.

We have asked the Welsh Government and looked at the questions raised here. A question was raised to the Home Office here, and the response was, "Welsh forces pay the apprenticeship levy, and those funds are passed back to the Welsh Government through the agreement which the Welsh Government negotiated with HM Treasury." In response to questions that either I or Plaid Cymru colleagues have asked, Kirsty Williams of Education in the Welsh Government said, "I can confirm that operational matters regarding policing such as training are not devolved to Welsh Ministers". The response I had back from the Minister for Welsh Language and Lifelong Learning, Eluned Morgan, said, "Matters relating to policing such as training are non-devolved, and as such we will not support uniformed officers via apprenticeships".

There are a number of areas about the apprenticeship levy more widely that concern me, but it seems that specifically there is a confusion over what is happening to the money generated from the four Welsh forces.



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Alun Cairns: We are potentially in a position whereby police forces in Wales find themselves in difficulty and potentially disadvantaged compared with those in England because of the way in which they can access the apprenticeship levy that is collected in England. The situation as it stands is that education, training and skills are devolved. We would all recognise that as by the Government of Wales Act 2006 from the beginning. The apprenticeship levy is collected. The Welsh Government negotiated and were keen to accept the formula that we worked on with them, because of the generosity. Wales gained significantly out of the receipt of cash, compared with the revenue that is collected from Wales. Therefore, in the devolved settlement, the Welsh Government can absolutely rightly use that resource in whatever way they see fit. They have chosen to develop their apprenticeships in a different way—through FE colleges and so on. Of course, in England police forces have the opportunity to draw down and use the apprenticeship levy that has been collected to train their police forces. I hope the Welsh Government will support the police forces with their share of the apprenticeship levy, in the same way as the apprenticeship levy supports police forces directly in England.

Q10 Liz Saville Roberts: Does the Welsh Government receive all the money that is generated by the apprenticeship levy from the police forces?

Alun Cairns: And more.

Q11 Liz Saville Roberts: And that is not being spent on uniformed police apprenticeships.

Alun Cairns: Not at all—absolutely. That is why there is an obligation on the Welsh Government to support police forces in Wales. The forces are paying the apprenticeship levy and the Welsh Government are in receipt of it. It is more than what would have been collected, because of the nature of employment and smaller businesses in general in Wales. The Welsh Government were very keen to receive the settlement they got, and there is an obligation on them to follow it through and support police forces and other services in a similar position.

Q12 Liz Saville Roberts: So at present the money that is generated by police forces is being spent in other areas.

Guto Bebb: According to the devolution settlement, yes. The situation has been explained by the Wales Office to chief constables in south Wales, who have raised concerns with us. The situation is that the Treasury came to a settlement with the Welsh Government in relation to the levy. Our understanding, which is fairly clear, is that the sums in question are more than sufficient in relation to the sums raised in Wales. It is a generous settlement, and the Welsh Government are taking the view that they are not going to support our police forces on this issue, which is a regret to us in the Wales Office and to the police forces in Wales.

Q13 Chair: May I just ask whether the National Audit Office has confirmed that? With the utmost respect, the Government are saying that the extra money has been delivered to the Welsh Assembly, and the Welsh



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Government are effectively saying that it hasn't.

Guto Bebb: No, that's not what they are saying. My understanding is that the Welsh Government are saying that training in a non-devolved area is not their responsibility. I don't think they are denying that they have received the funding from the apprenticeship levy. They are making a more difficult point in relation to the remit of the Welsh Government.

Q14 **Chair:** Have they confirmed that they have had the extra money?

Guto Bebb: Well, if you look at the record, the extra money has been transferred. There was no complaint from the Welsh Government at the time of those negotiations.

Q15 **Chair:** But they may feel—genuinely believe, perhaps—that the extra money they have received is for other things, and that it results from other Barnett consequentials, not specifically the apprenticeship levy.

Alun Cairns: The apprenticeship levy settlement is separate to the Barnett consequentials, because it is based on the collection of the money that was received. The formula that was agreed was readily agreed by the Welsh Government, and understandably so—they would not want to agree to a bad deal.

Q16 **Chair:** If we went to the National Audit Office with what you are saying, would they back up entirely your version of events, which is that the British Government have given that extra hypothecated money to the Welsh Government specifically as a result of the apprenticeship levy for the training of apprentices in Wales?

Guto Bebb: Yes, indeed. The money has been made available, but obviously, because of the devolution settlement, there is no way in which the Westminster Government are going to tell the Welsh Government how to spend their receipts. That would be a power grab.

Q17 **Liz Saville Roberts:** The rationale I have received is that the basis for it is that other non-devolved uniformed services, such as the armed forces and Royal Fleet Auxiliary personnel, are fully funded by the UK Government, and that policing is not devolved. Are other aspects of training in Wales in non-devolved areas funded?

Alun Cairns: We will have highly skilled engineers and people involved in nuclear science being trained and skilled appropriately, but clearly that is a reserved area as well. I think the case is quite strong, and I hope the Welsh Government will respond.

Q18 **Liz Saville Roberts:** I agree entirely with the Welsh Government deciding how its money is spent, but I have a concern about police forces contributing money towards something, when they have a training need that at present is not being met.

Alun Cairns: We share that concern.

Q19 **Liz Saville Roberts:** My final question is to do with the prisons estate in Wales, particularly in relation to HMP Berwyn. It has come to my



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attention, and it is concerning—of course HMP Berwyn was built in a situation where we had no prison provision for offenders in north Wales—that many offenders from north Wales are still serving their sentences outside north Wales. Many of them are going to HMP Altcourse, which is operating over capacity. Concerns have been expressed to me by the Prison Officers Association that Berwyn will be used to take up the offender population from north-west England. There is a very concerning report about HMP Liverpool today—I have visited it and the concerns are entirely justified. None the less, we have this arrangement at Berwyn in Wrexham, which is supposed to provide offender support through the medium of Welsh. At present, it does not appear to be fulfilling that requirement for the population of north Wales, which it was promised it would do. Could the Secretary of State respond?

Alun Cairns: Certainly. Do the questions relate to women prisoners or to prisoners in general?

- Q20 **Liz Saville Roberts:** This is specifically related to HMP Berwyn. It is to do with male constituents in north Wales still being sent over the border to a non-Welsh-speaking resource, when we were promised a resource within Wrexham that would be suitable for their needs. There is obviously also a question, of course, about the fact that we have no provision for women in Wales whatsoever.

Alun Cairns: In terms of women, as of 30 September there were 227 women who we believed to be from Wales in prisons. In north Wales, female prisoners will go to Styal in Cheshire, and in south Wales, female prisoners will go to Eastwood Park in Gloucestershire. There is no data on how many need Welsh language support, but there will be staff who speak Welsh in each of the prisons in order to support them should that be demanded locally. There is no central data on how many there are, but we believe that we are satisfying the demand and the need that comes forward.

In relation to prisoners in general, the Government have committed to quite a major investment in new prisons. The proposal in south Wales is going through a consultation process as part of that process. HMP Berwyn is not yet fully occupied. I cannot share any further details about what the outcomes will be when it is fully occupied and whether that will answer your direct concerns, but I will happily come back. Much will depend on the risk category of the prison, as well as the risks that the prisoners are facing. Clearly, if someone had a need for a category 1 prison, Berwyn would not suit their needs. That needs to be taken into account as well.

Chair: We will probably come back to this issue again.

- Q21 **Anna McMorris:** I am going to do much the same as Liz and go from subject to subject, if you don't mind. Following on from some of the discussions on Brexit, the JMC met last week. Could you give us an update on those discussions and their conclusions?

Alun Cairns: It was another positive JMC, I would say. The statements that were made both by Mark Drakeford on behalf of the Welsh



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Government and by me on behalf of the UK Government highlighted a genuine will to strengthen the dialogue. There are what we call deep dives going on. That is another part of the jargon that Mr Flynn pointed to earlier. We are taking some of those 63 areas of law that are returning from the European Union and going through them in detail to understand where a framework might be needed and where a framework might not be needed in specific areas of the 63. I think there are logical solutions in a significant number of areas that have come out. Going back to what I said to Liz Saville Roberts earlier, when we talk about the practicalities of the detail, it points to a logical conclusion. That, I hope, gives greater confidence to the Welsh Government and greater understanding by Whitehall Departments, which will not have the complete understanding of all elements that are devolved, because there will have been changes since devolution was established in 1999.

Guto Bebb: Quickly on that, last week alone there were other intergovernmental meetings. We had a meeting at DExEU in relation to the European Council meeting this week. We also had another one of our meetings between the Agriculture Ministers in Scotland and Wales, the civil service from Northern Ireland and DEFRA. At that meeting, we discussed a Welsh Government paper on the future of agriculture.

These meetings are ongoing. It has to be said that, from a DEFRA perspective, for example, the Welsh Government described them as an exemplar of how intergovernmental work should be ongoing, as we discuss Brexit.

Q22 **Anna McMorris:** I am not sure the Cabinet Secretary would agree with you there.

Guto Bebb: The comments about the meeting being an exemplar was made by the Welsh Minister for Agriculture, Lesley Griffiths.

Q23 **Anna McMorris:** As you are aware, the Welsh Government are not happy, as we leave the EU, with the power grab returning to Whitehall and the UK Government rather than back to devolved Administrations.

The Welsh Government have always played a part in EU negotiations and currently do. I recall, as an adviser in the Welsh Government, sitting in plenty of EU negotiations on agriculture, fisheries and the environment, working with the Welsh Government and the UK Government to come up with negotiation agreements, working very much hand in hand on that. Why is Brexit so different?

Alun Cairns: I would say in the first instance that there is a good relationship and those issues are shared. Mark Drakeford will have highlighted some of the points you referred to. We have said that, of course, we want to find a way of best involving the Welsh Government in devolved areas. That was specifically—

Q24 **Anna McMorris:** Why not just keep the same system, which is currently working very well?



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Alun Cairns: Guto attends JMC (EU), which is where many of those discussions take place. Maybe Guto could comment on the last one on how that worked. It is our intention to get a deal that works for every part of the UK. Of course, it is in our interest to ensure—

Q25 **Anna McMorris:** But doing that yourselves, as just the UK Government, that's not going to—

Alun Cairns: No, not at all. The JMC is a part of that. I have highlighted how positive the last JMC (EN) was and maybe Guto could talk about the last JMC that he was at.

Guto Bebb: I think in general I do not recognise the picture of this difficult relationship, because in all the meetings that I have attended with Ministers from Scotland, Wales and the civil service from Northern Ireland, it has always been a constructive discussion.

I can only speak from my own experience, but when you have officials and Ministers from the Welsh Government highlighting the degree of co-operation that they are enjoying and that they see the co-operation as an exemplar, I do not recognise this lack of co-ordination between the UK Government and the devolved Administrations.

It is very clear. The first question that the Secretary of State was asked was in relation to the legislative consent motion. The legislative consent motion is important for the UK Government, which is why it is crucial that we maintain these good relationships with the devolved Administrations. That is exactly what we do have. I am unable to comment in public on what is said by Ministers but, certainly, in private the co-operation and the work that goes on between officials on a Government-to-Government basis is extremely proactive.

Q26 **Anna McMorris:** Moving on to another issue, there was an independent report out on air passenger duty last month, which showed that devolving it would not have an adverse impact on nearby airports. Why have you not supported such a move? You have in fact denied Wales the right to do what it wants with it, whether that is to abolish it or change it and boost its own economy in doing so.

Guto Bebb: First, the reports that we have seen indicate that there would be a problem with the overall availability of flights to south Wales and the south-west of England, which is a combined market for aviation.

There are questions I would ask. I have significant concerns about devolving the issue, if you end up with a lesser service from Wales. Secondly, I would ask whether it is acceptable that you devolve a tax to the Welsh Government in a situation in which the only airport that will benefit is actually owned by the same Government. Can you tax or cut taxes to the only airport in Wales that happens to be owned by yourself? There is a question of whether the ability to influence a business wholly owned by the Welsh Government would be appropriate. Finally, when you look at the needs of Wales as a whole from an aviation market point of view, mid-Wales and north Wales will not benefit from any devolution of APD,



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because obviously that would impact only upon Cardiff airport. So there is a question about the needs of businesses and communities in mid-Wales and north Wales, which depend on Liverpool, Manchester and Birmingham. I think that in a Welsh context, certainly it is fairly clear from my perspective that there is no real, clear advantage to the Welsh economy of devolution of APD.

Q27 Anna McMorris: That is not what the Conservative leader in Wales thinks. In fact, he said, "From where I sit, looking at the evidence, I can't see a sensible reason why APD cannot be devolved." Cardiff airport's commercial director said that it, "is a punitive tax that only seems to hinder...growth." That is from a business point of view. In August, Flybe cancelled its Cardiff to London city link, citing APD as a reason.

Guto Bebb: First, it is hardly surprising that the commercial director of Cardiff airport is in favour of having APD devolved and potentially reduced in the Welsh context. I would not be surprised by that.

Anna McMorris: Frankly, he is there to make a business case for air transport.

Guto Bebb: Again, you haven't answered the point I made, which is very crucial.

Anna McMorris: I am not the one being questioned.

Guto Bebb: First, will this result in a higher number of services offered to passengers and businesses in Wales? I think the answer to that is no. Secondly, does this potentially serve the whole of Wales? Again, I think the answer is no. Obviously, we often have disagreements with colleagues in Wales on specific issues, but having looked at the evidence very closely during the passage of the Wales Bill, I am comfortable that what we have done on this issue is good for Wales and good for the aviation market in the Welsh context.

Q28 Chair: Can I butt in for a moment? I cannot resist asking you if you agree, none the less, with MPs and AMs from many political parties that, in general, low taxes on business are a good thing.

Guto Bebb: I agree that low taxes on business are a good thing, but the aviation market is growing significantly year on year. Therefore, if taxes add a burden to that growth, I wonder why it is still growing as a sector. The Welsh Government announce on a fairly regular basis the success of Cardiff airport, with passenger numbers going up regularly. I ask whether the tax cut is needed in that context, because it is not a declining, but a growing market.

Q29 Anna McMorris: Why not just leave that up to the Welsh Government to decide?

Guto Bebb: Because, as we have already explained, the damage to the availability of services, to businesses and to communities throughout Wales would be counterproductive.



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Q30 Paul Flynn: Why are you speaking up for Bristol airport or the other airports, but not one in Wales?

Guto Bebb: I am speaking up for passengers in mid-Wales, north Wales and all parts of Wales. There would be fewer flights serving people in south Wales and there would be no advantage for people in north Wales and mid-Wales. Obviously, my view from the Wales Office is that we serve the whole of Wales.

Q31 Paul Flynn: They have the advantage of having an airport that was owned by the Welsh Assembly that works and is profitable. This was a huge political success for the Assembly Government. Isn't it just political spite?

Guto Bebb: I agree with you, Mr Flynn, that this is a success story; therefore, it is very surprising that it even needs a further tax cut.

Paul Flynn: It is just political animus—that's all that is behind it, isn't it?

Chair: We have probably exhausted that point for now.

Q32 Anna McMorris: Perhaps you need to tell your Conservative leader in the Welsh Assembly that.

Guto Bebb: We are a party that is very proud of its divergence of opinion, which is not the case in the Labour party these days.

Q33 Anna McMorris: Moving on to another issue: renewables. How do you explain the lack of investment in renewables in Wales? Particularly, you have evaded giving any sort of commitment to the Swansea bay tidal lagoon. The Welsh Government have ambitious targets on renewables, which are always and constantly thwarted by the UK Government's lack of commitment. Secretary of State, will you commit to ensuring that Welsh onshore wind projects are eligible for any future contracts for difference in the same way as in Scotland, and therefore avoid any threat to this industry?

Alun Cairns: Ms McMorris, you will be aware that the Wales Act 2017 will transfer powers for energy consents to the Welsh Assembly. That was intended to happen as of next April. The Welsh Government asked whether we would delay that specific element. It was against my instinct to do that, because I wanted to fulfil a commitment that the First Minister and I had made, but he called me specifically and wrote to me to ask if that would be delayed by 12 months—something I was quite surprised about. Well, we negotiated about the delay for 12 months—or officials negotiated that specific element—because I was anxious to devolve that power. I recognise that the Welsh Government want to pursue their own agenda in this field, and they would be able to follow an ambition and also be held to account for those decisions. Therefore, on that basis, I thought the Welsh Government would have a much stronger handle on this at an earlier stage, but we recognise capacity issues or whatever they might have been—lack of planning or whatever the position is—as the cause for the request for the delay. But, effectively, as of April 2019 the Welsh Government will have control up to 300 MW.



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Q34 **Anna McMorrin:** You have just completely evaded my question, which was about the CFD contracts, which include onshore renewables for Welsh projects.

Alun Cairns: I sought to devolve the responsibility as quickly as possible, but it has been delayed by 12 months—up to 300 MW. If we are talking about the tidal lagoon, which you mentioned in your question, Ms McMorrin—

Q35 **Anna McMorrin:** I know you have wanted that—haven't you? You have been a great supporter.

Alun Cairns: I think I have—

Anna McMorrin: You haven't got the ear of your Prime Minister?

Alun Cairns: I think our record on this is strong because, you will remember, following the 2015 general election the UK Government granted the planning permission for it, which again showed a will to make this fit in every way. But of course this has got to be value for money, and none of us should really ever want if it is not good value for money because, ultimately, it is consumers and taxpayers who have to pay for it. On that basis, we are doing everything possible to make it fit, but it has got to be down to the numbers eventually, otherwise your constituents, my constituents and business investment will pay the price.

You will be more than aware that this is adjacent to Tata in Port Talbot which 18 months ago was in a very difficult situation, and one of its core challenges to the Government was energy cost. None of us should want any policy that adds to energy cost for consumers or, in particular, business, the wealth creators.

Q36 **Anna McMorrin:** You talk the talk as a Government, but you don't walk the walk when it comes to renewables. We need to see action. Yes, this is about energy costs, but it is also about energy security and about tackling climate change—runaway climate change.

Alun Cairns: I am proud that this year, for the first year ever, we have had some days—I do not have the exact number of days, but I can happily write to you about that—when we have generated electricity to serve the market in the UK without the use of coal. That is a major advance in terms of our commitment to climate change—I will happily provide you with those days—and that is an ambition that, cross-party, we want to see on an ongoing basis.

Q37 **Anna McMorrin:** I have to say, though, that I think your commitment to Wales is slightly in doubt. As Secretary of State you have consistently shied away from investing in Wales—from tidal lagoon renewables to devolving APD and electrification—and, as a Swansea valley boy, are you not embarrassed now to go back home to your family at Christmas? I would be, I would be very embarrassed to go back home having shied away from that commitment.



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Alun Cairns: I absolutely reject everything you say on that, and I can point to the record of the Government. Most notably, what about this time last year, having had people complain for decades that the funding settlement for Wales was not strong enough? The Labour party after 13 years in government resisted bringing about changes to the financial settlement, but as of next April Wales will receive that financial benefit. This is something that had been resisted by Labour opponents for so long.

Wales is also the fastest growing part of the UK outside London—since 2010—a record I am proud of. I am proud of the jobs that have been created in the economy, where we have seen record numbers in employment and record low levels of unemployment over the last year. I am pleased about the capital projects that have come in, and about the electrification of the railways. That is a £5 billion project.

- Q38 **Anna McMorris:** It stops at Cardiff. You've cancelled it to Swansea. Basically, that is like saying, "I'm sorry, west Wales, we don't want to come in."

Alun Cairns: I look forward to your report on that basis.

- Q39 **Liz Saville Roberts:** I have a specific question on that. Secretary of State, you mention that the energy consents are to be postponed. What is your understanding of why the request was made?

Alun Cairns: It was a request that the First Minister made to me to delay the transfers. It was something that I was surprised about but, as Ms McMorris highlighted, we need to look at investment in the industry. We could not have a position whereby there was no mechanism for a fast-track application for an energy consent project.

- Q40 **Liz Saville Roberts:** But why did the Welsh Government not want it?

Alun Cairns: I think that is a question that should be asked of the Welsh Government.

- Q41 **Geraint Davies:** Secretary of State, you seem, from what you said, to have given up hope on the Swansea bay tidal lagoon on the basis of cost. Would you agree to look at the funding model used by Welsh Water to fund the tidal lagoon? I ask that because last week I met the architect of that funding mechanism, and he said to me that for Welsh Water, Dŵr Cymru, they issue bonds at very low interest rates. The financial structure of the lagoon has very high interest rate returns on people putting in equity—something like 15%. If we had a different funding model as a mutual, that would reduce cost and reduce prices for consumers, and it would certainly make the lagoon viable from any point of view.

Alun Cairns: We can only work with the proposal that the tidal lagoon company made to the UK Government. We can only look at the numbers that have been presented, and that is the basis on which we will do everything possible to try to make the project fit.

- Q42 **Geraint Davies:** But will you look at that possible model?



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Alun Cairns: It is for the tidal lagoon company to come forward with an alternative, but we will do everything possible to try to make this fit. I am also conscious that the shadow Welsh Minister said that the Labour party would pay over the odds for it—

Geraint Davies: With respect, I am not here to represent the Labour party—

Alun Cairns: No, but I think that is a dangerous position to be in, because at what level do we stop paying over the odds? Your constituents, and mine, will have to pay for that somehow.

- Q43 **Geraint Davies:** May I ask a question in response to that? I am talking about a lower cost through a mutual and using bonds, as with Dŵr Cymru. Putting that to one side, would you accept that, given that 80% of fossil fuels cannot be used if we are to avoid irreversible climate change and fulfil our obligations under the Paris agreement, and given that the Saudis have been flooding the oil market to keep prices down and deflate the margins of the frackers, the current oil price as an indicator of value for money is not instructive, and the alternatives of wind energy do not have the capacity? There is clearly a case, even given current pricing, which is less than Hinkley Point over the lifetime of the project, to suggest that we should still pursue the project.

Alun Cairns: I am not sure that I quite understand the point you are making and the question, because I think oil prices have risen by 100% over the past year—they are now about \$63 a barrel against something like \$30 a barrel this time last year. I do not quite understand where that fits in. I think that we are on the same side: I would love this project to happen and I will do everything that I can to make it happen. I cannot make numbers fit if they don't fit, but I really hope they will fit, and I will do everything I can to make them fit.

- Q44 **Chair:** If it could be done for the price of Hinkley at £92.50 per megawatt-hour, it would presumably be quite an attractive proposition.

Alun Cairns: Well, we can only work with the numbers that have been proposed and presented thus far.

- Q45 **Geraint Davies:** But are the tidal lagoon people saying that their prices are lower over the lifetime of the project than Hinkley Point? That is correct, isn't it?

Alun Cairns: I can only look at the numbers that they have presented. Clearly, we are trying everything possible because it would be an innovative and welcome project, and all these people are strongly in favour of it. There are without doubt—you will have heard this, Chairman—a lot of stakeholder groups across Wales campaigning for it. I hope they know and understand the numbers. If they do, we can then have a robust discussion and decision around the merits of the case.

- Q46 **Geraint Davies:** There is another set of numbers you might look at on the bonding model. The reason for the lagoon was the numbers, which we have talked about. On electrification, the reason given for the breach



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of the promise by David Cameron to electrify to Swansea was that it would not reduce the journey time. I put it to you that the latest proposals for an electrified Swansea metro, which include the straightening of the line between Bridgend and Swansea, would reduce the journey time from Cardiff to Swansea by half an hour. Given that the whole time reduction from Paddington to Cardiff is only half that—quarter of an hour—don't you think there is a case for investing in an electrified Swansea metro alongside the alignment of the line to save half an hour? Given that the city deal is boosting demand, there is a case for looking at this investment with fresh eyes.

Alun Cairns: There are lots of exciting proposals for rail opportunities in south Wales in general. You have highlighted the Swansea metro. There are also suggestions and proposals for a Swansea parkway station. There are lots of things out there, and of course we will look at projects, but everything has to go through a cost-benefit analysis, which will depend on the number of passengers who would use it, the time saving and of course the capital investment. It is right that we do it on that basis. Clearly, we would look at any project. I would be keen to engage with you and with colleagues to see how we can best pursue these sorts of projects among the whole range of other issues that are out there and prioritise accordingly.

Q47 Geraint Davies: On prioritisation, you will be aware that Swansea-Neath-Port Talbot has the biggest urban footprint in terms of population in Wales and obviously feeds into west Wales as well. You said, "Okay, we might look at Swansea parkway." Compared with the alignment of the line to Swansea, which feeds that area, and electrification, that would obviously just miss those people out and provide a quicker route to Conservative voters from Pembrokeshire. Shouldn't your first priority be to look at the electrified metro proposal that is on the table now for Swansea, especially as you have broken your promise on electrification?

Alun Cairns: First, I didn't say that we were looking at one versus the other. We would need to prioritise in terms of the costs of the projects, the number of people who would benefit and the time savings. There has not yet been a detailed proposal including costings and so on at a granular level of what the Swansea metro would be and what the specific timeframes would be.

Q48 Geraint Davies: But you will look at it?

Alun Cairns: Of course. I just said that there were calls for a Swansea parkway station, rather than a proposal to pursue it. We will happily explore and look at whatever is possible within those cost-benefit ratios for the projects that are out there.

Q49 Geraint Davies: Briefly, you mentioned that you are glad to see the back of coal. You will probably be aware that the latest satellite data on fracking shows that 5% of the methane is fugitively emitted—leaked—through the process, which makes fracking twice as bad as coal for global warming. On that basis, will you turn your back on the idea of any fracking in Wales?



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Alun Cairns: My will was to devolve that power by next April. That has been delayed. It has been delayed by six months, I think, for fracking, rather than 12 months as it has been for other energy consents.

Q50 **Geraint Davies:** So you are against fracking—in England as well.

Alun Cairns: I said that I wanted to devolve the powers to the Welsh Government, and my understanding is they have a moratorium. They can react on that basis. I was anxious to devolve that power as quickly as possible, and I am sorry that that is not able to happen.

Q51 **Geraint Davies:** May I ask about prisons? You mentioned that 227 female prisoners from Wales are in English prisons. Wouldn't you accept that it is even more important for female prisoners to be near their families, particularly if they have children, and therefore there is a compelling case to have prison facilities, if we need them at all, in Wales for Welsh women? When are you going to bring that about?

Alun Cairns: The Government are committed to improving the Prison Estate and have also stated specifically that we want to build smaller units because the demand is smaller for female prisoners. We have not taken decisions on where they should be yet, but certainly if you have any suggestions on where they could or should be accommodated—

Geraint Davies: In Swansea.

Alun Cairns: If you have suggestions, I have no doubt that we can happily look at that, along with the MOJ, about where is best suited—

Q52 **Geraint Davies:** They are having a big one in Port Talbot, so the old Swansea prison could be a women's prison in future, rather than sell it as a hotel.

Alun Cairns: There is a discussion to be had in that space. If that is a formal proposal, I am sure the MOJ would want to look at it in detail.

Q53 **Geraint Davies:** Moving on to Northern Ireland, the EU 27 have said that the single market and customs union will operate in Northern Ireland. What reason can you give to Welsh companies not to move to Northern Ireland?

Alun Cairns: I do not think we have said what your question suggests. We have said that there will not be a hard border between the Republic of Ireland and Northern Ireland, and nor will there be a hard border down the Irish sea. On that basis, we are going to work in the most imaginative way to come to an arrangement that will honour the Belfast agreement. Also, we are well aware—it is well understood across Government—that the ports in Holyhead and Pembrokeshire are relevant to that debate. I would also say that there is a new opportunity, because all of a sudden these will become gateways to the European Union, in the same way that Dover is a gateway to the European Union after we leave.

Q54 **Geraint Davies:** Secretary of State, what I was getting at is this: if by being in Northern Ireland companies have the opportunity to be both in



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Europe—in the single market and the customs union—and at the same time part of the UK, what reason would they have to stay in north Wales?

Alun Cairns: The integrity of the UK is something we will always respect and work to. We recognise the Belfast agreement, and of course we will honour and work to the Belfast agreement, but clearly we will not have different arrangements that suit Northern Ireland to the rest of the UK.

- Q55 **Geraint Davies:** On the impact of Brexit on Wales, I do not know whether you can give us any reassurance about replacement of convergence funding, but you will know that the LSE recently did a report that shows that of the 2.7% inflation we have now, 1.7% is due to the impact of the vote on Brexit. And, because real wages are at something like 2%, people are now losing money rather than gaining money, and it is already costing Welsh workers a week in pay every year. On top of that, the *Financial Times* says that it is costing £350 million a week—which, coincidentally, is the amount that Boris Johnson and other colleagues of yours promised we would gain. Given that, and given that every Welsh family will have to pay £1,000 for the divorce fee, don't you feel that if opinion in Wales continues to shift in favour of wanting a final say on the final exit deal—certainly after it hits 60%, for example—you should grant them that Christmas wish?

Alun Cairns: Well, Mr Davies, you highlighted a number of reports. If we were in a robust debate in the Chamber, I would say that it was highly selective.

- Q56 **Geraint Davies:** Just the *FT*. *FT*, no comment? It is in the *FT*, not your newspapers, the *Mail* or *The Sun*.

Alun Cairns: The *Financial Times* might well have one view, and that will have respect, as well as many other reports that will also have respect.

- Q57 **Chair:** I cannot resist: Secretary of State, have you seen the report about the boom in the manufacturing industry that is going on at the moment as a result of the low price of the pound, which means that manufacturing is surging in Britain? Won't you want to take that into account as well?

Geraint Davies: That is from *The Beano*.

Alun Cairns: Mr Chairman, I genuinely, absolutely believe that we have to take the opportunities from leaving the European Union in spite of where individuals will have come from.

- Q58 **Chair:** Before I go to Paul Flynn, I want to go a bit further on this subject and mention General Dynamics, which I know you are aware of. General Dynamics is currently bidding to manufacture an armoured personnel carrier—that is the technical name for it. There is a rumour, no doubt false, that the Ministry of Defence has already decided to buy similar vehicles from Germany without going out to tender. Can you comment on that?



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Alun Cairns: I can confirm that that is false, because no decision has been taken about the detail. My first conversation with General Dynamics on this was during the general election campaign in May. We had a lengthy telephone conversation while I was on the campaign trail, as it happened, and we have had several engagements since. I have sought to explain, confirm and communicate that no decision has been taken on this. Obviously, we are engaging with the MOD in terms of their proposals, but I can categorically confirm that no decision has been taken.

- Q59 **Chair:** You say that no decision has been taken, which I accept, of course, but when a decision is taken, presumably the decision will be that this has to be put out to tender. It would not be possible to decide just to buy these vehicles without a tender, would it?

Alun Cairns: The details are wider than that, but I would say no, I cannot confirm that either way, until a decision has been taken, and that is just the logic of it. But clearly I have heard the argument and, of course, we will work closely with the MOD.

- Q60 **Chair:** But we would want to ensure that our vehicles are the best value and the best and safest vehicles but also, if possible, bought within the UK, and best of all in Wales, wouldn't we?

Alun Cairns: Chairman, you point to an important issue. The plant on the A470 to Merthyr Tydfil, which I went to open with Philip Dunne, who was the Defence Minister at the time, joined by the First Minister, was a manufacturing unit that was brought back from Spain to establish it in south Wales. That demonstrates our commitment to manufacture and develop projects.

General Dynamics has also since won a £300 million project at Oakdale, as part of the Morpheus scheme, which was announced last year. That shows where the MOD has major commitments in Wales. It also shows a strong commitment to manufacturing and developing technology in the UK in general, from which Wales is benefiting significantly from MOD spend. I want to see as much of that happen as possible. Where we have made representations, such as in those fields, we have been successful.

- Q61 **Chair:** May I put it strongly to you that I believe this contract is potentially worth £3 billion? It would be outrageous if we decided to hand over a £3 billion contract without any sort of tender to Germany, at a time when we are pulling out of the EU and, frankly, the Germans are not being particularly helpful to us. Why on earth would we suddenly give them a contract like that? Why should we and why should they have it, when we have got a company that is already making these things in south Wales? Surely that company should absolutely have the chance to tender for it.

Alun Cairns: Of course, we are working closely with the MOD on that and I hope the record of attracting investment to south Wales speaks for the sorts of priorities that we have got. We want to work to a positive outcome.



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Chair: Whatever you may have to say here, I would like to think that you would probably agree most strongly with me, Secretary of State for Wales. Thank you for that.

- Q62 **Paul Flynn:** I think the political cartwheels that you performed on the Severn bridges toll are likely to bring cheap political opportunism into disrepute. Could you explain why you changed your policy from a £3.70 toll in the middle of the election campaign?

Alun Cairns: I always recognised that there was a symbolic and economic issue surrounding tolls.

- Q63 **Paul Flynn:** Could you answer that? I have got a few questions but why did you do it at that particular time?

Alun Cairns: We have to work across Government.

- Q64 **Paul Flynn:** It was sheer coincidence that it was at election time, was it?

Alun Cairns: It became a manifesto commitment.

- Q65 **Paul Flynn:** Why? It was a cheap attempt to gain seats, which failed spectacularly, because you actually lost three seats. As a party, just think on terms of political morality, your Government is there on the basis of mercenary MPs from Northern Ireland who have been bribed with £1 billion. The situation with the Severn bridges toll—

Chair: I am not sure that I can allow references to mercenary MPs and bribery to pass unchecked, Mr Flynn.

Paul Flynn: I think they are entirely accurate statements. A mercenary is someone who can be bought and does a job for money. I believe that the Northern Ireland Members would generally acknowledge that they wouldn't have taken up their new-found loyalty to the Tory Government without the £1 billion that was paid to them. I think that is an accepted fact.

Chair: I enjoy robust questioning, but we should all be careful, because I might get advised that those terms are out of order. Do continue, because I am enjoying this.

- Q66 **Paul Flynn:** I have opposed the Severn bridges tolls since before you were born, Secretary of State. It is welcome that they are ending. The Severn Bridges Act 1992 set out an agreement—a deal—which comes to an end on 8 January, when the Severn bridges tolls end. The Severn bridges are exactly the same as any other part of the motorway system: they are owned by the public. Isn't continuing paying the tolls for another year accurately called a Keynes tax?

Alun Cairns: I am grateful for the recognition that the tolls are being cut. When I was a member of this Committee, the impact of the Severn tolls was the first issue we considered. Ever since then, I have been convinced that something needs to be done about it. Going back to the question of why it was to be halved, and then why we came forward with a commitment—



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Q67 Paul Flynn: Why don't you confess—it would feel a lot better—that this was a crude attempt to buy votes during an election? It is the sort of thing that voters rightly spurn. They recognised it to be a cheap election bribe.

Alun Cairns: Well, no. It was something I made a priority when I became Secretary of State. At the time I was here last year, I had not quite convinced all my colleagues—

Paul Flynn: You changed your mind in six months.

Alun Cairns: I had not quite convinced all my colleagues that abolishing them was the best way, and I managed to get halfway by halving the tolls. I am pleased that my colleagues responded to my request. I am supported by the Committee and by business in Wales. The outcome is positive. When we talk about the Welsh economy, I hope we can talk about the south Wales economy and the south-west of England in an optimistic way. There is one haulier very close to your constituency, Mr Flynn, that has said that it has saved it £500,000.

Paul Flynn: We know about the advantages. Can I go on to something else?

Alun Cairns: I can give countless examples of businesses that welcome it. We need to focus on it to help attract further investment into Wales.

Q68 Paul Flynn: We all agree on the advantages. What we are discussing is the political morality of your party in the election campaign, the reasons why you did this and whether it brings politics into disrepute. You told us last year that the tolls were going to be £3.70. You appeared on the Severn bridge—I have a charming photograph on my website of the Chairman and you—announcing, "Hallelujah! It is going to be a £3 toll." Strangely enough, a surprise election comes along, and suddenly they are going to go altogether. Is that what you are trying to tell us happened?

Alun Cairns: My Flynn, I think you are asking me to apologise for abolishing the tolls.

Q69 Paul Flynn: No, I am asking you to apologise for a crudely political way of conning the voters. It didn't work. To take the next con that is on now, the majority of the people of this country are very alarmed about many of the aspects of Brexit, now that it is coming in. I sit on other Committees, and they take a line, which is that they have great concern about the effect on the Welsh farming industry.

Alun Cairns: If I may, there is a serious issue here. If you are asking me to apologise for a manifesto commitment that we made and are delivering on, I absolutely will not do so. This is a positive announcement. We should all be taking it in the spirit it was meant and using it as an economic measure to boost investment.

Paul Flynn: There is such a thing as doing the right thing for the wrong reason. My question was not about the advantages of the Severn bridge



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tolls—they should have gone in '66, as far as I am concerned—but about the way you did it, what it does to political faith and the way that your party is in power because of the deal they did with the DUP.

Chair: I apologise, Mr Flynn, but we have 26 minutes left. Chris Davies.

Q70 Chris Davies: I didn't think you were ever coming to me, Chair. I want to put on the record that the Minister who has now left us very kindly came to Llandrindod Wells just two weeks ago, where he met a haulier who has 19 lorries. Even in deepest darkest mid Wales, that lorry company was saving £50,000 by seeing those tolls disappear. I thank the Minister.

My colleague who has now left asked earlier if you were embarrassed about the lack of commitment. Moving on from the Severn bridge to the Brynglas tunnels, are you embarrassed about the lack of commitment that the Welsh Government have given to that artery for Wales? Would you like to see those powers being taken back to Westminster?

Alun Cairns: That was a point I was going to make to Mr Flynn, so thank you for raising it. We have a very positive announcement coming. On 8 January the tolls are coming down by 20%. By this time next year we will have confirmed dates for when they will be abolished, and they will be abolished before the end of 2018. There is a risk of a good news story becoming not such a good news story, in that the delays around the Brynglas tunnels could cause reputational damage to south Wales. I am working closely with the First Minister to encourage and support him in delivering that project, but I am pretty disappointed that William Hague would have been sitting in this seat when that road was first committed to back in 1995. We are still, all these years down the road, no further forward, and I wish the Welsh Government would get on with it.

Q71 Chris Davies: Do you wish that those powers came back to you, so that you could make that decision?

Alun Cairns: The Government of Wales Act has provided a clear settlement, and on that basis it would be wholly inappropriate for the UK Government ever to want to take them back.

Q72 Chris Davies: You disappointed me with that answer. Sadly the Minister has left, but he came to Llandrindod Wells to discuss the mid Wales growth deal. We have seen a Cardiff bay, a Swansea bay, a north Wales and now a mid Wales growth deal. Can you explain where you would like to see this go and how it will benefit Wales?

Alun Cairns: I am grateful to you for asking that question. In addition to the issues that we highlighted earlier—the new financial settlement, the Severn tolls and the investment that is taking place—and the funding made available to Wales, we have an agreement in Cardiff, the capital of the region, which is the largest city deal in the UK. The Swansea bay city deal and the north Wales growth deal are now in formal negotiations around specific projects, and obviously there is the mid Wales growth deal. That means the whole of Wales is covered in a growth deal, which means additional resource coming to Wales in order to support bottom-up growth of the economy.



Local MPs have a significant part to play in working with local businesses to come up with initiatives and ideas, whether it is skills development or infrastructure changes that need to be made, and the sorts of projects and policies you would like to see in place. I would look to the Swansea bay city deal, where there are 11 distinct projects, from a wave test bed in Pembrokeshire to a steel science centre in Neath Port Talbot. Those are the sorts of innovations that can come forward, and I encourage the local authorities, local businesses, Members of Parliament, Assembly Members and the Welsh Government to be as innovative as possible, look at the models that are working best and learn from those, and also take lessons from projects elsewhere across the UK that are not working as we would like them to. There is great potential in this.

Chris Davies: I am sure Ben wants to come in on this point. While we are talking about colleagues around the country and examples in the UK, how closely are you working with your Westminster colleagues in the Cabinet to ensure that something like the mid-Wales deal is not just north to south, but east to west, across Offa's Dyke?

Alun Cairns: You are absolutely right. I think east to west is the general flow of traffic. If we are talking about Ceredigion and Powys specifically, I think there will be some issues of common interest, and the university in Aberystwyth can play a part. But it doesn't have to latch on to a university, and we have seen other innovations—for example the Swansea Bay city deal, and we have seen things come forward in north Wales where local businesses and local authorities come up with initiatives. The more advanced we can be in our thinking, by the time we start sitting down to go through projects, the easier it will be to act as quickly as possible. We have made good progress in north Wales. I know that some people would have liked us to be further forward, but there have been changes of leadership in some authorities and a general election in the meantime, which will undoubtedly have had an impact on the process. We are anxious to move as quickly as we can, and one lesson to learn is that we should develop schemes as well as we possibly can across counties, businesses and areas, so that we are in a position to act sooner rather than later.

Q73 **Ben Lake:** On that point, I appreciate that things are at an early stage at the moment when it comes to the mid-Wales growth deal, but it would be useful to clarify where we are in practical terms. What are the next steps? How can we start to get things moving? What would be useful from the Welsh Secretary's point of view, and what can we do as MPs to facilitate this?

Alun Cairns: That is a really helpful question. I think there are a couple of models out there. I was closely involved with the Swansea model, in which local authorities and local businesses worked together and developed a long list of schemes. It was only by interrogation of those schemes that some dropped off, and some became priorities and with extra work they became imaginative and so on. I think at this early stage it is about prompting awareness and pointing to the sorts of initiatives that people



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would like to see—and what the frustrations are—whereby an intervention in the community can raise productivity.

Mr Lake, you will be more than aware of Aberystwyth University and its research in agriculture, for example, but this could be about translating that research into the agricultural sector across the whole of Wales, to ensure that mid-Wales—and Powys and Ceredigion and others—take a competitive advantage from expertise that lies locally. Other sorts of projects could come out of it. It could be that the labour force has not upskilled to the next challenge or to the potential of a new investor coming to the area, or to something that wants to expand, and the scheme could be associated with that. It could be something discrete in addition to the support that the Welsh Government would provide. Those are the sorts of initiatives that could be pursued, and the more imaginative that local authorities and businesses can be, the better.

- Q74 **Chris Davies:** Secretary of State, you mentioned agriculture. Can we assume that the agriculture Bill is still on track to be published in the spring?

Alun Cairns: The White Paper is due to be published quite soon, and on that basis it will focus on agricultural policy for England, but there is a wider context and it will obviously respect the devolved settlement.

- Q75 **Chris Davies:** How much is your Department involved in liaising with DEFRA?

Alun Cairns: Closely. Guto Bebb is the Minister, and he meets George Eustice on a regular basis. It is integral to the make-up of how DEFRA wants to work across the whole UK. I am also encouraged by how readily the different circumstances around the UK are recognised. For example, hill farming is something that I know you, Mr Davies, rightly draw to our attention all the time. I am pleased to say that that has permeated right through officials across DEFRA, and therefore I am pushing at an open door when seeking to recognise that agriculture in parts of Wales is different to agriculture in parts of, for example, south-east England. There are common areas that might exist, such as Cumbria, for example, or elsewhere that will have similar features, but the work you have done has certainly paid dividends in the recognition of the unique circumstances of Wales.

- Q76 **Chris Davies:** As far as the Welsh Government are concerned, and their involvement in agriculture and the way forward, we constantly hear—we heard it again today—the rubbish that you are power grabbing here in Westminster. These are powers that the Welsh Assembly never had, so to use that phrase is a complete misnomer. However, do you feel the Welsh Government are having enough of a say and enough of an input into Brexit and the way forward?

Alun Cairns: I hope so, and I hope that is recognised. I highlighted that the last JMC was yet another positive meeting. If we take a pragmatic approach, I am optimistic that we can get to a good position. Of course it is right that they are able to input their views and policies into the



process, and that needs to be part of the mix. We will now move forward to the trade negotiations and we want to find the best way of involving the devolved Administrations.

- Q77 Chris Davies:** Where you are sitting, we constantly have in front of us academics, other politicians and people who constantly advise us of the doom and gloom of what is happening out there. A couple of weeks ago, the Committee visited the Royal Welsh Winter Fair and heard from real people, including farmers, who will be involved. People forget that, although it is a farm, farmers are running a business; they are the small business people of Wales. They have concerns—there is no question about that—but do you think that, despite some political interest, there is a strong future out there and that we are doing all we possibly can?

Alun Cairns: I would point, Mr Davies, to the data. The data has proven so many people wrong. Many people predicted that there would be a downturn, that we would be in a recession and that we wouldn't attract investment. Clearly, consumers and investors are far more pragmatic than many of us would have given them credit for.

I absolutely believe that we all have an obligation to draw attention to the new opportunities that are out there. Those will apply to farmers and the agricultural sector as they will to manufacturers and the service sector. It is up to us, as the Government, to be able respond to that and to respond to the ambition and aspiration that exists out there in the best possible way to help them achieve their objectives.

Chris Davies: I am sure I am running out of time, Chair, am I not?

Chair: You are okay for a minute or so. I may go to Ben and then, if there is time, I will go to Geraint Davies, who has had more time than everyone else so far.

- Q78 Chris Davies:** I will briefly touch, if I may, on another matter that is very important to my constituency, in particular, and to Wales: tourism. Where do you feel we are, in the Brexit negotiations, on tourism for Wales? Sadly, I feel that we do not get enough of a slice of the cake, under the Welsh Assembly's tourism bid, in getting people to come from London to Wales. Where do you think our tourism industry in Wales is at the moment?

Alun Cairns: I think this is an area that the Welsh Government and my office can work together closely on. We have had preliminary discussions with the new Minister for Tourism. He was at the reception last night that Ms Saville-Roberts mentioned and responded on behalf of the Welsh Government. I hope that demonstrates that, where Wales has two Governments, they can work together on issues of joint interest. Tourism is clearly one of those, because Visit Wales markets Wales within the UK and VisitBritain markets the UK, including Wales, internationally.

It is important that Wales gets its fair slice, and we want to work closely together to ensure that the campaign is effective, and that the Visit Wales campaign is reflected in VisitBritain. The significance of the tourism industry is often not recognised. I know you always underline the



importance of tourism to rural Wales, Mr Davies, and I think that is something that we need to heed, listen to and respond to.

- Q79 Chris Davies:** I have one final question, if I may. Secretary of State, you stated earlier that you are somebody who not only voted to remain but campaigned to remain. You are now trying to get the best possible Brexit deal for the people of this country. Do you now feel it is time that everybody put everything behind them, instead of fighting for yet another referendum that this country doesn't want? If everybody got behind the Brexit negotiations, not just the people of Britain but, most importantly, the people of Wales will end up better off, rather than being disadvantaged by this constant fight against the process.

Alun Cairns: You make an important point, in that we have an obligation to respond to the referendum and we will be leaving the European Union; the EU (Withdrawal) Bill is making its progress through the Commons as it is. I think it is important that we all look to the opportunities that leaving the European Union can provide. I think that if we channelled our energies on those opportunities, while recognising what actions we need to take to mitigate the risks, we progress. But trying to rerun the referendum, in my mind, serves no one, other than to provide more uncertainty to business and investors. That is not in the interest of Wales or the United Kingdom.

Chair: Thank you very much.

- Q80 Ben Lake:** While discussing the opportunities post-Brexit, and staying on agriculture for a moment, when it comes to trade, and particularly for the meat sector, there has been quite a bit of discussion about possibilities of new markets. I would argue, and many in my party would argue, that we need to secure our current market in the EU first and foremost; but looking at other markets, potentially in east Asia and the middle east—and even, who knows, there has also been talk by the International Trade Secretary about America—what kind of influence are you able to bring to bear on the Cabinet to make sure of the interest of the red meat sector in particular? Of course there are possibilities, when it comes to tariff-rate quotas, of introducing a seasonality element to it, which might be particularly beneficial for Welsh lamb.

Alun Cairns: Thank you, Mr Lake. I think that highlights the sorts of opportunities that are out there. Only six weeks ago—I think it was six weeks ago—the Secretary of State for International Trade and I met farmers in my office in Cardiff. He has been back to Wales since that time to meet manufacturers, but we talked about seeking to win discrete contracts with nations around the world that might run over, say, five or 10 years. That would give certainty to sectors—agriculture, be it beef, lamb, dairy or whatever the area of agriculture—that in itself provides the opportunity for greater productivity, because there would be certainty over the sort of contracts that can be derived.

Clearly, we are at a very early high-level stage in terms of the discussion with the sector, but I think it is an opportunity we can pursue that would



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diversify the approach from accessing the European market. Then the greater the opportunities that come, the stronger the sector becomes.

- Q81 **Ben Lake:** I would agree that it is important to capitalise on all the opportunities that present themselves. Of course the fact of the matter is that at the moment, at the present time for farmers in my constituency—and Chris's and anyone else's constituency, for that matter—the red meat sector export a high amount of their goods and produce to the European Union. Are we not in danger? What can you do to make sure that we do not undermine our present situation trading with the European Union and the single market in the hope of this intangible future and the possibilities that it may bring?

Alun Cairns: Clearly it is something that is extremely important to the UK economy. It is extremely important to our environmental make-up and the character of Wales and the UK. Maintaining access to the European market is something that absolutely we will want to focus on, but that does not need to negate what we can also do at the same time, by which I mean exploring markets elsewhere.

I was with Hybu Cig Cymru in Qatar just a short time ago, and that was a trade mission that the Welsh Government had run. I was there to support that and other initiatives and investments, but it is an example where both Governments can work together in the interests of Welsh agriculture, as well as the manufacturers and service sector providers who went there. It is not either/or—I think it is both. Of course the emphasis will shift over a long period of time for the new opportunities that are created.

- Q82 **Ben Lake:** I am glad to hear you say that, actually, Secretary of State, because it is one of those matters where we need to make sure, not just for agriculture but for the fishing industry, for example, as well—the importance of non-tariff barriers in major markets is crucial. I am glad to hear that you appreciate it and are pushing your colleagues in the Cabinet to make sure that there are not tariff barriers—

Alun Cairns: Thank you, Mr Lake. This is effectively a negotiation, of course, and I think we need to be ambitious about our objectives. With the Government having come to an agreement with the European Commission, supported by the European Council, last week—I think that was not expected to be as welcomed as widely as it was. That demonstrates that we can get to a position that works for people who strongly campaigned for remain and for people who strongly campaigned for leave. If we are doing the right thing, we can justify and explain it all the time.

- Q83 **Ben Lake:** Just to follow on—you mentioned your trip to Qatar and the way that the Welsh Government and the UK Government can work together to further those interests—I was just wondering about the relationship with the Welsh Government, which is something that has been touched on quite a lot this afternoon. Will you explain to us—to me in particular—what in practical terms, day to day or week to week, that actually entails? Do you have regular conversations with your colleagues



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in Cardiff? What does it actually mean to say “the relationship between the Welsh Government and the UK Government”?

Alun Cairns: Well, it started off—when I became Secretary of State and under my predecessor—when we had a regular slot with the First Minister. I forget how frequent it was. Since the election it has not followed that pattern but we have probably met more regularly than we would have with regular diary slots. That is because of the negotiations. For example, I have seen Damian Green three times since the summer, and Mark Drakeford is here at the Joint Ministerial Committee. I speak quite regularly with Ken Stakes. That takes a range of forms—letters sometimes, or even a text or phone call. We are in a positive environment in which to work jointly to get Wales to the best position possible or to respond. That does not mean to say that there is not robust disagreements. Well, the disagreements are always done in public, but the agreements are always done in private. It is an unusual circumstance.

Chair: It is the opposite of you and me really.

Alun Cairns: Only once have I criticised the First Minister in public, and that was in my conference speech last October, but clearly, as far as I am concerned, I have made my point and we move on with discussions thereafter. I hope that that is a mature environment.

Q84 **Ben Lake:** I know that I am taking up the time, so I will just finish on this. When it comes to the ways of working with the Welsh Government, there is a clear need—particularly as we look towards some sort of common frameworks on a variety of topics—for a real, proper intergovernmental mechanism. The JMC, I understand, has been meeting recently, which is good to hear, but it is rather deficient. There needs to be a little reworking or reformulating of the JMC or, as I think Carwyn Jones has suggested, a UK Council of Ministers. What is your view on that? Because it does strike me as though better co-operation, and any mechanism, forum, body or organisation that facilitates better co-operation and communication, would be a good thing.

Alun Cairns: There are lots of options out there. We will of course continue to talk and to deliver the best option for the best circumstance at the time, but I would absolutely underline—this is where we might disagree—the UK is not a federal state. Therefore, on that basis, we will work in the best way possible. A structure or framework around agriculture will be very different from one for a discussion that we might have around a completely different area of policy. I hope we can deliver—it is horses for courses, but we focus on the outcomes all the time. We often spend time focusing on structures, but let us focus on the outcomes. This is where we have made good progress on the frameworks. We are focusing on what we want to deliver for a business or a community in Wales, so there is a logical place for where something sits. Therefore, the debate about the process, the framework and where the power sits in my mind becomes less important because we have agreed where we want to get to, and the process follows from that.



Q85 Chair: I believe we may just have three very quick points to make, then I will say something at the end. Don't feel you have to answer them individually, Minister—you may summarise at the end if you like.

Paul Flynn: Are you aware, Minister, that the market for Welsh lamb and other red meat—90% of it going to other European countries—is already being taken by products from Spain and Romania? Did your talks in the Gulf include suggestions that the only way to allow Welsh lamb to be competitive when we are exposed to new competition post-Brexit is to export more lamb on the hoof and not on the hook, increasing the suffering of sentient animals?

Geraint Davies: I was going to ask what reassurance you could give Welsh lamb farmers about not allowing New Zealand and Australia to have virtually unfettered access to our market and flood it with cheap lamb after Brexit.

Chris Davies: Secretary of State, Christmas is coming. When you sit down to write your letter to Father Christmas, what will be top of your list for the people of Wales in 2018?

Chair: Would it include a review on S4C? Perhaps you could tell us when we might see that published. If you would like to answer those questions, then we will close the meeting.

Alun Cairns: Where do I start? In relation to Mr Flynn's question on animal welfare, he will have seen statements made by Michael Gove, the Secretary of State, on this, saying that we will take the opportunity offered by leaving the European Union to pursue better welfare standards than we are currently able to follow. The Welsh Government have not yet followed or made similar statements on that, and it will be interesting to see whether they choose to follow the lead Michael Gove has established. That is, of course, a matter for them, but I am sure we all want to see the highest welfare standards, and we would not want to see welfare standards in Wales at a lower level than they are in England. Of course, that is the nature of devolution, and the Welsh Government will be able to follow suit on that.

Mr Davies raised the issue of quotas. New Zealand do not achieve their quota to the European Union as it stands. They simply cannot cope with the quota because of the new markets they have established in Asia. They do not even supply the whole of the European Union with what they previously negotiated. Similarly, Australia is a market that has shown an interest, but it is in our interest to protect agriculture, which is why we have talked about the opportunities for the Department for International Trade that I mentioned to Mr Lake, and the opportunities to seek out new markets that leaving the European Union will provide. That will be an ongoing debate, but I hope Welsh farmers will take from this that we recognise their situation, and that the last thing we would want to do is to undermine any one sector. We want to help and support them to seek out new markets.



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Mr Flynn mentioned the red meat sector switching across—I think he mentioned Spain or Romania. There have been activities in Europe previously that stopped the export of Welsh beef and lamb to the European Union, for whatever reason. We have been in very challenging circumstances in the past. I do not foresee us being in that position again, but clearly we want to maintain the most open market possible. On some issues, such as the beef-on-the-bone ban, there was no scientific evidence, but there was some resistance in Europe to accepting Welsh beef. It is easy to point to one circumstance, but we need to look at the wider range of where markets have been helpful or not so helpful.

On Mr Davies's question, I am frightened to ask for anything for Christmas in case I don't get it.

Q86 Chair: And the S4C review?

Alun Cairns: Sorry. We expect the review to be concluded soon, and I have no doubt that this Committee will want to scrutinise it appropriately. I am grateful for the interest the Committee has already shown—I know you hold it dearly, as I do, because it is about our culture and identity, and about one of the languages of the UK.

Chair: In closing, I thank the Secretary of State for Wales. He might have seen that I was fiddling with a phone. I want to assure him that it was to make sure everyone got an equal amount of time. I seem to remember, some 15 or 20 years ago, he was on a Committee where he thought he was not getting the right amount of time, and I believe he went in to it with one of those chess clocks to make his point, which he did very well.

I would like to thank all members of the Committee, with some of whom I go back 35 years or so. They will remember me in school and trying to keep me in order. I sometimes feel a slight difficulty in reciprocating. After what has been quite a difficult year for the UK in many ways, with the terrorism attacks and divisions over all sorts of things, may I say it is a pleasure to have been able to work so well on this Committee with Members of all political parties, all of whom have a great love for Wales and for the parliamentary process, and to have had our continued dialogue, Secretary of State for Wales. Nadolig llawen a blwyddyn newydd dda. Diolch yn fawr.

Alun Cairns: Diolch yn fawr.