

## **Answers to Questions not reached in Plenary 23 September 1999 (afternoon session)**

[R] signifies the Member has declared an interest.

- 1 Questions to the Secretary for Economic Development
- 6 Questions to the Finance Secretary

### **Questions to the Secretary for Economic Development**

#### **Economic Development Strategy**

**Q4 Huw Lewis:** What role does the Secretary for Economic Development expect Industrial Villages to play in meeting the aims of the national economic development strategy? (OAQ917VB)

**The Secretary for Economic Development (Rhodri Morgan):** Industrial Villages aim to attract investment to former industrial communities such as those in the south Wales Valleys and would thus contribute to job creation and improved economic performance set out in the draft national economic development strategy. I am sure that local partnerships in Wales will be looking carefully at these and other options for the development of their communities. They will be able to draw on the experiences of the projects currently being funded and monitored by the Assembly in the Dulais Valley, Cynffig and in Abersychan which were influenced by the Industrial Village concept.

#### **New Jobs (Rural Wales)**

**Q5 Nick Bourne:** What progress has Rhodri Morgan made in attracting new jobs to rural Wales? (OAQ870JS)

**Rhodri Morgan:** Since May 1997, almost 2,700 new jobs have been promised by inward investment into rural parts of Wales. There have been 59 offers of regional selective assistance to indigenous and inward investment companies promising almost 3,800 new and safeguarded jobs. Offers of mid Wales development grants promise 853 new jobs.

#### **Objective 1 Funding**

**Q6 Brian Hancock:** What meetings has Rhodri Morgan had with the First Secretary and the new Secretary of State for Wales concerning Objective 1 funding? (OAQ877JS)

**Rhodri Morgan:** I have had a number of meetings with the First Secretary, Cabinet colleagues and senior officials to discuss Objective 1 funding. The First Secretary and I have also discussed this with the new Secretary of State for Wales, Mr Paul Murphy MP. Further meetings are likely over the next few months.

#### **Unitary Business Tax**

**Q7 Rhodri Glyn Thomas:** What plans does Rhodri Morgan have to lighten the burden of the unitary business tax on small high street businesses? (OAQ879JS) [R]

**Rhodri Morgan:** In taking forward its modernisation agenda for local government in Wales the Assembly will consider giving councils limited powers to set a local business rate when primary legislation permits. At the same time it will consider introducing measures to reduce the rating burden on small businesses. Discussions on implementing these proposals are already under way with a range of business interests including the chambers of commerce and Federation of Small Businesses, Wales.

## Economic Growth

**Q8 Phil Williams:** Given the various economic forecasts of growth in Wales and the UK available to Rhodri Morgan, is he able to indicate when the gap between average GDP per head between Wales and the UK will start decreasing? (OAQ873JS)

**Rhodri Morgan:** Business Strategies Limited forecast Welsh GDP growth faster than the UK's in the years 2000, 2001, 2002, and 2003. The other UK regional forecasters (Cambridge Econometrics and the Northern Ireland Economic Research Centre) and the Welsh Economy Research Unit disagree. However, all the forecasters agree that Welsh growth will be better next year than this year.

### Details of the Independent Economic Forecasts for Wales and the UK

Economic Forecast Summary						
GDP % change						
Forecaster	1999	2000	2001	2002	2003	
<b>BSL (a)</b>						
UK	1.0	2.2	2.6	3.8	3.5	
Wales	0.1	2.7	2.8	4.0	3.6	
<b>CE</b>						
UK	0.8	1.9	2.5	3.1	2.6	
Wales	0.7	1.8	2.0	2.8	2.2	
<b>OEF/NIERC</b>						
UK	0.4	2.1	3.2	3.0	2.6	
Wales	-0.1	1.9	2.9	2.7	2.5	
<b>WERU</b>						
UK	1.1	2.0	2.4	2.4	-	
Wales	-0.1	1.5	2.1	2.2	-	

(a) income measure of GDP/ Gross Value Added

## Interest Rate

**Q9 Carwyn Jones:** What plans does Rhodri Morgan have to measure the effect of interest rate rises on the Welsh economy? (OAQ891VB)

**Rhodri Morgan:** The models used by the main UK regional forecasters (Cambridge Econometrics, Business Strategies Limited and the Northern Ireland Economic Research Centre) allow the effects of interest rate changes on the Welsh economy to be simulated. I have no plans to commission further modelling.

[Note that published model simulations by Business Strategies Limited show that, once all effects are incorporated, Wales is **less** sensitive to interest rate changes than the UK economy as a whole.]

### Objective 1 (WEPE)

**Q10 Jonathan Morgan:** What role will the Welsh European Programme Executive play in the administration of Objective 1 funding to west Wales and the Valleys? (OAQ884JS)

**Rhodri Morgan:** The European taskforce will be making recommendations on implementation arrangements for the new structural funds programmes when it submits the draft Objective 1 and 3 documents to the National Assembly at the end of this month. It will be for the Assembly to consider these recommendations and make firm decisions as to the arrangements for administering the new programmes.

### Single Programming Document (Objective 1)

**Q11 Janet Ryder:** What are Rhodri Morgan's plans to further promote the public consultation in north Wales on the single programming document for Objective 1? (OAQ889VB)

**Rhodri Morgan:** The Objective 1 SPD has been subject to widespread public consultation organised by the member organisations of the European taskforce since 14 July. This has since been supplemented by a series of regional 'roadshows' by the Economic Development Committee including one in Rhyl on 20 September. The imminence of the European Commission's deadline for submitting the document makes its direct consideration by the Assembly the next major step in the process.

### Wales European Taskforce

**Q12 Elin Jones:** Will Rhodri Morgan make a statement on the progress made by ECOTEC Research & Consulting Ltd on its evaluation of the Wales European taskforce's consultation documents? (OAQ912VB)

**Rhodri Morgan:** ECOTEC has completed a preliminary ex ante evaluation of the documents as they stood when issued for consultation. There have since been a number of revisions to ensure the document meets the requirements of European Union regulations. A full ex ante evaluation will be produced before the documents go to the Commission, based on the revised SPD as submitted to the Assembly.

### Shop Closures (Pontypridd)

**Q13 Jane Davidson:** In the light of the recent closure of three Pontypridd shops, will Rhodri Morgan agree to visit the town and meet local business people? (OAQ880VB)

**Rhodri Morgan:** I would welcome such an invitation from organisations representing Pontypridd's local business community.

### Wales's Economic Profile

**Q14 John Griffiths:** What measures are planned to enhance Wales's worldwide economic profile, building on the progress made following devolution? (OAQ899JS)

**Rhodri Morgan:** Measures taken to meet the Cabinet's objective of raising the international profile of Wales will include enhancing its economic profile. Assembly officials will be working with other public sector bodies and agencies to develop a co-ordinated approach to optimise opportunities and resources. Work is in hand to develop a range of promotional material about Wales for use overseas. A number of measures already do much to raise the economic profile of Wales internationally. They include the programme of trade missions administered by the Assembly; the activities of the Welsh Development Agency's overseas offices and consultancy network; advertising campaigns in international business press and television commercials on long haul flights; and targeted advertising campaigns built around the Rugby World Cup. Future measures will build on these and develop new initiatives.

### Objective 1 Funding Plans

**Q15 Alun Cairns:** What comparison can be made between Wales and countries such as the Republic of Ireland and Greece in terms of the planning they have made for Objective 1 funding in the months preceeding the launch? (OAQ886JS)

**Rhodri Morgan:** Such comparisons are not wholly appropriate given that both Ireland and Greece are building on existing Objective 1 programmes rather than establishing new ones as is the case in Wales. Preparation of the Objective 1 programme documents in Wales has been undertaken in a spirit of inclusive partnership, which has allowed not only national public sector bodies but also the private sector, local government and the voluntary sector to play a leading role in policy making and advice to the Assembly. Central government pre-eminence in other states may allow for faster but more exclusive decision making.

I am satisfied that satisfactory progress is being made in Wales, and that we are on track to meet the Commission's deadline for submission of the relevant documents.

### Welsh Development Agency (Corporate Plan)

**Q16 Elin Jones:** To what extent have representations of training institutions been consulted over the Welsh Development Agency's corporate plan? (OAQ913VB)

**Rhodri Morgan:** As part of its consultation exercise, the Agency has written to many organisations and individuals who have an interest in this area. These included the Council of Welsh Training and Enterprise Councils, the four TECs individually, all the Universities in Wales; the North East Wales Institute; the Higher Education Funding Council; the Further Education Funding Council; and Fforwm. Enterprise Agencies in Wales were also included.

The Agency also placed its consultative draft corporate plan on its website and copies are available direct from the Agency.

### Job Opportunities (West Wales and the Valleys)

**Q17 Nick Bourne:** What assessment has Rhodri Morgan made of job opportunities in west Wales and the Valleys as a result of the advent of Objective 1 funds? (OAQ871JS)

**Rhodri Morgan:** The Objective 1 programme for west Wales and the Valleys has the potential to create significant numbers of additional jobs if it is delivered in a focused and strategic manner. The Wales European taskforce suggests that as many as 110,000 additional jobs in the Objective 1 area could be created by 2010 with the right combination of measures in the programme. The taskforce's final recommendations will be subject to debate by the Assembly in due course.

### Objective 3 Funds

**Q18 Alison Halford:** Will Rhodri Morgan provide details of what structures are currently in place to draw down European Objective 3 funds at community level, specifically in Delyn? (OAQ875JS)

**Rhodri Morgan:** Objective 3 is a national programme and the arrangements at community level, specifically Delyn, are no different to elsewhere in the UK. Grant aid is drawn down from the European Union by the Department for Education and Employment on receipt of applicant's eligible claims. A first advance claim for 50 per cent of European social fund support can be made immediately following approval (or when the project has commenced, if later). A second advance for 30 per cent can be made as soon as half of the 50 per cent payment has been spent. The final payment is made based on the actual

cost of each project with the balance being paid when the Department for Education and Employment has received and processed the applicant's final claim.

### **Electronic Communication**

**Q19 Brian Gibbons:** What is the current level of provision in Wales of a two-way broad band 'spine'/network for enhanced electronic communication? (OQA883JS)

**Rhodri Morgan:** The provision of broad band telecommunications networks in Wales is a commercial matter for individual companies. However, from discussions Assembly officials have had with British Telecommunications, the main fixed line telecommunication provider, we understand that through its 550,000 km fibre network, 98.4 per cent of the company's 1.4 million Welsh customers are able to access medium band services enabling data transmission, e-mail and basic internet usage. Subject to willingness to pay the UK wide higher charges, increased bandwidth services (ISDN 30) are widely available to deliver video conferencing, data interchange and rapid internet access.

### **Welsh Tourist Industry**

**Q20 Carwyn Jones:** What plans does Rhodri Morgan have to promote the Welsh tourist industry in the aftermath of the Rugby World Cup? (OAQ882VB)

**Rhodri Morgan:** Over the past three years the Wales Tourist Board has been maximising the tourism opportunities provided by the Rugby World Cup through a number of marketing campaigns. The lessons and experiences learnt from the event and the effectiveness of the Board's marketing will be evaluated and fed into the Board's future marketing plans, which it is currently working on. The Board will also be presenting its proposed new tourism strategy to the Assembly later in the year.

### **Social Inclusion**

**Q21 John Griffiths:** What strategy is being pursued to ensure future economic development effectively promotes social inclusion? (OAQ881VB)

**Rhodri Morgan:** Based on the proposals for a national economic development strategy issued by the Wales European taskforce for consultation over the summer, the National Assembly will develop its strategic approach to the economy to address the social disadvantage and exclusion felt by many. The consultation document sets out action to promote lifelong learning, increase employability, develop communities, strengthen the social economy and create jobs. The Assembly's approach can build on programmes aimed at promoting social inclusion such as people in communities, youth access and sustainable communities.

### **British Steel (Discussions)**

**Q22 Jocelyn Davies:** What were the outcomes of Rhodri Morgan's discussions relating to the merger of British Steel with Koninklijke Hoogovens? (OAQ876JS)

**Rhodri Morgan:** The First Secretary and I met representatives of British Steel on 24 June to discuss the proposed merger with Koninklijke Hoogovens and the likely implications for the steel plants in Wales. I was assured that there will be no immediate impact on Welsh plants and that the bringing together of the two companies should lead the new organisation to maintain a strong position in this highly competitive worldwide market.

### **European Money**

**Q23 Peter Black:** What lessons is Rhodri Morgan learning about how European money has been spent in the past in drawing up proposals for Objective 1 funding? (OAQ878JS)

**Rhodri Morgan:** In the light of experience with the existing industrial south Wales and rural Wales programmes I want the new European funding programmes to be delivered more strategically and more focussed. I anticipate that the taskforce will be making recommendations to achieve this, and it will be necessary to give any such recommendations careful consideration.

### South Wales Coal Industry

**Q24 Gwenda Thomas:** What plans has Rhodri Morgan for the south Wales coal industry to be regenerated and does he have any proposals to ensure that this happens? (OAQ885VB) [R]

**Rhodri Morgan:** Assembly officials keep in close touch with south Wales coal mine operators who are experiencing difficult trading conditions because of international competition and a diminishing power station market for their product. Wherever possible they offer support on issues which may help the development of the industry. We are considering how the industry can be developed through discussions on a strategic framework for energy developments in Wales.

### Brymbo Steelwork Site

**Q25 Peter Rogers:** Are there any plans to develop the Brymbo steelworks site? (OAQ869JS) [R]

**Rhodri Morgan:** The former Brymbo steelworks site requires substantial land reclamation works to deal with the hazards and other conditions arising from its previous heavy industrial use before a redevelopment scheme proposed by its owners can commence.

The Welsh Development Agency continues to work with the site owners to determine the level of, and means of delivering the financial support necessary to enable the reclamation scheme to proceed. However, this process has been complicated by some difficult technical issues surrounding the funding of this scheme.

The First Secretary and I understand the concern amongst local residents and are determined to find a way of progressing the scheme very shortly.

### Match Funding

**Q26 Alun Cairns:** Will Rhodri Morgan make a statement on the portion of overall match funding that will be required in relation to the Objective 1 programme? (QAQ874JS)

**Rhodri Morgan:** The funding implications of Objective 1 status will be looked at as part of the Assembly's budget round and the UK Government's next spending review.

## Questions to the Finance Secretary

### NHS Contingency Funds

**Q4 David Melding:** Will the Finance Secretary outline what contingency funds are available to the NHS in Wales to deal with exceptional winter pressures? (OAQ902VB)

**The Finance Secretary (Edwina Hart):** This year, health authorities were allocated a cash limit of £2,238 million in total. This included a record cash increase of £193 million (10.2 per cent) for hospital, community and family health services and £148 million (10.5 per cent) on the discretionary allocation. I expect the NHS to manage winter pressures within these resources, drawing on the lessons and

experience of earlier years. The Assembly does not hold a central reserve for contingencies and all funds for health have been fully allocated.

### **Objective 1 Match Funding**

**Q5 Alun Cairns:** When will Edwina Hart be able to make an announcement on the amount of match funding available for the Objective 1 programme? (OAQ890VB)

**Edwina Hart:** The provision of match funds is principally a matter for project sponsors. The funding implications of Objective 1 status will be looked at as part of the Assembly's budget round and the UK Government's next spending review.

### **Revenue Support Grant**

**Q6 Peter Black:** What progress is being made in reviewing the formula by which revenue support grant is distributed to local government? (OAQ892VB)[R]

**Edwina Hart:** A report, following the independent review of the formula, was published in February 1999. It makes 23 recommendations. An implementation plan was agreed by the Welsh consultative council on local government finance on 29 March 1999. The distribution sub-group is taking forward the detailed programme of work. Regular reports on progress will be made through the Partnership Council's machinery and all papers are available to Assembly Members on the intranet.

The aim is for the distribution sub-group to complete its work by the end of June next year and the proposals for change to be available to the Assembly before the summer recess.

### **Budget for Publicity and Advertising 1999**

**Q7 David Davies:** How much money has been set aside for spending on publicity and advertising for this financial year? (OAQ888VB)

**Edwina Hart:** An estimate of £3.5 million for Assembly publicity is included in the 1999 Welsh Office departmental report, which was published in March of this year. To date, £1.6 million has been set aside for publicity and advertising.

### **Administration of Performance Related Pay for Teachers**

**Q8 Jonathan Morgan:** Has Edwina Hart earmarked any funds to pay for the administration of performance related pay for teachers in Wales and if so, how much? (OAQ903VB)

**Edwina Hart:** In December 1998 the Welsh Office announced that education and training in Wales would receive a total of £844 million extra over the three years to 2001-02. That included £66 million for the new pay and performance management arrangements proposed in the Green Paper on the future of the teaching profession in Wales.

### **Budget for Publicity and Advertising 2000-02**

**Q9 David Davies:** What is the budget for publicity and advertising for the next three years? (OAQ887VB)

**Edwina Hart:** Projections for publicity budgets over this period have not been determined because it is not possible to anticipate the communication needs of policies that the Assembly has yet to decide.

### Local Authority Expenditure on the Welsh Police Authorities

**Q10 Alison Halford:** What is the local authority expenditure per head of their respective populations on each of the four Welsh police authorities and, on that basis, which authority is most costly to the council tax payer? (OAQ907JS)

**Edwina Hart:** Local authorities do not contribute towards police authority budgets. They do however collect council tax from their resident populations on behalf of the police authorities. A table showing the amount of the police precept per head of population has been made available and a copy placed in the Cardiff Bay Library. The table also shows the amount of council tax paid by a band D household within each police authority. In 1999-2000, Powys had the highest precept per head, whilst Dyfed-Powys Police Force had the highest council tax for a band D household.

### Quangos (Financial Savings)

**Q11 Nick Bourne:** What savings does Edwina Hart anticipate from reform or abolition of quangos in the current financial year and the next financial year? (OAQ895VB)

**Edwina Hart:** In my answer to OAQ322, I said that I expected savings of £13.1 million in 1999-2000. Savings in 2000-2001 and future years will depend upon the outcome of the budget planning round.

### Total Assembly Expenditure

**Q12 Phil Williams:** Will Edwina Hart indicate the total expenditure under the control of the Welsh Assembly in the current financial year, after excluding all items such as structural, social and agricultural funding paid by the European Union to the UK Treasury in respect of expenditure in Wales? (OAQ896VB)

**Edwina Hart:** The total budget for the National Assembly for Wales for 1 July 1999 to 31 March 2000, excluding provision for expenditure on European structural funds (ERDF and EAGGF payments), is £5,428.5 million.

### Assembly Expenditure (Social Inclusion and Sustainable Development)

**Q13 Peter Black:** How does Edwina Hart propose to accommodate the Assembly's priorities of social inclusion and sustainable development in her review of expenditure by the Assembly? (OAQ894VB)

**Edwina Hart:** My intention is that discussions about this year's budget planning round will focus on how we can move towards meeting the Assembly's initial values and priorities which were set out by the First Secretary in his state of the nation address. These values and priorities included the promotion of social inclusion and pursuing the principles of sustainable development.

In order to achieve this, I have asked Committee Chairs, when submitting their views on the Assembly's budget for the next three years, to indicate how their Committees see their individual priorities contributing to the Assembly's overall priorities. We have also issued the 'A Better Wales' consultation paper on values, service priorities and spending plans. The responses we receive will also inform the process.

My budget proposals will then be drafted with the achievement of our priorities, including social inclusion and sustainable development, in mind.