

Welsh Affairs Committee

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

Tuesday 4 September 2018

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Members present: David T. C. Davies (Chair); Tonia Antoniazzi; Geraint Davies; Susan Elan Jones; Ben Lake; Anna McMorrin; Liz Saville Roberts.

Questions 87 - 201

Witnesses

I: Alun Cairns, Secretary of State for Wales, Lord Bourne of Aberystwyth, Parliamentary Under-Secretary of State, Wales Office and Mims Davies, Parliamentary Under-Secretary of State, Wales Office.

Examination of witnesses

Witnesses: Alun Cairns, Lord Bourne and Mims Davies.

Q87 Chair: Very good afternoon. Prynhawn da. Could I welcome Ministers, Lord Bourne, Alun Cairns and Mims Davies from the Welsh Office? I would like to ask Geraint Davies to start the questions.

Geraint Davies: Can I start off, Secretary of State, with rail electrification? Can you give us an update of what plans you have or what plans there are to basically replace the lost investment from rail electrification and from Network Rail in Swansea Bay City Region and South Wales in general in terms of the proposals for Swansea Bay Metro?

Alun Cairns: Thank you, Chairman, for the introduction. To Mr Davies I say that Mark Barry is doing a report on the Swansea Metro. It has been commissioned by Welsh Government. We met Mark Barry very early on in the process. We have not met him recently. We are waiting to see what the conclusions of that report are and of course it is something that we would want to engage with but this is a report commissioned by the Welsh Government about the network around Swansea. That could be either complementary to DfT's plans or in addition to DfT's plans and hopes. I know there is lots of thinking around new opportunities around Swansea. Swansea Parkway Station or West Wales Parkway Station is one option and I know that other options are being considered as well.

As for the first element of your question, the Budget last year announced a number of strategic outline business cases. We are waiting for some of those to conclude and that then obviously will provide the footprint for consideration to be given for the next consideration of infrastructure projects.

Q88 Geraint Davies: While you cannot commit now to any particular project, and I respect that, as Secretary of State would you accept that over a number of decades now Wales has been grossly underfunded in terms of rail investment and this latest withdrawal of £700 million from electrification for Cardiff to Swansea alongside a further £1 billion reduction from Network Rail is unacceptable and that you will fight for the reinstatement of that money to invest in what infrastructure works best for South Wales and Swansea?

Alun Cairns: I think, Mr Davies, you are absolutely right about the under investment over decades. That is absolutely right because Mr Davies will remember that Wales was in a position, along with Moldova and Albania, as one of three nations in Europe that did not have a single mile of electrified track. Now thankfully—

Geraint Davies: Investment, not electrification.

Alun Cairns: I am coming to the point you said about underinvestment over decades.



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The other issue in relation to electrification is that Swansea, Cardiff, Newport, Carmarthen, because of the way the rail network is built infrastructure investment does not have to be in Wales to benefit Wales because you can imagine the electrification of the main line is £2.8 billion between Paddington and South Wales and on that basis of course South Wales will rightly benefit from that as well but it does not stop at that consideration. I have already talked about the strategic outline business cases that have been announced and that will provide options for considerations; what are practical and what are workable after those formal strategic outline business cases have been mapped.

Q89 Geraint Davies: Will you fight to ensure Wales gets its fair share? Because what you seem to be saying is that investment in England helps Wales, so that is all right then. You do not seem to mind that we are losing £1.7 billion in the last year and you are saying, "Oh, well, whatever". Will you fight for us?

Alun Cairns: Of course I will fight for the settlement and I hope when we come on to financial settlements people will see my record in terms of the new financial settlement for Wales because we all recognise how Barnett underfunded Wales for so many years. One of the first things I did on becoming Secretary of State was to put that right so I think my record is good in terms of fighting for Wales and that on that basis you can take confidence that I will use the same rigour to pursue other projects. Of course, we would only want those projects to be value for money and I would want to see more projects taking place in Wales. When I say spend in England helps Wales, let me give you one specific example that was called for by Welsh MPs and that is the Halton Curve. That is in England but it provides the direct link to Merseyside from North Wales.

Geraint Davies: Of course, yes.

Alun Cairns: That is a specific example so it is not saying that because we are spending in England we are not spending in Wales. It is important to spend on the infrastructure where it has effect to the Welsh community and I want to improve the outcomes for the Welsh community and the Halton Curve is a great example of that.

Lord Bourne: Could I add a point on that? I think what the Secretary of States says is undoubtedly right, that sometimes, not always, but sometimes, investment in England will help Wales but I think it is also worth making the point that the strategic outline business cases are around Wales, so it is not just South Wales. We are looking at the whole of Wales with improvements in the north and in the middle. We are awaiting a paper from the Welsh Government on a possible link between Aberystwyth and Carmarthen. That is something that has been talked about for a long while but it will be interesting and something we are committed to look at to see if we can take it forward.

Q90 Chair: Do you think, therefore, Minister, Wales has lost out? I think the previous question was about whether you would fight for Wales, which of



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course you would, but do you think there is something to fight for there? Is there a case that Wales has lost out?

Alun Cairns: The strategic outline business cases are seeking to identify those projects that we can develop and pursue. Some are around Swansea for example, some around North Wales.

Q91 **Chair:** We will only be able to pursue those successfully if there is an argument that can be made that Wales has lost out. My question is, do you think that Wales has lost out over the last eight years?

Alun Cairns: It depends what you compare it with because if you compared it with the previous period where over decades, as Mr Davies pointed out, Wales has lost out significantly because we did not have a single mile of electrified track—

Q92 **Chair:** What about in the last eight years?

Alun Cairns: That is the case now.

Q93 **Chair:** In the last eight years, did it?

Alun Cairns: No, because we will now have tens of miles of electrified track, which we did not have previously so that demonstrates—

Q94 **Chair:** Your argument is that Wales has not lost out over the last eight years.

Alun Cairns: No, it has not and in addition there will have been support from DfT with the Welsh Government over the recent Wales & Borders franchise.

Q95 **Chair:** If you believe that Wales has not lost out it is going to be rather difficult, is it not, to make the cases for projects such as the Carmarthen to Aberystwyth Line?

Alun Cairns: The Carmarthen to Aberystwyth Line is a project that the Welsh Government have identified as a line that is a political priority for them but my ambition is to improve transport to West Wales that I think will complement and dovetail and that demonstrates that these projects cannot be taken in isolation. You have to consider the implication of the wider network as well.

Q96 **Liz Saville Roberts:** I would wonder how, Secretary of State, you can propose that Wales has not lost out given that the Welsh Governance Centre has used statistics from the Office of National Statistics that show that Government capital spending on transport is heavily focused on the south-east and that if the capital spending in Wales had been the equivalent of that in the south-east in the last 20 years, there would have been an extra £5.6 billion spent in Wales. Considering those figures, does the Government intend to be doing something to address regional inequality now, particularly as we are planning for post-Brexit, and what would he anticipate doing with that £5.6 billion if he were to have it and how will he use that information among his Cabinet colleagues?



Alun Cairns: It is difficult to take any one region of the UK. If you want to follow that logic, you could look at regions in Wales for certain spend in certain areas, so Aberystwyth to Carmarthen will have had zero rail spend for decades, but it depends on where you start and finish the job of that particular project.

Q97 **Liz Saville Roberts:** Surely not an argument for denying £5.6 billion.

Alun Cairns: You cannot be simplistic about identifying it around the region but let me answer the second element that you made, because this is what I think it focuses on—what projects are there. There are six strategic outline business cases that I have talked about. That is a disproportionately high number for any part of the UK and I am pleased that we have those projects under consideration for Wales, which may and could lead to significant improvements, but of course you have to go through the process; that is something that was announced last year and I am waiting for the conclusions of those. I would be interested in the Committee's views on those as those are published and concluded in due course.

Q98 **Geraint Davies:** HS2 will mean that the trip from London to Manchester goes from two hours 10 to one hour 10 and at the same time the length of the journey from London to Swansea will still remain around three hours, in particular if you add this extra Cardiff station. We are going to be crucified by this and what are you doing about it?

Alun Cairns: I have already mentioned the strategic outline business cases and some of those could well bring about significant improvements to Swansea and to West Wales. I do not recognise the time that you have said in relation to Swansea.

Geraint Davies: Look it up.

Alun Cairns: There would also have been Barnett consequential for the HS2 spend. I know there was a debate on that but we confirmed it and clarified and I would have written to colleagues at the time about the Barnett consequential so Wales would have had that in terms of a capital project. Do not underestimate HS2 either, the benefit that brings North Wales because the Crewe hub will be extremely important. I know Mims was in North Wales last week talking to local authority leaders and that is part of the interest surrounding the new opportunities for the growth deal. That is a demonstration of a project that will bring significant benefits to North Wales although it is a project that is based in England.

Q99 **Chair:** Okay, thank you for that. Can I turn to the Severn Bridge then, Minister? Do we have a date on when the tolls will officially be abolished yet?

Alun Cairns: The end of the year is the date—

Q100 **Chair:** The 31st?



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Alun Cairns: That is the deadline we have put together but we are in dialogue with Highways England. There are some practical and logistical issues that we need to resolve. There are some staffing issues that need to be worked through as part of a process and we will be making an announcement very soon about the date to be expected.

Q101 **Chair:** But on 1 January 2019, or perhaps even earlier, there will be no tolls to pay.

Alun Cairns: There will be no tolls. I remember when I was a member of this Committee, and I know that you, Chairman, were a key driver in terms of pursuing the policy to see the tolls abolished and it is again—

Chair: Excellent news.

Alun Cairns: I am delighted that we are getting very close. It seemed a long time ago when it was announced but I am delighted that we are getting very close to that.

Q102 **Chair:** So if anything there might even be better news in the pipeline but the worst case scenario is that on 1 January 2019 there will be no tolls. That is the worst case.

Alun Cairns: I think people can absolutely work to that, that by 1 January 2019 the tolls will not be there.

Q103 **Chair:** Okay. With that in mind, you have mentioned staff employment and obviously I have some constituents employed on the bridge. They are wondering what their future is. My understanding was that all of them were originally told that they were going to be reassigned, reallocated, other jobs. Is that still the case?

Alun Cairns: I cannot speak for every individual role but I know that there would be a process that we would expect Highways England, as a public agency, to follow in terms of the redeployment and/or redundancy if that is a potential option. That would have been agreed, presumably, with the unions when the processes of public agencies would have been established and that is what we expect Highways England to follow but if you have any individual example I would happily look into that.

Q104 **Chair:** There is some concern that there may be a difference between those who have been working there for some time and those who were there on contract. Is there going to be any special arrangement to help with retraining of contract staff?

Alun Cairns: That is something I cannot answer but I can certainly look into it because it is about individual issues.

Q105 **Chair:** Years ago when we were discussing this, the Government were reluctant to confirm the abolition of tolls because they were suggesting that it could put at risk the future of the crossings. I think they were probably saying that they would not have enough money coming in in revenue, the £13 million or so, it cost to keep them both up. Could you



confirm there is absolutely no threat to the future of either of the crossings?

Alun Cairns: None at all. There is absolutely no threat to either crossing and in fact the maintenance will be funded from Highways England and DfT. That obligation does not fall to the Welsh Government in any way. Again, it is a demonstration of something that I am pleased about because I understood the priority of the Welsh people, the people in South Wales in particular, placed on it and the hindrance it brought about to business and industry in that area. Maybe you would have an individual constituency view much more than I do about the property boom in those areas, which will, of course, have brought about challenges that need to be met as well, but I think the more economic growth that we are seeing that emerges out of that region the better, and the more exciting it is for the Welsh economy.

Q106 **Geraint Davies:** The tidal lagoon: what hand did you have in the Government decision not to go ahead with the tidal lagoon? You are quoted as saying that you thought the numbers were awful. When did you realise that and if you knew it sooner, couldn't the decision, even though I do not support it, have been made earlier?

Alun Cairns: I will answer it in terms of the numbers and then I will hand over to Nick who would have been part of that process when he would have been a Minister with DECC so that will add greater flesh to the issue.

I wanted this project to happen but of course we should not want it to happen if it is not good value for money. I know that the Committee, along with BEIS, would have conducted scrutiny of it and I noted that a relatively short scrutiny meeting, the joint session with BEIS, exposed significant weaknesses in the project that maybe had not been displayed or had not been discovered by the press and commentators before that. The project itself said that the strike price was £150 million. We have also said that was potentially higher because we are subject to non-disclosure agreements as well, as Ministers.

I would also point you to the National Infrastructure Commission, which is looking at the future energy needs of the whole of the UK that was published in July and that in itself concluded that they did not see that there was much export value in it. The strike price presentation was presented in a way to make it look attractive—I am paraphrasing slightly but please read the National Infrastructure Commission paper—and the export value would be limited to design and consultancy internationally rather than maybe the manufacturing or the impression that many people would have had. That is an independent report wholly separate from what the Department is doing but I think certainly in the ongoing investigation the Committee is looking at it may want to consider talking to the National Infrastructure Commission about the proposal behind tidal lagoons. I wanted this to happen but I am sure, Mr Davies, if this meant



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that any business in and around Swansea paid higher energy prices as a result of this going ahead that you would not want that to happen either.

Q107 Geraint Davies: We were not going to pay, it was going to go in the grid anyway, so that was not part of the issue. Would you accept that one of the issues was that the comparison was made with Hinkley over the 30-year timescale and what the lagoon people were saying is, quite reasonably, that their asset will be running renewable energy for at least 100 years because while we may run out of uranium in the future—maybe by 2050—we are not going to run out of tidal waves.

Secondly, can I ask you this? You said something about non-disclosure and you will be aware now that we are moving to a position where the tidal lagoon is willing for disclosure. Will you be supporting full transparency from all sides of this decision? My view, and that of the Select Committee, was not that there were all these holes in the argument at all. It was just a difference between whether you viewed these figures over 100 years or 30 years.

Alun Cairns: I can only point you to the National Infrastructure Commission that published since the decision has been made and they said that the strike-price presentation was made to look attractive and then also the other phrase they use is, “The pricing framework that they presented was not used anywhere else in any such project”.

Nick, I do not know if you would be able to—

Lord Bourne: I am very happy to. On the particular point of the cost, I think if it had been competitive, there is no reason we would not have gone ahead with it. We looked at this from every angle. Let us be honest; in many ways a very exciting project, imaginative, innovative and we wanted it to add up but it did not. If you look at the costs, if you compare it with offshore wind, and if you compare it with Hinkley, it was just too expensive. I agree it would not be just Welsh energy users picking up the price but somebody has to and the figures do not add up. It does not create many jobs locally. The export market is very limited. We looked at this and you could say we looked at it for too long but on the other hand if we had not explored every opportunity people would have said, “Well, you should have looked at this for longer” so it is as long as it is broad in that sense, but the figures just do not stack up.

Q108 Geraint Davies: Are you willing to look at it again in the sense that the technology is there? It is not that advanced, the technology, not flying to the moon or anything, but if it was financed with bonds, like Welsh Water is for example, it could be done more economically. Is it possible to resurrect this or is it literally dead in the water?

Lord Bourne: A very fair question. I think we said that this does not rule it out for all times but again we looked the cost of offshore wind, onshore wind for that matter, but particularly offshore wind has come down massively. The indications are that that would not be true in the same way in relation to lagoons because it is not scaled up in quite the same



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way as offshore and onshore wind are. We have not ruled it out for all time, however. Obviously we are willing to look at fresh evidence.

Alun Cairns: I would absolutely be keen to look at any proposal and I know there is some talk about pursuing the proposal as it stands, but do not underestimate the financial challenge that exists in it for any developer. The comparisons I can offer you are that offshore wind would cost £400 million to generate the same amount of electricity as the lagoon, which is £1.3 billion, and another alternative would be that it takes six lagoons, and the capital cost would be £50 billion for six lagoons, so that even includes the savings that you generate in it. They would produce the same amount of electricity including the decommissioning cost of Hinkley, which would be £20 billion. That is the scale of the challenge that exists and it is part of the reason we took some time to try to come to a conclusion that would make it work but clearly those numbers are as they are—

Q109 **Geraint Davies:** The idea was that Swansea was a small pathfinder and in terms of your numbers on wind and the like and indeed on solar, those unit costs have come down through innovation and economies of scale and getting the industry to work, so it is not altogether fair.

Alun Cairns: I would say that is a good point and that is again part of the reason it took some time because we did not just calculate the cost of one lagoon as the pathfinder because Swansea was a relatively small lagoon. It was about the capacity that the other lagoons would create and particularly the proposals around the second and the third were going to be much bigger and that is how we had come to the conclusion that for six lagoons, the total capital cost would be £50 billion, whereas Hinkley produces the same electricity as six lagoons with the total capital cost, including decommissioning, at around £20 billion and that demonstrates the challenge that is out there but I do think it is a very reasonable point.

In relation to offshore wind, the strike price in the auction was about £115 and that has dropped to £52.50 because of the engineering development that has taken place in relation to the construction. I remember in the discussions around the lagoon I was keen to see whether we could not get the same sort of gains on that, and it was presented to me that, "Well, the technology is very different". It is quite developed technology; largely it is a wall, but it is also quite developed technology. There has been a model in France for, I think, it is 50 years and there is also a model in South Korea. So you are not advancing necessarily in the same way that you were with the engineering, surrounding winds, so therefore the capacity to create ongoing savings through the lessons learnt was not anywhere near the same, but we still explored six lagoons, not just one.

Lord Bourne: It is also worth saying, Chair, that in relation to jobs created, offshore wind has created a large number of jobs on manufacture in Hull through Siemens and there is no prospect in the



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immediate future of the lagoons being anything like that in terms of exporting.

- Q110 **Tonia Antoniazzi:** Secretary of State, you talk about the financial challenge and the scale of the challenge and Mr Davies has already brought up the issue of the non-disclosure agreement, which we know has been waived by Swansea Bay tidal lagoon. The issue that I have is that we have access to see these documents in private because of the so-called NDA between yourselves and Swansea Bay tidal lagoon but where is the commitment from the Government to the public to know exactly what that was? Whether it is negative or positive, you should have transparency and have that commitment to tell the people of Swansea and of Wales the exact figures for why it did not work.

Alun Cairns: I would say that that is a good point. I have shared the numbers as we see them. We cannot share the numbers for what the Swansea Bay tidal lagoon would present because that is a matter for them and that is a bit sensitive but we can tell you what Hinkley is, we can tell you where the offshore-wind price is at, what the differences are. I have tried to give practical examples in terms of what the scale of the challenge is financially. Even after the decision has been made, even in July, a completely separate independent report looking at the potential of lagoons has come to the same conclusion. I would suggest certainly a meeting or a discussion. It is not for me to dictate to the Committee at all but if there is still doubt in that I would suggest it might be worth talking to the National Infrastructure Commission who are looking at energy for the whole of the UK and where could we meet Government targets for renewal energies in a cost-effective way. They separately came to the same conclusion as the Government did over that project.

We are open-minded. If there is a model out there that can stack up financially and be good value for money for the taxpayer and not drive up energy costs say for Tata Steel, which would be very close by, then that would be something that we would be keen to explore.

- Q111 **Tonia Antoniazzi:** So you have a continued commitment then to work with the Welsh Government and also to look at possible ways of putting a lagoon in Swansea.

Alun Cairns: We would look at any project that we thought had merit so if the project had the same sort of numbers as this has presented, or was likely to have the same sort of number of challenges that this project has presented, then it would not be able to go far because clearly the affordability is not there, but if there are different projects that do not have the same sort of costs and liability, then of course.

We want to achieve our green energy targets and therefore on that basis if there is an opportunity for lagoons to play a part in that—but I would still point you back to the National Infrastructure Commission that looked at this as a potential source of energy completely independently of Government and they have come to the same conclusions. If they have it



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wrong because there is a magic bullet out there that will provide a solution to it then of course it would be wrong of us not to look at anything.

Q112 **Chair:** Minister, one of the questions I have is over this non-disclosure agreement because we have been given figures, which we are not meant to discuss in public, but I would have said probably supported your case but we are not allowed to release them because we have been told about this non-disclosure agreement with TLP. TLP have said that they are happy for these documents to be released but the Government is saying that the Government does not want them released because they think that the NDA still stands. Would you be happy, therefore, if TLP took a decision to release the documents the Minister has sent to us?

Alun Cairns: I do not know what figures have been presented and I do not know what discussions have taken place but—

Q113 **Chair:** They are the figures that the Government are working on. They are the figures that the Minister had worked on, which she has used to justify the decision to refuse the project.

Alun Cairns: I can happily go back and explore a solution to this. I think Greg Clark—

Q114 **Chair:** There is a non-disclosure arrangement in place, isn't there, around the discussions and that was put in place by TLP, wasn't it?

Alun Cairns: The Secretary of State did the Dispatch Box if I remember and said that he would like to share as much information as possible and doing that—

Q115 **Chair:** But he cannot because of the NDA.

Alun Cairns: I think that because of what he had said and because of what you have now said, it is probably best to go back to understand what the issues are that have been faced but there is a principal position that we would want to share as much information as we possibly can.

Q116 **Chair:** Therefore, if TLP were to take it upon themselves to release the evidence that has been sent to us, you would have no objection to that.

Alun Cairns: It is a matter for TLP to do what they see is right. It is not for me to dictate to them but I would say that the Secretary of State said that he would want to share as much information as he possibly can but—

Q117 **Chair:** He has shared it with us but we cannot share it with anyone else.

Alun Cairns: Let us take this away. I do want to be helpful in providing as much information as possible. I need to take consideration as well about what other Ministers think about the potential prejudice it could have on other deals or other considerations. I do not know if it does or not but I genuinely want to be open in terms of as much information that we can possibly share and that is the statement that Greg Clark made at



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the despatch box when the decision was announced. That was done genuinely in an open will to want to engage positively in order to provide reassurance to many people who felt disappointed that the project had not been pursued.

Q118 **Anna McMorris:** Following up on that, you have mentioned £50 billion for six lagoon projects. How did you reach the figure of £50 billion?

Alun Cairns: That would have been under consideration between the information that the lagoon company would have presented and the ongoing analysis that BEIS would have given but I can happily respond to you in writing with further detail on that.

Q119 **Anna McMorris:** So that is a projected guesswork basically from your Department or BEIS.

Alun Cairns: No. That would have been done as part of the analysis in order to try to give the best opportunity to see where the savings could and would come from in terms of the Pathfinder Project, as was suggested, to taking it then to a larger scale project and that goes back to the statement of two and a half times the cost of Hinkley for example and the comparators that are out there.

Q120 **Anna McMorris:** You just cannot compare a tidal lagoon, a renewable tidal lagoon project, with Hinkley with a shorter lifespan, a tidal lagoon that has a much longer lifespan and also a new small project that would then have a greater knock on effect with the rest of them that would follow. I do not understand your justification on how you reach the £50 billion figure on six projects.

Chair: You did say £50 billion.

Alun Cairns: Yes, £50 billion. It is along with the consistent line that we said is two and a half times the price of projects such as Hinkley.

The length of time is a factor but we cannot ignore the capital cost either because the capital cost has to be paid still and therefore there will be financial instruments in the market that can amortise the length of time but you have to compare in terms of the cost to the consumer and the last thing—

Q121 **Anna McMorris:** Isn't this though, with respect, Secretary of State, just a lack of wanting to invest in Wales? We have seen this lack of investment time after time and this is just another example of that unwillingness to invest.

Alun Cairns: No, I do not take that at all because the demonstration of seeking to invest in Wales, or to provide the resource to the Welsh Government to invest in Wales, is the adjustment to Barnett, which was the change that has been called for decades, which the Welsh Government at the outset, I remember in 1999 did not even accept existed. Then over many years, and certainly by 2010, they called for a change to Barnett. I was pleased within the first year of me becoming



Secretary of State that we managed to change that and that provides a long-term financial commitment to Wales that will provide a significant uplift on an ongoing basis and as a result the Welsh Government were very keen to take it as well as the funding flow that we can add to it and this is real money—

Q122 Anna McMorris: That is very different to investing in a huge project that is going to change the future of renewables in this country and across the world.

Lord Bourne: With respect, and I know we are constrained on the specifics, let us go back and look at that to see if we can give you more information but the figures just did not stack up and I do not think you should take from that that we are determined not to invest in Wales. We spent ages looking at the figures, seeing if there was any way based on scaling it up over a period of time that this would be a viable project. If it had been, why on earth would we not want it to happen? We are here to represent Wales and fight for Wales.

Mims Davies: If I can add a broader issue regarding environmental impact and concerns around that and that certainly has not been fully scrutinised, the impact on the tides, the impact on the beaches and the licence is not there so there is more work to do here than just money and I am sure local Members would be very keen to make sure that when you talk about investment you are also not doing harm.

Q123 Anna McMorris: I have personally had many discussions with Natural Resources Wales on a lot of environmental issues and, yes, there are issues to overcome but that does not take away the fact that this was a huge pathfinder project that was going to change the whole industry of renewable energy in Wales but also the UK and the world.

Alun Cairns: If I can offer, Chairman, with your permission, a comparator, the Circuit of Wales, which I know you showed a strong interest in as Chairman, there was a lot of hope and there was a lot of focus and a lot of resource spent on the Circuit of Wales to try to regenerate one of the most deprived communities in Wales. I do not doubt for a second the Welsh Government would have liked this to have happened. I think their will was positive and intentioned but when it came down to it, financially it did not stack up. I do not underestimate the Welsh Government's commitment either to want to regenerate that community either. On that basis just picking out a project and saying, "That did not go ahead" and then feeling aggrieved about the project when it did not stack up financially I think is a little bit unfair and a little bit inconsistent as well.

Q124 Anna McMorris: I would like to know first where your advice comes from. Does it come from BEIS officials? Is that where you were looking? Were you getting your advice from BEIS officials?

Also this is not just about regenerating the local area, which it would certainly do. This is a spinoff effect. This is supply chain. This would spark



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a whole new renewable energy industry across the world. Now whether that is the tidal lagoon, the TLP or another company, that happening there would certainly do that.

Alun Cairns: That is something I can tackle head on. First of all the project after construction would have created 28 jobs, all right, so the economic prospect in that, but if the argument is £1 billion should be spent creating jobs, the outcome of 28 jobs at the end of it is not very good value for money if £1 billion could be spent on another project creating a different type of investment. Again the National Infrastructure Commission themselves said there would be no exports or limited exports. Even Charles Hendry I think recognised they would be limited to design and consultancy work so there would not be these manufacturing jobs.

Q125 **Anna McMorris:** With respect that is very short-sighted of you. That may be so once it is built, that specific project, but there are knock-on supply chain benefits. There is the whole of the South Wales Valleys that would benefit that would—

Alun Cairns: Can you give me an example, with the greatest respect, Ms McMorris, on what are the supply chains and where would they go?

Q126 **Anna McMorris:** This is about creating an area for renewable energy and what I am saying to you, as a UK Government, as the Welsh Secretary of State, you are not showing a belief in Wales on renewable energy, on tackling energy for our future generations.

Alun Cairns: I could tell you that the data completely contradicts that in terms of renewable energy growth because the growth in Wales has been at a sharper rate than it has in other parts of the UK. From 2013 to 2016 renewable energy generation in Wales grew by 95% compared to 56% across the UK. Again, the data does not stack up with the basis of the question.

Q127 **Anna McMorris:** I am moving on to a different energy source here. Online and solar are now excluded from competing in the Contracts for Difference, which has had a huge impact on Wales. We have the most tried and tested technology of onshore wind now providing the biggest opportunity in Wales and valuable developments are being stopped in their tracks because they are no longer viable.

Lord Bourne: Just on that in general, obviously in terms of the policy on this, you are right; it is essentially a UK policy. We have a record that is second to none in Europe, with the possible exception of Denmark, with the use of renewables. We have phased out coal for the first time ever this last year. Coal has not been used for energy needs. I think we have a record that is comparable with anywhere in Europe to be honest. We have signed the Paris Agreement and we have stuck to it as most countries have but I just do not see the argument for carrying on subsidies where you are meeting your energy needs from renewables



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without the subsidies. You have to look at it on a UK basis and we are doing that.

Q128 **Anna McMorris:** The UK is set to miss its climate targets so I do not know how you can say that.

Lord Bourne: That is a slightly different issue. That is not the production line in terms of wind versus coal. We have work to do still in buildings and in cars, it is absolutely true. That is a completely separate issue. But in terms of the generation of electricity we have a record that is second to none in Europe with the possible exception of Denmark.

Q129 **Anna McMorris:** But not onshore wind.

Lord Bourne: Why single out onshore wind? We are very strong on off—

Q130 **Anna McMorris:** Because it is most tried and tested and cheapest form of renewable energy.

Lord Bourne: Offshore wind has many advantages. We have Siemens here doing production of turbines, which is very good. We have solar working very well. I do not think you should just single out one technology and say we could be doing more on that because if we did, it would be at the expense of another technology.

Alun Cairns: I would also add in relation to the data that renewable capacity in Wales grew by 130.6% between 2013 and 2016 and 2016 is the last year of the figures where renewable capacity across the UK grew by 78%. So the first numbers I talked about were generation but the second numbers I have talked about are capacity, which demonstrates the investment that is taking place, which has contributed to the positive growth of the Welsh economy.

Q131 **Anna McMorris:** This is not what industry are telling us.

Mims Davies: It is part of the Government's industrial growth strategy. It is part of the clean growth—part of that mix that we are looking for and I think that is what you are asking for, for the Government to have a strong view on having an energy mix—and some of those decisions are now going to devolve down to the Welsh Government to make some decisions to support those areas. As Lord Bourne said however, I think the belief in Government now is that the technology is there, the support from industry is there and if it is locally wanted and locally supported, there is no reason to stop it.

Q132 **Anna McMorris:** I have had a lot of conversations with companies wanting to invest. Up until now Wales has been seen as a very welcome place to go and invest. It is being stopped by your policy and not being able to compete on Contracts for Difference.

Alun Cairns: I think the data points to different outcomes but of course if a company maybe has not been successful for whatever reason, then clearly they would have a different slant against those but the overall



data—I will happily share these with you so that you can properly scrutinise them—the numbers I have talked about, put Wales in a very positive perspective compared to the rest of the UK.

- Q133 Susan Elan Jones:** Welcome to the Select Committee. You will be aware of course that we had a very extensive inquiry on Brexit and agriculture. You will also be aware from having read that that the preference of a number of witnesses who came here was for us to remain a member of the European Single Market and the European Union Customs Union. I know full well you will be looking at the sheet of paper that talks about all the wonderful things that the UK Government will be doing up until 2020—quite frankly if you are talking about a timescale between now and 2020 it is okay if you are growing a cabbage patch but I do not think you can manage farms on the back of it—and you will be saying all that. Do you not accept that there is a real concern here, including I suspect from some farmers who vote Conservative; it is not a party political issue. There is a real fear here about what is going to happen to the future of farming in Wales. What are you doing about it and how will you deal with some of the folks on your own Back Benches who, quite frankly, are like a Little Britain sketch on this issue? What are you going to do to protect farmers and not show fear against the Little Britain sketch behind you?

Lord Bourne: What Little Britain sketch?

Susan Elan Jones: There are rather a lot of them.

Alun Cairns: In the first instance, I would say that the relationships of Wales Office and the Welsh Government with the farming industry and the agriculture and the environmental industry, are extremely positive. This is an area where both the UK and the Welsh Government have worked together. It was only a few months ago that Lesley Griffiths and I held a joint meeting in order to consider the very issues that you have talked about and feedback has been so positive—and they have covered every sector that is involved in the agricultural and environmental field—that they wanted further follow-up meetings on that basis where we could answer the real challenges that they felt in the short-term compared with the longer-term ambitions and aspirations. I think that demonstrates the good working relationship we have. As we have the obligation to leave the European Union you will have seen that the Chequers agreement offers reassurance and it was something that was welcomed by both NFU Cymru and the FUW because that gave them reassurance about their capacity to continue to export food and produce to the European Union and that is clearly where the Government focus is.

- Q134 Susan Elan Jones:** So you are saying that even if we do not get actual membership of the European Single Market or the European Union Customs Union or indeed a customs union or various variations of that, there will be no loss to Welsh farming.

Alun Cairns: This is part of the negotiation of course. You will have seen the detail of the Chequers agreement and that would provide confidence



to the UK market and also confidence to the European Union, but this is part of a negotiation. Clearly we want to have the frictionless trade that we have talked about; it is something that we are working towards and it is our focus. I do not know if Nick or Mims has something else to add on that.

Lord Bourne: I think it is essentially right that obviously the Agriculture Bill will be subject to a legislative consent motion. We will want to talk closely to Wales Government and by the way, I think a point came up earlier about relationships with the Welsh Government. It is worth saying I do not think they have been any better than they are at the moment. That is not to say they are perfect but I would not want people to go away with the idea that everything is conflicting, because that is far from the case; officials are speaking constantly, as are Ministers.

It is going to be a dialogue. We are not going to sit back and say, "Let us decide what we do about Welsh agriculture." It has to involve the Welsh Government as well as the farming unions. Are there challenges there? Of course there are, but that will be the case however we take this vote forward. We have to take it forward and, therefore, these are issues that have to be resolved.

Q135 **Susan Elan Jones:** I am absolutely certain that you would like to see frictionless trade—everyone would—but the reality is that as long as you are hamstrung by a policy and are in the pockets of certain people in your own party, that is going to be difficult, is it not?

Lord Bourne: We all have difficulties within our parties but it is worth—

Susan Elan Jones: Yes, but you are in Government.

Lord Bourne: That is true, but the Chequers deal does offer the opportunity of getting this right. If it comes down to a vote in the Commons and the Lords, I hope very much that if we reach agreement with Europe—and the signs are fairly positive on that—we get support among MPs and peers, because it is the best show in town.

Alun Cairns: I know what you are saying, because this is naturally part of a negotiation, and the final conclusion by commentators and scrutineers needs to be on the final outcome. That is something the Chequers deal seeks to gain, and it was received very well. We have an ongoing dialogue with the agricultural and environmental sectors and this was very positive in terms of what came back; it offered reassurance and confidence and it allowed them to start planning with that as the basis of our negotiation.

Mims Davies: Can I come in? I have spent the last six months in DEFRA so I feel very well-versed in some of these conversations. The Government have pledged to commit the same cash funds until 2022, which in fact is a longer commitment than staying in the EU where the funding would be till 2020.



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Some members of this Committee—not here today—have been engaging with me in their particular concerns of base fields, and we all stand ready to make those arguments, as UK Government, as we go through this stage, to make sure that Welsh farming is well-supported. I see the member here is keen to come in. In terms of inter-ministerial discussions with Secretary Gove, there is another one coming up that I will be representing at, and this is a really important area. When I was in North Wales in August talking about the growth fund, this was the additional conversation. This is not going away and all Ministers in this room recognise that.

Chair: We have not been fair to you, Ms Elan Jones, so please have another question, if you want.

- Q136 **Susan Elan Jones:** Yes, indeed. What representations, if any, have you made to DEFRA about the need to reform the red-meat levy so that Wales receives its fair share of the proceeds? How is that coming along—if anything is coming along—and are you hopeful that any changes will be made by March 2019 which, as we know, is the date when we may or may not be leaving the EU?

Alun Cairns: It is part of an ongoing discussion that we have with DEFRA, and that they have as well as with other nations of the European Union. In relation to that specific point, I will happily drop the honourable lady a note, if that is agreeable.

- Q137 **Chair:** Minister, can I just go back to this Brexit issue? There may be one or two more questions on it. One of our colleagues suggested yesterday that the Chequers agreement would be worse than continued membership of the European Union. What would your view be as far as Welsh farmers are concerned? Would Chequers offer us a better future than membership of the EU, about the same advantages and disadvantages, or something worse?

Alun Cairns: Chequers offers us a significant advantage over remaining members of the European Union because, first, it would gain that access to the European market that Welsh livestock and arable farmers want to gain reassurance from, but also it would take us out of the Common Agricultural Policy, which we have often been frustrated by, and that allows the UK Government, and each of the nations of the UK, to develop models that are best suited to the environments in each nation and across the UK. On that basis, there is the prospect of a much more positive environment, and policies that can be shaped that are peculiar to the UK and the nations rather than, maybe, to every part of Europe.

- Q138 **Chair:** In order to maintain that frictionless access to the rest of the EU market, would you be willing to see Government negotiate on the substantive details of Chequers, given that, at present, the European Union is giving the impression that they would not accept it?

Alun Cairns: It is wrong of me to share any further detail in terms of what is going on within the discussions than what Dominic Raab has



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already stated, but it is fair to say that negotiations are ongoing. Individual members will form a view on the conclusions of those negotiations but, again, we seek to get a good deal for farmers and every other part of the economy and that is what Chequers give us the opportunity to achieve.

Q139 **Chair:** In the doubtless purely hypothetical scenario where there is no deal, would Welsh farmers have anything to fear from trading on the same basis that we currently do with the rest of the world?

Alun Cairns: Clearly, our focus is on gaining a deal, I genuinely believe we will get a deal, and DExEU colleagues are negotiating hard on that basis.

Chair: There are some more questions on this. Ben was first—

Q140 **Liz Saville Roberts:** If we can just follow the questions. I am very grateful to Ben, nonetheless, Secretary of State, having heard what you have to say, would you advise Welsh farmers to prepare for a “no-deal” Brexit, and, if so, how?

Alun Cairns: The Government have issued technical notices, they were worked on and shared with the Welsh Government before the publication, and there are further technical notices to be published shortly. It is the pragmatic and appropriate thing to take notes, and for the media to focus business’ minds in Wales in order to say, “Please, take note of what sorts of actions the Government would take” in what I think is the unlikely event of a “no deal.” Therefore, I would encourage farmers to pay due consideration to those notes as they plan.

Q141 **Liz Saville Roberts:** How should they do that, given that we are eight months away?

Alun Cairns: They simply take note of what action the Government would take in the unlikely event of a “no deal.” That is what the technical notice is about: it gives notice of how the Government would react, and what advice we are giving for them to prepare.

Lord Bourne: It is also perhaps fair to say, to coin a phrase, this is a process, not an event, so obviously people would be watching on on a daily basis as to how things are going. Any fair-minded person would see that we have made progress in the last couple of months towards an agreement. There are still issues to be resolved but, no doubt, it is something we are all focused on looking at, as to how things move forward.

Q142 **Liz Saville Roberts:** What should we do with perishable goods that face being held up at the border?

Lord Bourne: At the moment, do you mean? That is why I say it is a process; I do not think you should do anything about it at the moment.

Q143 **Liz Saville Roberts:** There is a process, and we, all of us, appreciate the



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transition period and the sense associated with that, but nonetheless, in the event of a no-deal Brexit, there will be issues at Customs. Wales produces perishable goods, red meat, and I have an interest in the seafood business. Those goods will be held up on the borders. What should we be doing to prepare for that?

Alun Cairns: Our focus, from the Prime Minister's statement at Lancaster House, has been on a frictionless trading arrangement, and that is absolutely the focus, and that is what Chequers delivers—it offers reassurance—and that is why the farming industry received that well. Clearly, this is part of a negotiation.

Liz Saville Roberts: It is not a no-deal.

Alun Cairns: I would suggest that the October council is clearly a major focus, so that would be a good point at which to consider the latest position, and then make a judgment thereafter, dependent on the latest situation. This is quite a moving environment—

Liz Saville Roberts: Six months.

Alun Cairns: You will have seen, just in recent weeks alone, different tones from different politicians, but clearly this is a negotiation and nothing is agreed until everything is agreed; we will all remember that was agreed at the beginning. Even if issues have been resolved and parked, they are not agreed until everything is agreed.

Q144 **Ben Lake:** If I could take the Secretary of State back to the CAP, which he mentioned, the withdrawal from which will be to the benefit of Welsh agriculture, I am sure that many farmers in Ceredigion would have some sympathy with that argument, particularly when it comes to tailoring more specific policies for the needs of farming in Ceredigion. One of the elements of the CAP, however, in the negotiations for the CAP—and it is a well-known secret—is that certain interests from certain countries would ensure that the CAP budget, at least the overall quantum given to agriculture, would either stay the same or increase. Your colleague, the farming Minister, has appeared before this Committee—forgive me, I cannot remember now, but it was before the summer recess—and suggested that, while there is that commitment to 2022, afterwards, the money allocated to whatever replaces the CAP in the UK would be subject to the Comprehensive Spending Review. How confident are you that, in those circumstances, the budget for agriculture would stay the same or increase?

Alun Cairns: I am relaxed about this issue because I know that Cabinet has a clear-cut responsibility. I said at the Dispatch Box in relation to a question that was handed up the last time, that Barnett would not be the solution to provide that, and I would want to do everything possible to preserve the Welsh interests in that. I am quite relaxed about the tone of discussions, as was said.

Q145 **Ben Lake:** Thank you, Secretary of State. In fairness, several Cabinet



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secretaries and Ministers have quite explicitly ruled out using Barnett as a way of dividing agricultural funding between the four nations of the UK post-2022. What I am asking is: how confident are you that the overall quantum given towards agricultural support and rural development in the UK post-2022 would increase, or at least stay the same?

Alun Cairns: It is an impossible question to answer, because we are talking post-2022. The intention would be to support the industry fairly and justly and in taking the opportunities of CAP in driving efficiency in some areas that maybe CAP protects. It is about working with industry on the solution. An agriculture Bill will be published in due course and that is the opportunity where we can consider these issues as well. In terms of Wales's position, I am relaxed about the conversations that we are having, as they stand, about protecting Wales's interest.

Q146 **Ben Lake:** Finally, very briefly here, farmers that I have spoken to are quite concerned that, should agricultural payments and support for the rural economy be subject to the Comprehensive Spending Review, they may not enjoy the same safeguards that they did enjoy as when it was part of the CAP. Are there any discussions at the moment of working out some sort of arrangement whereby there is some form of ring-fencing for that funding on a UK level?

Alun Cairns: Do you mean ring-fencing from the UK or Welsh Government?

Q147 **Ben Lake:** On the UK level itself, so the overall quantum allocated towards agriculture in the United Kingdom.

Alun Cairns: Is the question about ring-fencing agricultural spend, say the Welsh element of it then being ring-fenced only for agricultural purposes in Wales, or do you think—

Ben Lake: Sorry, no, on the actual UK level, so the amount of money given to England, Wales, Scotland and Northern Ireland.

Alun Cairns: Over a longer period than the CSR, that is something that the Chancellor would, no doubt, consider in all the representations that he gets as part of the process, but clearly the CSR is the current financial cycle process, but leaving the European Union provides for lots of changes in innovations and policy. That would be one that he might think of.

Mims Davies: If I could pick up on that, we are working alongside Minister Eustice. There are payments for common good, understanding the environmental support that our farmers give and rewarding them accordingly. Looking at environmental and innovation opportunities; using all the UK Government levers to support farmers, whether that is connectivity to allow them to trade more broadly using internet opportunities or Catapult centres, to help support them bringing food online, etc, and diversifying that way to make more money—not necessarily giving money, but giving the opportunity to make money.



Picking up on Ms Saville Roberts's point, Southampton port brings a huge amount of perishable goods from different trading arms into the UK, and uses a targeted and risk-based approach. There are technologies and facilities out there, and we do have to use that time for that learning curve. There is the shared prosperity fund, which is the opportunity in those growth deals, and in particular the Mid-Wales growth deal will be very helpful for innovation and opportunity, after 40-plus years, to try to look at agriculture better and always see it as a way of spending money, but make sure that the outcomes match what goes in.

Q148 Geraint Davies: We have a vote in Parliament coming up in, say, October, November. The Chequers deal, Europe, in terms of Barnier, has pooh-poohed a lot of it all, a lot of your party have been critical of it, and Labour Party have these six criteria to assess it by, so there is a very good chance it will be voted down and we will end up with a no deal. Do you not feel that Welsh farmers should have the right, in these circumstances, to have a public vote on the deal to decide whether they want to go ahead with the deal, or a no deal, where we face massive tariffs in terms of agricultural produce and barriers to trade, or to stay in the EU with the benefits we all understand and know about?

Alun Cairns: If Mr Davies's suggestion is for a second referendum, the answer is no.

Q149 Ben Lake: Secretary of State, a lot of talk was had during the referendum campaign, and since then, about opportunities for trade, particularly for Welsh agriculture post-Brexit in other countries. My first question: in general, what opportunities for trade is the Government actively pursuing for Welsh agriculture? How might those be prioritised within the overall UK trade mission? I also inquire, more specifically, about your trade visits to the United States and Asia, and a little bit more about how they went.

Alun Cairns: Thank you. They are really good points about the opportunities as we leave the European Union. Hybu Cig Cymru, on their website, for example—I am presuming it is still there; it was there the last time I looked—said that they see potential markets overseas growing, and they said for Welsh meat there was potential growth of maybe £10 million to the Welsh red meat sector. There is definitely an agreement and an aspiration about what can be pursued.

It was not so long ago that Liam Fox and I met a number of Welsh farmers specifically to talk about individual markets. Qatar was seen as one market—dairy products are in particular demand in that part of the world—and when I visited Qatar we talked about food security and supply, and a lot of expertise that the Welsh agricultural sector can provide in support of their will to track food from the farm to the plate, from the field to the plate, for example. Those are specific initiatives.

Furthermore, I am keen to engage with the Welsh Government in as many ways as possible, so I have wanted to introduce the new trade



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commissioners that have recently been appointed—there are nine around the globe that have that status to seek to drive international trading activity—to the Welsh Government.

At the beginning of recess, there were two trade commissioners in Cardiff meeting officials from the Welsh Government to better understand how we can ensure the international aspirations the Welsh Government have to support trade complement and work with the UK plan. I would go further to say that whatever Wales does adds to what the UK is doing to put Welsh farmers in a much stronger position.

There are lots of individual activities taking place. If we can get to a position where some Welsh farm output maybe has a long-term contract with a nation, let us say Qatar, for example, then that provides reassurance and confidence for investment over the longer term, so it allows farmers then to invest because they have the confidence of a market supply over, say, a 10-year period, or so. Those are the sorts of exploratory discussions that we are having.

Q150 **Ben Lake:** Specifically then about your visits to the US and—

Alun Cairns: South Africa last week; it was a privilege to go with the Prime Minister. Twenty-nine companies went; some of them were representative bodies, but two of those were from Wales, and they were specific companies that are exceptionally innovative—Hydro, based in Llangennech, and Sure Chill, based in Cardiff—who offer fantastic products for the markets that we are pursuing and that would create jobs, wealth and opportunity in Wales as well. That is seen as complementary to what the Welsh Government are doing as well in terms of their international trade ambitions. It is about ensuring that we are working jointly. Ken Skates and I talk regularly about these opportunities.

Q151 **Anna McMorrin:** I want to ask you, Secretary of State, about the UK Government plans for bringing forward their plans on the shared prosperity fund. We have not seen any detail to date; can you update us?

Alun Cairns: We will be consulting later this year—before the end of 2018 is the statement that we have used—and we will come forward. We are having preliminary discussions with a range of potential partners, but it is very much at the broadest possible level, because we do not want to undermine or pre-empt the consultation.

Q152 **Anna McMorrin:** We are just months away from apparently leaving the EU, with many people up in the air about what is going to happen post-Brexit, if indeed we end up at that point—

Alun Cairns: The Treasury has provided reassurance for this current financial programme that everything is signed up until then, and the indications are that the current programme will be exhausted and therefore Wales will get all of the money that was committed under the European scheme.



Q153 **Anna McMorris:** Until 2020.

Alun Cairns: Yes. On that basis, Wales would not know now, even if we were remaining part of the European Union, whether we would qualify for cohesion funds along the same sort of basis in the sorts of level of funding that we had. I really value the input from the community when we go out to consultation on the shared prosperity fund, because we all know individual organisations—and maybe businesses and local authorities—that have been frustrated by the current European cohesion fund model; what used to be called objective 1. This is our chance to shape something that is far more responsive, and something that would work so much better. We are in a danger of saying, “I quite like this structure because I know it” but the Wales Audit Office has pointed to a number of schemes that have not been particularly good value for money, and this is a chance to shape something that could be much better.

Similarly, consideration could be given, as part of the consultation, to maybe areas in constituencies or local authorities that at the moment are excluded—maybe north-east Wales, for example, or places in Powys—for which those communities might be more deprived than some of the communities that currently benefit from it, simply because they fall into a county that has made the West Wales and the Valleys map. It is an opportunity to develop a scheme that works best for the most local of communities.

Q154 **Anna McMorris:** This sounds quite like you may be taking back certain powers that the Welsh Government currently has in terms of deciding how the EU funds are distributed away from Welsh Government, the way you are talking. We heard at the Welsh Assembly’s Finance Committee, which is currently holding an inquiry, many of the witnesses there expressed concerns over how this is going to be developed—in line perhaps with your industrial strategy, which is not the Welsh Government’s industrial strategy—so therefore really throwing in doubt whether the needs of Wales will be best served.

Alun Cairns: Any commentator would be purely speculating on the position because we will be going out to consultation before long, so they would be making assumptions, and I would suggest inaccurate ones, many of them. I do not know which comments you are specifically referring to, but, on that basis, we will be consulting, and everyone will have an opportunity to input into that.

Mims Davies: I was just going to come in on that and support the Secretary of State. In my meeting with Councillor Evans, the leader of Denbighshire County Council, just last month, he was very excited about having a real local input, and proper opportunity to feed in about the opportunity of change. I am going to be relentlessly positive here and say there is a good opportunity to feed in some local ideas, which is where this is coming from. It is not about a power grab, it is about a listening exercise on a very local level.



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Q155 **Anna McMorris:** Have you had conversations with Welsh Government about this, if you have had conversations at local council level with a council leader?

Mims Davies: No, they raised it with us, so it is a two-way street.

Alun Cairns: I cannot really say much more: whatever discussions are going on they are purely speculative, and we will be consulting before the end of the year. We are weeks away from the end of the year, so we will be consulting shortly.

Q156 **Anna McMorris:** You say there might be misinformation, but, in fact, Secretary of State, you were asked to give evidence at the Welsh Assembly inquiry and you refused, so there is, surely, a chance to go and give your own side?

Alun Cairns: I saw little point in giving evidence, first, because I am accountable to you whereas Welsh Ministers are accountable to the Finance Committee and the Assembly, but I would also add that, because the consultation has not started, there would be little point in having that conversation because it would purely—

Mims Davies: Pre-empt.

Alun Cairns: Maybe pre-empt the consultation, but it is also speculative, because the consultation itself will offer options.

Q157 **Anna McMorris:** Therefore, there is nothing to fear by going to give evidence and, in fact, may I say how arrogant that is, not to go and give evidence to an Assembly Committee?

Alun Cairns: I am a member of the Committee, and Edwina Hart rightly said that she should not come here because she is accountable to Assembly members in exactly the same way that I am accountable to MPs.

Geraint Davies: That is outrageous.

Chair: Just as a matter of record, Assembly Ministers will not routinely come here. Many of them do when they are asked to, but there is no way that we could really force them to, and some of them have refused. I should put that on record. Others have been very good. Perhaps we should move on, because I would not want this to get too heated.

Q158 **Liz Saville Roberts:** Might I press the question of a power grab, because we have asked a number of parliamentary questions, and it appears now that the Department for Communities and Local Government will be responsible, or is responsible, for the UK shared prosperity fund. This is an England-only Department, so what precedent does that set for distributing the shared prosperity fund if it is being led by a Department whose powers are devolved in England, and now considering how best to distribute funds, which would otherwise have gone to Welsh Government to be distributed in Wales?



Alun Cairns: Again, people are drawing conclusions from a situation that is not the case. This is a cross-Whitehall initiative; the points have been made about BEIS and their interest in industrial strategy, wanting to grow economic development, how their territorial offices will provide a great deal of co-ordination and will have a view. Therefore, when there is a consultation later this year, that is the opportunity for an open approach to how best to develop something, bearing in mind how criticised the current model is. I have not come across a business that has said, "You cannot improve the current structural funds model" or even a charity or an organisation saying, "This is perfect; I do not want to see it changed."

On that basis, we want to develop something that will work for the most local of communities in developing its ambition to grow wealth, prosperity and opportunity.

Q159 **Anna McMorris:** That is the remit of the Welsh Government: to be deciding the priorities of the communities in Wales.

Alun Cairns: Growing wealth and prosperity is the remit of all of us, so it is the responsibility of us all, and clearly, if I were to answer a question that you have challenged me on, maybe relative deprivation in any part of Wales, and I said, "That is the remit of the Welsh Government" you would rightly criticise me, and that would be a fair point. We all have a shared interest in this.

Q160 **Liz Saville Roberts:** To move on to North Wales, I would greatly appreciate an update on the progress made so far in securing a North Wales growth deal.

Mims Davies: Thank you. I am very happy to speak about what was a really positive couple of days in the last month. The personnel may have changed but the absolute commitment from UK Government to deliver on the manifesto commitment, and be ready for the Budget whenever it comes, was the order of the conversation last month.

Given what was passed on to me, in terms of the amount of work needed to be done and the challenges to get the deal ready—and I do not think we make any apologies for setting a high challenge and making sure this is transformational and supportive to communities—that the leadership, the chair, the vice chair and all the stakeholders, were very committed to making sure that when we meet next month, and it is already in the diary, to be ready to go for heads of terms and to be ready whenever the Budget comes.

There is an opportunity there for change over the next 15 years, and for it to be locally led. One of the areas that I particularly raised was to make sure that local Members of Parliament, and AMs, and the huge political buy-in that is needed, are there; that these are not just projects that are friends and families and favourite projects; that they really do work and transform the communities.



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For me, it was an incredibly successful couple of days. The stakeholders know what they have to do, there is a huge opportunity there, and it has been grasped well, the vision and the transformation, but also balancing with the needs and commitments locally to try to achieve that. It is very easy in Cardiff or Whitehall to put some very high bars up there, but we need to make sure that with what has come through—and the projects have been reduced to a very workable number—that those ones do work, and that £200 million-plus from UK Government can go out the door.

Q161 Liz Saville Roberts: Thank you very much indeed, and I do appreciate the working with local authorities, with Assembly Members and with Members of Parliament in this development. The question that the leaders of Flintshire Council and Cyngor Gwynedd would require me to ask is whether you can guarantee that the North Wales growth bid will be in the Autumn Budget, whenever it may be.

Mims Davies: I cannot guarantee it, but I can guarantee to work absolutely to it, because we need Welsh Government to be at the table. That was very much one of the feedbacks from the leaders: is to make sure that we are doing a rounded piece of work so that nobody comes to sign that agreement who is not ready for it. There is a three-way work to be doing on that, and I have already made those outreaches. I cannot see why we cannot get to that place; everybody knows what they have to do. There have been huge strides since July; Minister Andrew really did set some great bars to be reached, and to bring some realism and focus into some of the projects as well.

I set some further challenges, which the team were very pleased to take forward—particularly in infrastructure around digital—to make sure that every single project which is out there is being considered. When I was at DCMS I saw some amazing ways of getting digital out there, which is being used in the Faroe Islands and which is now being brought into Scotland. I want to make sure those innovations are there and officials between DCMS and the bid are working actively to make sure that can come forward. That is probably one of the most transformational and deliverable parts of the bid.

I wish I could make you a guarantee—and I am very new here so I will not, I would be in trouble—but every sinew is being pushed to make this happen. I do believe that the projects on the table now are ones that everybody is really focused on.

Alun Cairns: If I can add to Mims's phrasing, and compliment her in terms of the work that she has done in the relatively short time. There is certainly that ambition, but we can only move as quickly as the slowest partner, because we would all want to get there with a deal that is credible and strong and will have the effect that we all want it to have, but that is absolutely our ambition, to get there.

Q162 Susan Elan Jones: A question I asked your predecessor, Ms Davies, when Stuart Andrew was in post, and that was about the action taken to



involve social enterprises and voluntary bodies and charities across North Wales, bearing in mind what the Secretary of State said earlier about the need to bring in the most local of communities. While I totally commend all the work of the county councils, North Wales is a lot of towns and villages and we are all very different. For this to work—both in our own areas and with the links across the border—we have to involve all of them. Could I ask, first, that you do everything you can to involve all parts of North Wales, social enterprises, voluntary sector included, and, secondly, could I reiterate a plea already made: please, we need the money in the Budget this year; we cannot wait for another year.

Mims Davies: Can I pick up on that? The good thing about having new eyes on this, and picking this up from Minister Andrew, was how have we got to these projects? Why are these, the 29, perhaps going down to 10 or 15, being worked up as business cases? Who have we talked to and what are we fully engaged with? That is something that I have set the local team to look at.

There are going to be stakeholder groups. There will be checks and balances here, and is being put together as well, but also I wanted Members of Parliament, AMs, and everyone, to be feeding in, because there has to be political buy-in. If I am going to go to the Treasury and say, "Heads of terms are ready to go. We need this in the Budget" I need to be able to answer every single question. That political buy-in, when it comes to social enterprise and to transforming and building on what is already there, local Members of Parliament, as well as councillors and CBI and all the other groups, have to be listened to.

This cannot look like something that has been given by Welsh Government or UK Government to the community; it is a two-way street, if it is going to work, and it must work. Local members have more feed in; there is a time for that. There are those who have spent a lot of time on the deal and have worked very hard, we have a great structure, but I want to make sure that those projects are deliverable.

It is very easy for UK Government to go and say, "Right, we are putting £100 million in" but what is the outcome? I want those outcomes to have tangible changes and real outcomes; rather than what we put in, it is what is coming out. By listening to what is deliverable, and all those opportunities, that is the way that we get something that works. I take all that on board and I will challenge that once again with the team when I meet them in September.

I believe there is also a North Wales MPs meeting coming up soon, so I am very happy to pick up any particular areas that you feel this growth deal may have missed, because they have not used those full eyes and ears and done a 360° look.

Q163 **Ben Lake:** Could I ask a similar question about the younger sibling, about the Mid-Wales growth deal, in terms of progress to date?



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Lord Bourne: You are right, it is the younger sibling. We met, as you recall, UK Government with Ken Skates in Llandrindod, and the two local authority leaders, Ellen ap Gwynn and Rosemarie Harris, representing very different areas, and fortunately the personal chemistry is very strong, which is important for the success of this. It is not the only factor, but it is a very important one nevertheless.

They have commissioned consultants, the local authorities, and that report is due at the end of September, so within the next three or four weeks we will see precisely what the consultants assess. Meanwhile, we have been discussing with local members—as you would know, Ben—with farming unions, with Vice-Chancellor of Aberystwyth, Vice-Chancellor of the University of Trinity Saint David, with the Centre for Alternative Technology, which I think could play a very important part in the development of things.

In short, as I say, from memory, it was a spring day when we started all this, it is this year, so it is early days. The aim is to get something ahead of next year's Budget to put in the proposals, and we are on course for that. It is an ambitious target, but officials have been meeting; they think things are moving satisfactorily.

I am in Llandrindod on Thursday to meet with Rosemarie and Ellen to see how it is going and to do some visits on Thursday and Friday. There is a lot to do, but we are heading in the right direction.

Q164 **Ben Lake:** Will it be the intention to develop all the proposals to be included in the Budget, or would there perhaps be consideration to include certain proposals and waiting for others to be developed subsequently?

Lord Bourne: That is a good question; more the former than the latter. We would want to put in fairly detailed proposals for this time next year, or October next year; as I say, dependent on updates and seeing how it is going. We are probably on schedule for that, but I will have a better view, and I am certainly happy to have a meeting with you post the meetings this week.

Q165 **Liz Saville Roberts:** We are moving on to the prisons questions now. I would particularly like to seek your views on the present large prison that is in Wales; we have Berwyn, which is half full and has a capacity of 2,100. I understand that the Ministry of Justice is still intent on seeking another site for a further super-size prison in South Wales. How does the Wales office respond to the fact that, presently in Berwyn—which was presented to North Wales as being our solution to the fact that we had no prison previously for North Wales—that only 13% of all the prisoners who come from the six North Wales local authorities are imprisoned in Berwyn, and the other 87%, the rest, are imprisoned either in South Wales, or 75% in all are imprisoned in England? With this in mind, why are we developing a prison system which is evidently drawing more prisoners from England into Wales and failing to deal with the needs of



Welsh prisoners and Welsh communities?

Alun Cairns: I will offer a couple of opening remarks and then I will hand over to Nick Bourne, who looks after this area. The prison estate is going through a process of reform, which at the Berwyn has been received positively locally. I am not sure if the Committee has had an opportunity to visit, but I know the Assembly Committee did during the construction phase, and the community was involved. It has reached a good place. There are some issues around the governor at the moment, and it is inappropriate for me to comment, but we were engaged in that very early on.

In relation to South Wales, there is a discussion about the site around Port Talbot that was the preferred original site; the Welsh Government pointed us to that site, which they owned. There are ongoing discussions, but we would want to consider and respond to the need and the demand in Wales in general, and in relation to sites for the construction of prisons. That releases an opportunity for modernisation of the estates to provide the greatest retraining and focus. Let us not underestimate the benefits that modernisation can bring as part of the process. I will hand over to Nick, if he wants to extend further.

Lord Bourne: Certainly. In terms of the pattern of where prisoners go, one has to look at that over a longer period. There are established relationships with prisoners from Wales and the prisons they are in; I do not think one would disturb that very easily, unless there was an overwhelming reason to move people mid-sentence. That is a factor behind the statistics that Liz was quoting.

You are right: there are specific Welsh needs, not least on the language, which we would want to reflect medium to long term in relation to Berwyn. There are big advantages in having, as Alun says, these modern prisons in South and North Wales. We are very much committed to one in South Wales; we are working with the Welsh Government. The initial favoured choice—their favourite choice, indeed—was Port Talbot, which is very much still the one that we are pursuing, but, regardless of that, there may be other options, and we will ensure that there is a prison there.

It does open up, not just in terms of the treatment of Welsh prisoners, which is important, but also in terms of jobs, both in construction and long term, which are important factors. We are very much behind that and pushing that very hard.

Alun Cairns: HMPS has also agreed a Welsh language policy with the Welsh Language Commissioner, so wherever the Welsh language need is required, then that is something that would satisfy some of the local concerns, but it does not provide all of the solution.

Q166 **Liz Saville Roberts:** Nonetheless, personally, I find it shocking that only 13% of North Wales prisoners are housed in HMP Berwyn when one of



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the reasons it was presented to North Wales was that it would be local and nearer to people's homes and families and nearer for them to find employment when they left. I will move along, because I appreciate that we have held you for a considerable amount of time, and we greatly appreciate that, but on the same count, we have no women's prisons in Wales. I know the Ministry of Justice has announced that there will be, I think 10, residential centres for women proposed to be developed. Could I seek your assurance that you will be seeking a women's residential centre for North Wales and for South Wales, because the distances are so great otherwise? One for Wales will not be sufficient and I am sure you would have excellent organisations that could be the starting point both for this type of initiative, which is frankly to be welcomed, and a better proposal than a conventional prison for the vast majority of women who enter the criminal justice system?

Lord Bourne: They are reasonable points. I remember that we looked at this when we looked at these issues on Silk Commission and there was the factor that for a conventional prison there would simply not be enough Welsh women prisoners, thank goodness, but the sort of solution you are proposing was certainly one that I think found favour. Accepting the geographic issues that are presented, not least there would be a very strong case for pushing for North and South and I am sure we will be doing that.

Alun Cairns: There are ongoing discussions with the MoJ about the best solutions to the estate in general and that is something that we will continue to want to engage with.

Q167 **Tonia Antoniazzi:** On 18 September last year, First Minister Carwyn Jones established the Commission on Justice in Wales. What engagement have you had with Lord Thomas's Commission on Justice in Wales?

Alun Cairns: First of all, before I hand over to Nick Bourne who leads on this area of policy, I have met, not long after the Commission on Justice in Wales was established, Lord Thomas of Cwmgiedd and I have worked with him closely as the Wales Bill, now the Wales Act, was in preparation. We had a good relationship. We were surprised not to have received any notice that that was an intention of a policy or a commission that was going to be announced by the First Minister, particularly in that the Secretary of State for Justice was talking to the First Minister the day before but this is something that the Welsh Government have commissioned on a reserved area of policy, clearly, but we will look to what elements from it we think we can use. I will hand over to Nick.

Lord Bourne: Perhaps some early points on it because again the Silk Commission did look at this whole area and we were not persuaded of the need, certainly at this stage, for a separate system of law in Wales. It is worth noting—and I have done this recently because I saw Lord Thomas of Cwmgiedd just before the recess to discuss some of these issues on an informal basis—I have spoken to every law school in Wales and very few students are opting for a module on Welsh devolved law. That is not



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conclusive but it is an indication that the law at the moment is still very much England and Wales. Maybe it is what one wants or doesn't want, but that is the fact.

There is, clearly, a growing body of Welsh law, that is undeniable, and our approach has been to look at what are the needs of Welsh students. We would not want to deter Welsh students from doing law, as I did, in Aberystwyth or Cardiff, or wherever and they may be deterred from doing that if they felt they were not getting a legal education that benefited them across the whole of England and Wales. Scotland has historically been very different. I think that is a very important consideration.

What we do think, however—and we have investigated what we can do on this and we are still looking at it—is there is certainly scope for English law schools, those law schools in England, specifically addressing legal education that should be reflected because of the change that there is from having a lawmaking body in Wales, and to some extent Scotland, but Scotland has always been separate so Scottish law is not really taught as part of a law course in Wales. What we really do need to worry about, however, is developing a separate profession in England from Wales because you then begin to say Welsh youngsters are not going to be able to practice in England without requalifying there or taking some separate papers and similarly we would not be able to attract English graduates, professionals, into Wales if it is a separate system. As an unashamedly Unionist party, that is not attractive to us. We have an England and Wales jurisdiction. I have discussed this with Carwyn previously and I thought it was pretty much his view as well, that this was something that was inherent. If you speak to the law schools, it is very much their view, and indeed if you speak to the law firms. So that is what motivates our thinking on that, that there is a great danger with disturbing the balance that exists at the moment.

Q168 **Tonia Antoniazzi:** Can you envisage any circumstances where the UK Government would be open to devolution of any justice powers?

Lord Bourne: What we are committed to, and I have shared this with John Thomas, is discussing how we can improve the administration of justice in Wales. I think that is a legitimate thing where we should all of us come together to see how these things can be improved because we have had concerns in the past about closure of some courts and so on. Things of that nature, I think, are important, making sure that you have sufficient people for Welsh juries and so on. These are separate Welsh considerations that should be taken account of but in terms of the actual body of the law, it is still very much England and Wales law, with differences, of course there are differences, which should be incorporated into courses but the evidence from courses now, and we are 20 years on from the start of devolution, is that very few people are opting to do Welsh law.



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Alun Cairns: I would add to that that the system needs to recognise that the support structures in Wales are very different from the support structures in England and those are the sorts of things that I think we can hopefully take from the report when it is published.

Q169 **Liz Saville Roberts:** The National Probation Service is now consulting on the entire probation service in Wales, a different model from that in England, which is retaining a pattern of consultation with the community rehabilitation companies, but which reflects that in Wales many, certainly more than 50%, possibly more than that, of those services associated with probation in Wales, such as health and such as education, are now devolved and the consultation that is talking now about bringing back into public hands the entire probation service. Now surely the same is true for law in Wales and the legal system in Wales. The universities, I am sure, will be inherently conservative in that which they teach but the nature of lawyers' abilities is to be able to interpret different documentations and different statutes so to be developing a new set of statutes for Wales, alongside those of England, surely we do need to be developing those skills now because they are happening as we speak and we are frankly ignoring that at our peril. If we have a legislature in Wales that is bringing forward legislation, we need to develop those young people. Perhaps the demand there and the familiarity of that within universities is not yet there, but this is happening as we speak and we need, for this to be effective, to bring this forward.

Lord Bourne: I do go along with you in terms of the probation service and so on. Clearly there are differences. That is a slightly different point from the single jurisdiction that we have at the moment in legal terms. I am not sure I agree with you, in fact I do not agree with you, about the inherently conservative nature of Welsh universities. That has not been my experience. I am not talking in political terms here, I am talking in conservative and orthodox terms, but you see many, many new courses being developed on things that are attractive at the moment, and that just has not happened, whether one likes it or not. I was surprised, ringing round and finding out that really many Welsh students are not opting to take Welsh law at universities as things stand, 20 years on. Maybe that will change 20 years hence, who knows, but it has been very gradual, if at all. I do not think you will find now that the position is materially different from the position five years ago.

Alun Cairns: Can I make very briefly a point about the probation service? I think that is a great example where the MOJ and the Welsh Office have worked closely together in delivering a different solution in Wales because we felt that the circumstances were slightly different and therefore on that basis, the consultation is a slightly different model in Wales, compared with the rest of UK as it stands, but still acting from a reserved standpoint. So we can adjust and change, depending on the circumstances. We can get a different solution for Wales but it does not mean that it has to be devolved to get a different solution for Wales.



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Q170 **Anna McMorris:** We are hearing a lot of evidence on the justice system, the differences between Wales and England, and how it is completely and utterly broken. Now we are hearing from witness up and down, both in England and in Wales, about that. If you take that together with the developing Welsh Assembly, Welsh Government, increased powers—I have been in Welsh Government developing legislation, working with lawyers, trying to write legislation—this is developing all the time. I think that it is for you, as leaders, as a UK Government representing the whole of the UK, to take a lead on this and look at that difference in jurisdiction—

Alun Cairns: I do take confidence from the question in terms of the solution that I gave about the probation service where we consulted on a different model in Wales compared with the rest of the UK and from a reserved perspective. However, I would also say that as the Assembly is growing its powers, I think, Chair, you will remember that an amendment was tabled when the Wales Bill was going through Parliament to devolve Justice, for which I think there was a massive majority against and I think that that goes to show that not only does the Government have a view, but Parliament had a view as well, as the Bill went through its various stages.

Q171 **Anna McMorris:** With all due respect, some of what you were saying, Lord Bourne, I feel is scaremongering in terms of not building that confidence about Wales as a nation that can have its own legal jurisdiction.

Lord Bourne: I strongly refute that. I went into this with a totally open mind. If anything, I was slightly of the view that you were indicating, that there was crying need for having a separate jurisdiction, separate teaching, and all the rest. That is why I rang the law schools. It was a very factual question. It was not a leading question. How many people were opting for this? Speaking to the Welsh universities, there is no call for doing this. Indeed, there was a call for not doing it. The position may alter in 20 years, but I am not scaremongering I am reflecting what is happening.

Q172 **Geraint Davies:** On open access and integrated education, Swansea has been chosen to have an international conference on Egyptology and the Home Office has decided not to let the leading speakers from Egypt come in. I don't know, Secretary of State, whether you are going to take any action on this, but it is a complete humiliation for Wales and Britain in terms of saying we are a global Britain, Swansea has this centre of excellence, and the guest speakers are not allowed to come in because of Home Office prejudice. What are you doing about it?

Alun Cairns: I am not familiar with the details of this but I do have a sufficiently strong relationship with the Vice-Chancellors of every university in Wales where if they think that something is unfair or unjust, that I would have a call and certainly to my knowledge have not had a call.



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Geraint Davies: See what you can do about it. Michael Fish the second.

Chair: That is not really a question.

Q173 **Anna McMorris:** Moving on to a different subject, the arguments for devolving air passenger duty have been well made over the past few years, increasingly so, allowing the Welsh Government to operate on a level playing field with Scotland. Where do you stand on this, Secretary of State?

Alun Cairns: This again was tabled as an amendment, I think, as the Wales Bill was going through Parliament, and it was rejected not only by the Government but by Parliament itself. The airport is doing exceptionally well and I regularly communicate with a series of airlines that use Cardiff airport, to encourage them to explore new routes. The growth in Cardiff airport, for the latest data that is available, is 6.6%. The growth in comparable airports—Manchester, 3.3%; Bristol, 4.9%; Birmingham, 1.4%—so to Cardiff airport's credit, it is growing much more sharply than its competitors, which suggests that air passenger duty is not one of those factors that is inhibiting the success of the airport.

Q174 **Anna McMorris:** So you will be congratulating the Welsh Government on their ownership of Cardiff airport.

Alun Cairns: I think everyone has played a part in that. The First Minister and I were privileged to be part of that Qatar Airways flight that came from Doha. I think it was a year now, almost a year, certainly to the month if not to the day, when I went out to meet His Excellency Akbar al Baker as part of that discussion and the Welsh Government would naturally have played a part as well. There is a joint effort in this and it is something good which goes back to what Lord Bourne mentioned earlier about the relationship between both Governments working in the interests of Wales.

Q175 **Anna McMorris:** What is stopping you agreeing to devolving APD?

Alun Cairns: The Treasury will have pointed out that there is a joint aviation market between the south-west of England and South Wales. As it happens, that was one of the factors that clinched the Qatar Airways flight. That it is a joint aviation market. The population warranted a daily flight to the Middle East and, therefore, on that basis, the assessment was that if one airport decided to abolish APD the net loss of flights to the region would be much, much lower, so—the point I am going to say—we cannot on one hand attract airlines by saying it is a single aviation market and on the other hand, for a different argument, reject that it is a single aviation market. Nick, I don't know if you have anything else to add.

Q176 **Anna McMorris:** You will be as well aware as I am that both Bristol and Cardiff have different sized runways, therefore they attract different markets. Bristol has a short-haul market, Cardiff the longer haul, so there isn't any danger in terms of competing like that.



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Alun Cairns: I would say that is a misunderstanding because there is a long haul market from Bristol as well as from Cardiff, so there is certainly a misunderstanding. That is not factually accurate, although it is believed to be the case by many but it is not factually accurate because that is something that we have explored.

Lord Bourne: Can I pick up one point if I may?

Q177 **Anna McMorris:** Can I ask the Secretary of State before we move to you?

Lord Bourne: Okay, it is on that point, though. Okay, sure.

Q178 **Anna McMorris:** Am I right in thinking then, Secretary of State, what you are saying is you do not want APD to be devolved to Wales because you are worried what might happen in England?

Alun Cairns: No, of course not.

Lord Bourne: Can I come in here. Let's be clear, people in North Wales don't use Cardiff Airport. People in mid-Wales don't use Cardiff Airport. I am not saying this is a tax or a relief on tax that would help Cardiff, but I do remember when we hit the road with the Silk Commission that this had no resonance outside of the Cardiff area.

It is very different in Scotland. If you live in Scotland you would use Glasgow or Edinburgh Airport. You would not go to use Newcastle Airport, but Wales is different. People in the north would rarely, I think, use Cardiff Airport and people in the middle would rarely use Cardiff Airport, so I am not sure that identifying it in the way you do that this discriminates against Wales is very fair.

Q179 **Chair:** Can I just ask then, and perhaps we could just clarify this: would it be good for Cardiff Airport if they were able or if the Welsh Government were able to reduce APD? Would that be a good thing for Cardiff?

Alun Cairns: First of all, there is a danger that APD could rise and that could be a risk because taxes can go up as well as down and, therefore, on the one hand passengers in Cardiff, if there is a Welsh Government shortfall in some areas, could see APD rise.

Q180 **Chair:** Would it be a bad thing for Cardiff Airport if APD went up?

Lord Bourne: Forgive me, I have to go and vote.

Chair: I do appreciate that. That is fine.

Alun Cairns: The independent analysis suggested that a variation of APD would undermine the joint market that already exists, for which we are attracting airlines because of it. Therefore, on that basis, there would be a net loss of flights to South Wales, south-west of England region.

Q181 **Chair:** What you are arguing then is, if Cardiff were to reduce APD, that would reduce flights into Cardiff and Bristol?



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Alun Cairns: Into the region it would reduce flights, yes.

Q182 **Chair:** Cutting APD you think would reduce flights into Cardiff and Bristol, into the region?

Alun Cairns: Into the region and that is the Treasury's assessment.

Q183 **Chair:** But why?

Alun Cairns: The Treasury report is no doubt available and I think the Chief Secretary at the time would have made that information available. There would be a distortion to the market.

Q184 **Chair:** I can understand that obviously it would be bad for Bristol and good for Wales, if Wales reduced its APD, but I cannot understand how it would be bad for both Bristol and Wales if Wales reduced its APD.

Alun Cairns: The distortion in the market would lead to a net loss in the number of flights that come jointly to the region, so there could be the case that one airport might see an increase but the net effect on the other would be the contra, so depending—

Q185 **Anna McMorris:** So that is to the detriment?

Chair: That is what we are saying, yes, so it would be—

Q186 **Anna McMorris:** To the detriment of Bristol?

Alun Cairns: No, but having compared it—

Q187 **Anna McMorris:** That is what you are saying, Secretary of State.

Alun Cairns: Having spoken to a whole host of airlines that use both Cardiff and Bristol, for which I have really engaged to encourage as many of them to come to Cardiff. Take Qatar Airlines, for example, they are one because they come there because it is a joint market. On that basis, that would be undermined if we did not have that as a joint market.

Q188 **Chair:** Forgive me, maybe there is something I am not understanding here. Are you saying that Qatar Airlines would be concerned at the prospect of a cut in air passenger duty?

Alun Cairns: No, I am saying that there would be a net loss of flights, as per the Treasury assessment, that come into the joint region, so therefore, because it is a joint—

Q189 **Chair:** So the number of flights overall would be reduced?

Anna McMorris: But why would that affect Cardiff Airport?

Alun Cairns: Because it is a joint region, a joint aviation market, on that basis we cannot on the one hand seek to attract airlines to Cardiff by saying it serves Bristol as well—in terms of passengers, tourist passengers, business passengers and so on—and then deny when we are making our case to the Treasury to devolve it and reject that it isn't a joint market, so there are two arguments here that we are missing.



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There was a Treasury assessment of the net loss and I can happily share the data that is available on that basis, but the other point is that Cardiff Airport's own literature recognises it is one market and, therefore, on that basis, it would be absolutely unfair to one business if another business had a competitive market.

Q190 **Chair:** So it would be unfair to Bristol?

Alun Cairns: Yes.

Chair: Basically, the argument is that it would be unfair to Bristol?

Alun Cairns: I remember the amendment that went through that was tabled at the time of the Wales Act. I mean there was opposition on all sides of the House on that basis, irrespective of what has been said. Taxes can rise as well as fall, and I would certainly be concerned about the risk to passengers in Wales on that basis.

Q191 **Ben Lake:** In a previous evidence session, Margot James, the Minister at DCMS, noted that the legislation required to implement the plan of these recommendations was I think uncontroversial. Has there been any indication as to when we might see this legislation being brought forward?

Alun Cairns: The S4C are due to respond to the review very soon, and I would expect that to be coming within coming weeks and that will demonstrate how S4C plan to respond to the changes that were made in the review in itself.

Q192 **Chair:** I wanted to mention something. I think the Government deserve to be congratulated for the move to allow Welsh to be used in the Welsh Grand Committee. I think it is something that has had support on all sides of the House. What sort of feedback have you had from this, Minister?

Alun Cairns: Only positive, but that would be anecdotal rather than from a formal survey. It is something that we were pleased to do. It was the right thing to do, and I hope that at the next Welsh Grand Committee we can continue the same policy.

Q193 **Chair:** Do you think there is any scope for further extending the use of Welsh at all in the House of Commons?

Alun Cairns: I think any request or proposal can be made and that will be given full and proper consideration, but the significance should not be underestimated in that bilingual was used by the Welsh Grand Committee. Incidentally, it pointed out to me a number of people I didn't realise spoke Welsh, do speak Welsh.

Mims Davies: Chairman, if I may, I should make the point regarding the APD before we move forward. There is a new manager coming to Bristol Airport fairly soon and, as part of my North Wales growth deal discussions, connectivity to Heathrow and the hub requirement there and



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the challenges of coming into North Wales for the tourism opportunity and the challenges coming from Manchester, was something that was raised very strongly. I have undertaken to meet with the Airports Minister as a result.

We did speak about APD this morning and it is something that within the airports community, I certainly have one in my patch, they have lobbied completely the opposite way that they want to keep it static for some of the reasons that the Secretary of State has outlined, but I think that we need to make sure that those broader airport conversations, where it is not just pulling from either the south-west or the Cardiff market are addressed, because that broader connectivity is really important when it comes to Heathrow as a hub. Not to forget about North Wales as well in this sphere.

Q194 **Anna McMorris:** Very quickly, just to respond to that. If APD was devolved, then the Welsh Government would be able to look at investment throughout the whole of Wales and the smaller airports and also using different hubs in terms of getting to Heathrow.

Mims Davies: But I am saying on the broader point with Heathrow potentially coming on board—

Q195 **Anna McMorris:** Heathrow is very supportive in fact.

Mims Davies: I think it needs to be looked at in the round and there is feedback locally that making sure that supporting Cardiff Airport is the right thing to do but other airports and hubbing and connectivity is equally as vital, whether it is through HS2 or whether it is through Manchester Airport. Just to say there are some broader points around air travel, not just APD, which I think as the Welsh Government, indeed the UK Government need to look at those as a whole, so that it is not just confined about APD.

Q196 **Geraint Davies:** Secretary of State, I want to ask you, first of all, what plans have the Government to relocate offices to parts of Wales, other than Cardiff? I know there is a big hub in Cardiff, the BBC are in Cardiff. The bottom line is there is much more poverty in Swansea and West Wales than elsewhere in Wales and Cardiff, so what are you doing about that?

Alun Cairns: Mr Davies, you will be aware that Swansea is already a significant employer of public servants through the DVLA, through the Land Registry, and so on. There is an ongoing will to modernise the estate and there is an ongoing will to encourage Departments to relocate outside of London. That is something that is a policy over a long period of time, as and when properties, offices and leases become available as part of that consideration.

Q197 **Geraint Davies:** With respect, my father was in fact in charge at the Welsh Office of getting the DVLA to Swansea, but that was nearly 40 years ago. It was in the 1970s, so what I am asking about now is all



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these offices, like the tax offices and other Government paid for, the BBC and other offices, are moving to Cardiff and not Swansea and West Wales. Why aren't you doing something about that?

Alun Cairns: As the Government estate continues to be modernised there are opportunities to explore those sorts of considerations.

Q198 **Geraint Davies:** So you are not doing anything about it?

Alun Cairns: Creating Government hubs is deemed to be the most efficient way of bringing offices together. Having a Government hub in Cardiff, right in the city centre opposite the station, I think will make a significant difference.

Geraint Davies: I am sure it will.

Alun Cairns: It is part of an ongoing process as the estate needs to be modernised. The building in Llanishen, the lease had come available. There was an opportunity to shift and, therefore, we took that opportunity. There will be a timeframe on the lease in the DVLA, for example, and that needs to be considered as and when—

Q199 **Geraint Davies:** If you look at conversions funding from the EU, and obviously we are Brexiting, but that is focused in on Swansea and West Wales basically because there is greater need there and the Swansea Bay City region is as big as the Cardiff City region. In fact, it is bigger as an urban footprint, so why aren't you arguing that this relocation of UK public servants goes to Swansea instead of Cardiff and Swansea City regionally?

Chair: We are probably at the end of this line of questioning if I may say so.

Geraint Davies: I am just wondering whether you are intending to do anything about that. The city deal is twice as much money going to Cardiff as to Swansea again. What are you doing about it?

Chair: Let the Minister answer.

Alun Cairns: As I have said, as the estate becomes available, as the Government will be tied into long leases then when those leases become available then that is an opportunity to see how we can better relocate staff. The Government has a policy of driving civil service jobs outside of London where possible, and that is something that has been in place for some time and part of that is establishing the Government hubs.

I am keen that we take every opportunity to seek to develop new opportunities in Wales. The Newport Office for National Statistics, for example, is a significant employer there. We only opened—I along with the Cabinet Minister—the data science centre just over a year ago, which I think has attracted significant interest globally because of the commitment behind it. These are opportunities that come around and it is clearly my interest to attract as many as we can to Wales, and I think the record so far is positive.



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Chair: We have one final—no, I think I will—

Geraint Davies: We have question 15.

Chair: Then it is going to be one question and one answer.

Geraint Davies: Yes, that is fine.

Chair: One question and one answer and then one last look at that, so question 15 then.

Q200 **Geraint Davies:** Under your stewardship of the actual estate, certainly from a Swansea Bay perspective, we have seen the tidal lagoon not going ahead, the electrification not going ahead, the relocation of offices going into Cardiff instead of Swansea, no commitment over conversions funding, and we cannot even get a global conference on Egyptology attended by Egyptians. I mean shouldn't you resign?

Alun Cairns: I respond to that by saying that the funding settlement that came to Wales was probably the biggest nut to crack, and that is something for decades people have been complaining about and I am pleased that we have managed to resolve that issue. I am pleased that we have managed to introduce a funding floor.

In addition to these funding settlements, I am pleased that we have a Swansea Bay City Deal as well as the Cardiff City Deal. The Cardiff City Deal is the biggest in the UK.

Geraint Davies: Twice as big as Swansea.

Alun Cairns: With the greatest respect, Mr Davies, it covers 10 local authorities whereas the Swansea Bay City Deal covers four local authorities areas, so I think you have to compare like for like.

In addition to the North Wales growth deal that we are negotiating, and we have started the process for the mid-Wales growth deal, Wales will be the only part of the UK that will have a growth deal in addition to the change in the funding settlement. Are you telling me, Mr Davies, that people in Swansea and West Wales—

Chair: That sounds like a question.

Alun Cairns: I would say then that people in Swansea and West Wales will also benefit from policies, such as abolishing the Severn tolls. That is an example of the sorts of changes, and people in Swansea will also benefit from the change in the Paddington to South Wales modernisation, because they will save the same 15 minutes that they would have saved whatever technology is being used.

Mims Davies: Can I just jump in about an over reliance on Government jobs?

Geraint Davies: You do the job.



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Mims Davies: My point to underline what the Secretary of State is saying is that the S4C office is coming to Carmarthen. The new HQ, which is beyond Cardiff, is good news. Also, looking to see that there are opportunities in industry and long-term skills and opportunities as a result, so whether it is CAF coming to Newport, I think the UK Government have to look at it as a whole: opportunities to come to Government jobs but also to make sure that there are economic opportunities for growing jobs and attracting companies across Wales.

Q201 **Ben Lake:** The Education Secretary recently announced his intention to increase the pay of teachers in England by up to, I think, 3.5%. I am sure the Secretary of State will be aware that there is some concern among teachers in Wales that there was no announcement of any funding for that uplift to be applied for teachers in Wales as well. For the moment the responsibility of teachers' pay and conditions is still reserved at Westminster, so could I ask if you could use your office to ensure that any funding that is necessary will also be applied to allow for the increase in Wales?

Alun Cairns: I cannot remember the date of when it becomes effective but, again, it was something that I was determined to do along with the First Minister is devolve teachers' pay and conditions. That was against the call from the unions at the time, but I think everyone thinks that that now is the right thing to do and ironically, going back to maybe a point that Mr Davies said, it is hard to believe that we still have the ALCO system put in place back in 2010.

I think the Government's commitment to Wales has been pretty significant in terms of our achievements, but on that it has been funded from within the Budget. The share would have gone to Wales. The change of the financial settlement that comes to Wales I think puts the Welsh Government in a much stronger position to settle the teachers' pay demands because Wales now gets, as a result of the change to the funding formula that we have in place, £120 for every £100 that is spent in England. That demonstrates the success of the adjustment of the funding settlement as well as the inclusion of a funding floor, which provides a guarantee over the much longer term.

Mims Davies: I am meant to be speaking to Minister Gibb in about 10 minutes on that particular sphere, so it is in hand.

Chair: Excellent. Good. We would not want to get in the way of that, so thank you very much indeed.