



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

**Y Pwyllgor Menter a Dysgu
The Enterprise and Learning Committee**

**Dydd Iau, 20 Mai 2010
Thursday, 20 May 2010**

Cynnwys
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Jeff Cuthbert	Llafur Labour
Andrew Davies	Llafur Labour
Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Nerys Evans	Plaid Cymru The Party of Wales
Brian Gibbons	Llafur Labour
Gareth Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Chair of the Committee)
David Melding	Ceidwadwyr Cymreig Welsh Conservatives
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Kathryn James	Swyddog Materion Cyhoeddus, Rockwool Public Affairs Officer, Rockwool
Steve Mulligan	Rockwool Rockwool
Victoria Winckler	Cyfarwyddwr, Sefydliad Bevan Director, Bevan Foundation

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

Dan Collier	Dirprwy Glerc Deputy Clerk
Siân Phipps	Clerc Clerk
Ben Stokes	Gwasanaeth Ymchwil yr Aelodau Members' Research Service

Dechreuodd y cyfarfod am 1.26 p.m.
The meeting began at 1.26 p.m.

Cyflwyniad ac Ymddiheuriadau
Introduction and Apologies

[1] **Gareth Jones:** Estynnaf groeso cynnes i'r cyfarfod hwn o'r Pwyllgor Menter a Dysgu. **Gareth Jones:** I extend a warm welcome to this meeting of the Enterprise and Learning Committee.

[2] Gwnaf y cyhoeddiadau arferol ar y cychwyn. Atgoffaf bawb y bydd y cyfarfod yn ddwyieithog, gyda chlustffonau ar gael i I will make the usual announcements at the outset. I remind everyone that the meeting will be bilingual, with headsets available to

dderbyn y gwasanaeth cyfieithu ar y pryd o'r Gymraeg i'r Saesneg ar sianel 1, ac i chwyddleisio'r sain ar sianel 0. Bydd cofnod o'r cyfan a ddywedir yn gyhoeddus.

receive the simultaneous translation service from Welsh to English on channel 1, and to amplify the sound on channel 0. A record of everything that is said publically will be made available.

[3] Atgoffaf bawb i ddiffodd ffonau symudol ac unrhyw ddyfais electronig arall. Nid oes angen cyffwrdd â'r meicroffonau yn ystod ein trafodaethau. Gan nad ydym yn disgwyl ymarfer tân, bydd rhaid inni symud o'r ystafell hon os bydd larwm yn canu, gan ddilyn cyfarwyddiadau'r tywyswyr.

I remind everyone to switch off mobile phones and all other electronic devices. We do not need to touch the microphones during our discussions. Given that we do not expect a fire drill, we will have to move from this room if an alarm sounds, by following the ushers' instructions.

[4] Daeth un ymddiheuriad i law oddi wrth Christine Chapman. Nid oes dirprwyo. Gofynnaf i'r Aelodau wneud unrhyw ddatganiad o fuddiant yn awr. Gwelaf nad oes angen gwneud datganiad ac felly symudwn ymlaen i'r eitem nesaf.

One apology has been received from Christine Chapman. There is no substitution. I now ask Members to make any declaration of interest. I see that no declaration is necessary and, therefore, we will move on to the next item.

1.27 p.m.

Creu Swyddi yn yr Economi Werdd Generating Jobs in the Green Economy

[5] **Gareth Jones:** Dyma'r sesiwn olaf yn ein hymchwiliad i greu swyddi yn yr economi werdd. Mae'n bleser gennyf, ar ran y pwyllgor, estyn croeso cynnes i Kathryn James, swyddog materion cyhoeddus Rockwool, a Steve Mulligan, rheolwr cynlluniau allweddol Rockwool.

Gareth Jones: This is the final session of our inquiry into generating jobs in the green economy. It is my pleasure, on behalf of the committee, to extend a warm welcome to Kathryn James, the public affairs officer for Rockwool, and Steve Mulligan, the key projects programme manager for Rockwool.

[6] Yr ydym yn hynod ddiolchgar ichi am eich tystiolaeth ysgrifenedig; diolch am ei pharatoi mor drylwyr ac am fynd i'r drafferth i'w rhannu â ni. Yr ydym wedi cael cyfle i ddarllen y dystiolaeth ac edrychwn ymlaen at ofyn rhai cwestiynau. Cyn i mi droi at yr Aelodau a'u cwestiynau, os ydych yn dymuno gwneud cyflwyniad byr o ryw bum munud i amlinellu safbwyntiau allweddol, gallwch wneud hynny yn awr. Gyda hynny o eiriau o groeso, trosglwyddaf yr awenau i chi.

We are extremely grateful for your written evidence; thank you for preparing it so thoroughly and for taking the trouble to share it with us. We have had a chance to read the evidence, and we look forward to asking some questions. Before I turn to the Members and their questions, if you would like to make a short five-minute presentation to outline some key points, you can do so now. With those few words of welcome, I hand over to you.

[7] **Mr Mulligan:** I would like to say a few things in introduction about what we have been doing. We are working with a committee, which is a green jobs creation forum in the Heads of the Valleys, which is going along at a pace now. We did a study on the number of green jobs that can be created in the Heads of the Valleys, particularly with Arbed funding, which we are all familiar with, and with another good form of funding, which is the community energy saving programme.

1.30 p.m.

[8] You may be more familiar with CESP funding from the utilities. It is a pilot project to insulate or treat—to make green—hard-to-heat homes. That is a £350 million pilot project running on CERT funding, which is, again, utilities' funding. The utilities are spending about £1 billion a year on these Government initiatives, and there are opportunities to create jobs. If all homes came in to the scheme, in the Heads of the Valleys alone we estimate that 23,000 houses would need to be treated to bring them up to the Welsh housing quality standard, which is the objective that has been set for 2012-13. That could create around 1,500 green jobs. The important thing is to keep these jobs in Wales—jobs such as boiler replacement, external wall insulation, upgrading loft insulation, and renewable energy installation. It is a project that is gathering pace and it all looks optimistic.

[9] **Gareth Jones:** I now turn to Members for questions. The first is from David Melding.

[10] **David Melding:** I want to ask about housing. This committee has had some evidence that there is a particular difficulty with homes that were built before 1930, and especially before the first world war. Retrofitting to make them energy efficient is quite a challenge, because the walls do not have cavities to insulate, for instance. Those types of homes are often occupied by people in low income groups, and you just referred to the Valleys, which is one of the main areas of concentration of such homes. It surprises me that we have not focused on this area, because we could develop skills and products, potentially, to meet what is currently a gap in the market, using materials that are particularly good to insulate older homes more effectively. Is that something that has occurred to you as well, or, from where you sit, do you see that there is more activity in this area than we realise, and that a lot of the products have already been developed, so that Wales does not have this potential to enter a more innovative stage of development of such building and energy-efficient materials?

[11] **Mr Mulligan:** You are right. So far, we have insulated—this is not just in Wales, but throughout the UK—the easy-to-treat buildings, with loft insulation and cavity wall insulation. Let us say that roughly half of the buildings in the UK fall into that category. There are probably more hard-to-treat buildings in Wales, I would say—that is just our opinion. You then have to do external wall insulation, that is, putting insulation on the outside, and then render and brick, and it is a lot more expensive. However, it also creates a lot more jobs, and we estimate that 17 person-days are required for a job such as that. Until now, because we have gone for the easy-to-treat homes, or the low-hanging fruit, you have not seen much of this work in Wales. However, the hard-to-treat houses are the biggest area of growth. Arbed will start the programme rolling in Wales, and we as a company are making a big investment in it. The insulation that is used will be made in Bridgend and Pencoed, as well as the fixings. What we do not have a good source of in this country is the renders that would be used in external wall insulation, but that is being investigated. Most of those renders are brought in. However, the major part, the insulation and the fixings, would be made, in this case, in Wales. So, I agree that there are opportunities here.

[12] The other thing that perhaps needs to be looked at is renewable energy technology. I met some people from the Welsh Assembly Government yesterday to discuss that. A lot of the houses coming into Arbed will be employing renewable energy technology such as photovoltaics, and those are not made in Wales at the moment. That is something that we should perhaps be looking at as well.

[13] **David Melding:** Just to follow this up, and I am being highly speculative now, I am surprised that you would insulate the external wall of these older homes; I would have thought that it would be the internal wall. Is there a technology for that? Has the technology been examined? If I am talking nonsense, tell me immediately, as we do not need to spend any time on it in that case. What I am driving at is whether there is an opportunity for Wales to develop something here, and a company in Wales could then have a worldwide market, or

at least a market across other industrialised countries, for dealing with these much older homes.

[14] **Ms James:** The holy grail for insulation manufacturers is an effective insulating wallpaper. There is no such product on the market at the moment. If there were, we would not have a problem really. The issue that we have with insulating interior walls is the loss of space within the house, because insulation thicknesses are such that you will lose room inside. Insulating the external wall does not have such a big impact on the people living in the house.

[15] **Mr Mulligan:** You also have to decamp the tenants if you insulate the interior walls, and that is a big problem. The job that we are doing is, I think, the biggest external wall job in the country. I say the country—

[16] **David Melding:** I am less concerned about the feasibility of what I have just suggested than I am about why there is not more research into this sort of thing going on in Wales, given that we would have a huge market to test innovations on.

[17] **Mr Mulligan:** We are researching. I think that external wall insulation is the way to go. As Kathryn said, there is not a product that does this; there is not a magic bullet, such as insulating wallpaper, so you need four inches of insulation, and it would mean a lot of disruption for the tenants if it were placed inside. The best place for wall insulation is on the external walls. Look at animals. A polar bear has fur on the outside so it does not get ice on its skin. Condensation is a big problem, particularly for many homes in Wales—the ones you were talking about that were built before the second world war. We and other companies in Wales are developing outside systems. The beauty of the system is that is on the outside, and all the problems that you have with that housing are alleviated by that approach. It is a great solution; what worries people is the cost, but it is a great solution. Not only will existing houses be refurbished with insulation on the outside, but new houses will be built with insulation on the outside. I know that a couple of developments around here have used external wall insulation. So, to answer your question, I think that the development is being done.

[18] **David Melding:** Okay. Thank you.

[19] **Gareth Jones:** Jeff, do you have a follow-up question?

[20] **Jeff Cuthbert:** No, I have a new question.

[21] **Gareth Jones:** Okay, I will call Jenny in that case.

[22] **Jenny Randerson:** What sort of cost are you talking about, and what is the payback time in energy savings?

[23] **Ms James:** I believe that payback is in the order of five years for external wall insulation.

[24] **Mr Mulligan:** It is probably a bit longer than that. External wall insulation costs between £5,000 and £7,000. It takes 10 to 12 days to do, and labour is by far the biggest cost. The other thing you have to consider is the roof line and so on. Payback, purely in insulation terms, could be 10 to 12 years. However, in the process of doing this to a house, you address the aesthetics—because it is re-rendered—the condensation problem is solved and people are taken out of fuel poverty. So you get all these other things. Looking at the Arbed schemes in Caerphilly, Rhondda Cynon Taf, Torfaen and Blaenau Gwent, the houses are generally being brought up to the Welsh quality housing standard. So, that might cost £20,000, of which £5,000 is external wall insulation. If they did not do the insulation, they would probably be

spending about £17,000 anyway. So, people are being taken out of fuel poverty and you are getting carbon savings. So, it is a win-win situation. However, to answer your question, by itself, it does not look so viable.

[25] **Gareth Jones:** To follow up on that point, which is an important one with regard to the potential, how poised are we in Wales, via WAG if you like, to take this huge project on and make it work as efficiently and effectively as possible? We are all aware of various schemes; you mentioned Arbed and others. Is there a need to co-ordinate? Should there be a better approach to implementing this kind of project? As you said, it is a vast project, but it has potential. Is there anything that we need to consider in that line?

1.40 p.m.

[26] **Mr Mulligan:** I think that it is about a continuation. Funding is a big issue. In talking to registered social landlords, we find that they have a limited amount of funds. I think that it is Arbed, possibly with some match funding from CESP. In the next phase of Arbed we are looking at 350 homes. Even doing all of the houses in the Heads of the Valleys would cost an awful lot more money than that. So funding is an issue. However, looking at other parts of the UK that we have been visiting, I think that the initiative is being taken here. We are taking a bigger initiative here. In terms of where the money will come from in future, the Westminster Government has come up with a very good way of funding energy conservation and fuel poverty in that it collects surcharge every time that we pay our fuel bill. I am not sure whether it is printed on the fuel bill, but we pay around £100 per fuel per year. That is given to the utilities, and they then have a legal obligation to transfer the money into carbon tonnes, which they do under CERT and CESP schemes. Up until now, it has just been CERT, which has been about cavity wall insulation and loft insulation. I do not know whether anyone here knows anything about the complicated uplift in CESP; we could certainly send you a two or three-page paper to explain the mechanics of CESP. However, the CESP funding will be aimed at external wall insulation of these hard-to-treat properties. We think that there are great opportunities for Arbed where there is match funding from CESP.

[27] **Gareth Jones:** It would be very useful for us to have that information and any comparisons of that nature. Thank you for that explanation. Nerys Evans has the next questions.

[28] **Nerys Evans:** Yr ydych wedi amlinellu yn eich tystiolaeth y credwch fod cyfle i Lywodraeth Cymru ddysgu o gangymeriadau o gynlluniau'r EEC a'r CERT, a'r effaith negyddol a achoswyd gan y camgymeriadau hynny. A wnewch chi ymhelaethu ar hyn? Beth oedd y camgymeriadau, a beth y gall y Llywodraeth ei ddysgu o'r profiad hwnnw?

Nerys Evans: You have outlined in your written evidence that you believe that the Welsh Government has an opportunity to learn from the mistakes made in the EEC and CERT schemes, and the negative impact of those mistakes. Can you expand upon this? What were the mistakes, and what could the Government learn from that experience?

[29] Hoffwn ofyn ichi hefyd ynglŷn â chymorth busnes. A wnewch chi rannu eich profiad o unrhyw gymorth a gawsoch oddi wrth Lywodraeth Cymru? Os yw'n bosibl, a wnewch chi ddweud sut y mae hynny'n cymharu â chymorth gan Lywodraethau eraill yn y gwledydd eraill yr ydych yn gweithredu ynddynt?

I also wish to ask you about business support. Could you share your experience of any support that you have received from the Welsh Government? If possible, could you tell us how that compares with support from other Governments in the other countries in which you operate?

[30] Yn ogystal, pan ddaeth y Also, when the Ministers appeared before us

Gweinidogion yma ychydig fisoedd yn ôl i drafod y pwnc hwn, fe'u holwyd ynglŷn â'r posibilrwydd o roi amodau penodol ar unrhyw gymorth busnes y mae'r Llywodraeth yn ei roi i fusnesau gwahanol o ran amodau arbedion ynni a lleihau carbon. Beth yw eich barn chi am roi amodau tyn ar unrhyw gymorth busnes y mae'r Llywodraeth yn ei roi i fusnesau?

some months ago to discuss this issue, we questioned them regarding the possibility of placing particular demands on any business support that the Government provides to different businesses in terms of energy savings and carbon reduction. What is your opinion about placing strict conditions on any business support that the Government provides to businesses?

[31] **Ms James:** To start with the point regarding the EEC and CERT schemes, and where things started to go a little bit wrong, Steve explained the mechanics of the scheme: the utility companies collect money and are obliged to spend it. There are very heavy penalties for any utility companies that do not do that, and I do not think that any of them have failed to meet their obligations. However, there was some uncertainty regarding the continuation of the scheme, and what the targets would be: whether they would be extended or reduced, and the timing. Where there was that uncertainty, the utilities were not releasing any of that money and then that affected the people who had invested in capacity and the installers who had taken on staff to carry out the work. There was no work for them while that uncertainty continued. Therefore those jobs and skills were lost from the market, and when things started up again, they were not readily available.

[32] The lessons that can be taken from that is that businesses need a long-term vision and a regulatory framework so that they can see where they need to put in the investment, and so that they can be sure that they will get returns on that investment.

[33] **Mr Mulligan:** I will add one point to that, and it is similar to the one that I made before. The carbon emission reduction targets scheme excluded people who lived in pre-war housing. So, if there was something that was expensive to do, the utilities would bypass that, because there was no incentive for them to do it. Utilities sell carbon for £8 or £9 a tonne. If it costs more than that, as commercial organisations, they will not do it. At least with the community energy saving programme, which is a pilot scheme, you have uplift, so you get a 200 or 300 per cent bonus for taking certain measures, such as external wall insulation. It was not just people living in pre-war houses who were excluded, but also people living in non-traditional houses, such as a lot of the houses that were built after the second world war, which were called British Iron and Steel Foundation houses. A lot of houses, particularly in the Heads of the Valleys, fall into that category. CESP is very much a pilot scheme and we need to speed it up so that we can bring in the people who are excluded. Otherwise, given fuel prices and following what happened last winter, fuel poverty is going to get worse.

[34] **Nerys Evans:** Beth am y cwestiynau am eich profiad o gefnogaeth fusnes y Llywodraeth o gymharu â Llywodraethau mewn lleoedd eraill, a'ch barn chi am osod amodau penodol ar help i fusnesau?

Nerys Evans: What about the questions about your experience of Government business support compared with Governments elsewhere, and your opinion on setting specific conditions for business support?

[35] **Mr Mulligan:** I am not the finance director—I do not know whether you can answer that, Kathryn. I think that it has been fairly good. I know that Mike Rees, our financial director, and Steve Hurley, our technical director, have been fairly pleased. Since Rockwool first came to Wales in 1979—I was there, I am afraid to say—I think that it has been reasonable. Our financial director might say that it could be more. As for other countries, we have manufacturing plants in about 25 to 30 countries worldwide, and the support varies. In eastern Europe, it was quite good and in places such as Poland there was an exchange of raw materials, such as, would you believe it, coal. Although I cannot answer the question, I do not

think that we have any criticisms; do you, Kathryn?

[36] **Ms James:** No, certainly not. We made a significant investment in our plant in 2008 and doubled our capacity. At the time, the construction market was performing a lot better than it is currently, although we are getting back there. As I said, we are part of a group, and we had to compete with other operating companies in the group to get that investment. The UK was seen as a potential growth market, and the UK Government seemed serious about treating the entire housing stock. I believe that we also received grant funding from the Welsh Assembly Government. In doubling our capacity, we were increasing the size of our plant considerably and we took on a lot of extra employees. I have talked to our finance department and one of the issues that it brought up is that that help was very much appreciated in creating those jobs, but we also need job security. We need to keep these jobs in Wales and, currently, our plant is operating at about 50 or 60 per cent capacity, with support from the Welsh Assembly Government through procurement initiatives and so on. Working with Welsh businesses, we could supply this potentially enormous market and also provide job security for people. The jobs in our factory are relatively well-paid manufacturing jobs.

[37] **Nerys Evans:** A ydych yn credu y dylai'r gyfundrefn cymorth i fusnesau fod yn llymach, gan ofyn i fusnesau ddangos faint y maent yn lleihau carbon neu edrych ar ynni amgen os ydynt eisiau derbyn cymorth gan y Llywodraeth? A oes barn gennych am hynny? **Nerys Evans:** Do you believe that the business support regime should be stricter, requiring businesses to show by how much they are reducing carbon or to look at alternative energy sources if they wish to receive Government support? Do you have an opinion on that?

[38] **Ms James:** I am not entirely sure what restrictions or requirements were placed on us when we took that on.

1.50 p.m.

[39] **Mr Mulligan:** Is that carbon reduction in our plant?

[40] **Nerys Evans:** No, what is your view on whether the Assembly Government should adopt a policy of giving business support only to businesses that contribute to the green economy or carbon reduction, or which look at alternative energy.

[41] **Mr Mulligan:** Given that we are in that sort of business, we think that it is a good initiative. It is a bit like the opposite of turkeys voting for Christmas.

[42] **Nerys Evans:** That is on the record.

[43] **Mr Mulligan:** There is an opportunity here and we have to take a quantum leap forward. We need investment, not only in insulation. As Kathryn has said, we can make the insulation that we need for the next five or 10 years, but perhaps consideration needs to be given to other technologies in the field of renewable energy production. I met Patrick Lewis yesterday, and we talked about a lot of photovoltaics being used with Arbed funding. Unfortunately, these will have to be imported. So, yes, it would be good if there were some conditions.

[44] **Gareth Jones:** Andrew has a follow-up question, as does Jeff, but as Jeff will ask the next set of questions, I will invite Andrew to speak first on this point.

[45] **Andrew Davies:** There is one photovoltaic manufacturer in Wales: Sharp in Wrexham. Virtually all of its products go to Germany as there is little demand in the UK, let alone in Wales.

[46] I would like to follow up a point that Nerys made about the economic impact. You mentioned that you are working at 45 or 50 per cent of your capacity—

[47] **Ms James:** It is 60 per cent.

[48] **Andrew Davies:** There is, therefore, an issue with regard to long-term viability.

[49] You mentioned procurement, which you also mentioned in your paper. The Assembly Government delivers very few services, so procurement would be down to local authorities, housing associations and so on. You mentioned in your paper the danger of businesses being discriminated against; can you explain what you mean by that and what evidence exists that companies like yours are, or may be, discriminated against?

[50] **Ms James:** This was based on a European green procurement policy that was drawn up for consultation last year or the year before. The paper was roundly slammed by everyone in the construction product industry. It was badly researched and full of inaccuracies. It did not apply only for insulation manufacturers, and I think that nearly every sector was unhappy. It was not based on sound science, it made assumptions and it contained people's opinions rather than facts. Any procurement policy needs to be well researched and make reference to life-cycle thinking. When something is based on opinion, generally, it can then act against particular sectors that the person who wrote the paper does not favour without there being any foundation in fact.

[51] **Andrew Davies:** This is a European Commission proposal; it is not specific to Wales. This is European Union-wide.

[52] **Ms James:** I was using that as an example.

[53] **Andrew Davies:** I know that many housing associations, in renewal schemes, are embedding sustainability in the wider sense of the impact on the local economy. Procurement rules, under European state aid rules, allow the criteria to be specific about local sourcing. That should be a benefit for companies like Rockwool. It depends how you define 'local', of course. It could be a south-Wales context.

[54] **Ms James:** We discussed this internally earlier in the week and we were not sure about the legalities around that, whether you could specify that products or services had to come from Wales.

[55] **Andrew Davies:** There is a part of the Assembly Government called Value Wales, which should be able to advise you. You mentioned that you had talked to Patrick Lewis yesterday. He is responsible for regeneration. It strikes me, Chair, that there must be a mismatch of information if a major company of the size and importance of Rockwool, which is clearly providing green jobs and green products, is not able to understand the Government's procurement policy, or how it can take advantage of schemes at a local level. Maybe that is something that we could explore.

[56] **Gareth Jones:** Yes indeed. Would you go along with that?

[57] **Ms James:** Yes, definitely.

[58] **Mr Mulligan:** Our understanding was that it was open; you had to meet the criteria. The procurement process could not discriminate against companies from outside Wales. That is the impression that I got, but if it is not the case—

[59] **Andrew Davies:** I can comment on this as someone who used to be responsible for this as a Minister. As long as you are clear about the criteria by which a housing renewal programme, say, was established, and as long as they are not discriminatory, local sourcing can be included as one or more of the criteria.

[60] **Gareth Jones:** You should refer to Value Wales.

[61] **Andrew Davies:** However, that might also be a recommendation: to say that there seems to be a gap.

[62] **Gareth Jones:** Indeed, that also needs to be looked at from our point of view.

[63] **Mr Mulligan:** Arbed is a particularly hot topic at the moment. In the case of registered social landlords, they seem more concerned with getting the job done at a price that is acceptable. This may only be me, but I feel that regeneration or job-creation in the community is lower down the list than it should be. Okay, we make this stuff in Bridgend, but it is the application of it that will generate the jobs. Without mentioning names, my feeling was that they had the attitude of wanting to get as much as they could done for the best price, naturally, but that they were not giving job creation in the community enough attention. To me, Arbed is about carbon saving, fuel poverty and job creation. Those sorts of things come out every time, but the third one is job creation of application.

[64] **Gareth Jones:** We have moved on to an interesting topic, and I know that Andrew Davies wants to come back on it, as do Jeff and Brian. We will have contributions in that order.

[65] **Andrew Davies:** You make a valuable point, but I know that some RSLs, like Merthyr Valleys Homes, are putting this at the top of their agendas in terms of housing renewal. In the housing association sector, there are seven purchasing consortia, which is a huge number for a small country. Maybe one of the recommendations that we would want to look at is making sure that registered social landlords, local authorities and others can use procurement as a driver, as you recommend. It is a win-win situation, as you say.

[66] **Mr Mulligan:** We are pretty sure that we will make the stuff, but our biggest fear relates to contractors. Large contractors in the UK will do these jobs and fly labour in. They will do a job in Leicester, which will finish, and they will then fly that labour into the Welsh Valleys to work on jobs there. That is something that we think could happen, and probably is happening at the moment. That is where the real jobs are—it is the application.

[67] **Gareth Jones:** Fine. That point is well-established and something that we need to look at. I am grateful to you for drawing our attention to it. I now ask Jeff to come in, and then Brian.

[68] **Jeff Cuthbert:** I will start off by saying that I cannot remember 1979; I was far too young then. I am going to have a look at my utility bill, and I am going to see if this £100 is there.

[69] It is appropriate that I come in now, because I want to talk about jobs and skills, which is something that you mentioned earlier, Kathryn. There are very good reasons for introducing the green economy and making sure that all of our buildings are as carbon neutral as possible. The other side of that is creating jobs that are sustainable. You made the point, Steve, about workers moving from Leicester to here. That is not untypical of the construction industry: people go where the projects are. You cannot be surprised at that.

2.00 p.m.

[70] However, we want to create as many jobs as we can here in Wales. I ask this question of all private sector people who come before us: do you feel that there is a skills gap, or that it is difficult to recruit the people with the right skill levels? Are you supported well enough by the Government and public bodies and by industry to develop and enhance skills levels to where you need them to be, whether they are high or medium-level skills? Do you feel that there is a problem there? How well is the industry identifying issues of skills needs, and what is it doing about it?

[71] **Mr Mulligan:** As I said, for external wall insulation, you will need 17 person days to do that. The skills are there. What you need are typical building skills—what are known as wet trades, which is basically plastering. What you need is retraining. It is not a big thing, but the sorts of people that we have talked to about it do not want to do two or three days retraining. We are looking at putting in an insulation training centre at our plant. We talked about it at our meeting this morning, although I cannot make any promises. We could put some investment into achieving this transfer of skills, which we think would take two or three days. People have the basic building skills—there are a lot of unemployed people in the building trade because of the recession—and they could come for two days of retraining and would then be up-and-ready, and they could be the ones going to Leicester or wherever. Arbed, as a base, is an incentive for us to do that.

[72] **Jeff Cuthbert:** I can see the logic of those with generic construction skills being easily adaptable. The other side of the coin, of course, is youngsters who are coming into the industry, starting off with apprenticeships. They have no real skills to speak of because they have not had the opportunity to learn. Do you see this as a career ladder? Is the industry addressing that?

[73] **Mr Mulligan:** I certainly see it as a career ladder. I went to a presentation the other day where they were talking about 400,000 houses being done with this form of insulation by 2016. If we want to bring all our houses up to building regulation standard—or even to the Welsh housing quality standard—this will have to be done. You are looking at a period of over 20 years. Therefore, the opportunities are there. You need an apprenticeship scheme. As these Arbed jobs are being done, and they are going to start now, I do not know whether registered social landlords could be written in, because I do not know what the law or the rules are, but maybe it could be included that if a contractor is doing a job, he has to train people to do it. That would seem logical to us.

[74] **Jeff Cuthbert:** Are you working with ConstructionSkills, the sector skills council for the construction industry, or perhaps another one that is more appropriate? Is that being addressed?

[75] **Mr Mulligan:** I do not know ConstructionSkills; someone else in Rockwool may. We have started a dialogue with Rachel Moxey at JobMatch in Wales. We have a meeting at Rockwool on 30 May with Rachel and a few other people and we are going to talk about JobMatch, skills and training young people.

[76] **Brian Gibbons:** Thank you for your paper. As the Chair said earlier, this is an interesting area. I think that we are going to run out of time before we can ask all our questions of you. Anyway, there are three areas that I would like to cover. First, and I think that Nerys and Jeff touched on it, from the way that you are talking, you do not seem to have a case manager. Do you have a case manager with the Department for the Economy and Transport at the Welsh Assembly Government who comes in, sits around with you, having a cup of tea, and talking about whatever is going on? If you had a case manager, say, from what was the old Welsh Development Agency, but is now part of the Department for the Economy and Transport, one would have thought that it would be part of their job to familiarise you

with the point that Andrew was making on procurement. I think that Nerys touched on the fact that the Assembly Government, in its business advice, places a high premium on discussing carbon reduction and so on. I do not know whether you have a case manager from the Department for the Economy and Transport and, if you do, whether these are the sorts of issues that you discuss.

[77] **Mr Mulligan:** There is not one that I know of.

[78] **Ms James:** I know that one of our financial controllers, Valerie, works for the Welsh Assembly Government; I have not caught up with her yet, so we do not know what group she is working with.

[79] **Gareth Jones:** It is a point that is worth exploring further. I am listening to both sides here, and I think that there is scope for us to look into this and possibly bring it more up to date and make it more relevant to what is ongoing; we will take that as read.

[80] **Brian Gibbons:** I think that you have answered the following question. I do not know how carbon intensive your production methods are or whether, as a company, you are looking at ways of reducing your carbon emissions. I also do not know whether the Assembly Government and its support agencies are sufficiently proactive with the Carbon Trust to undertake that work.

[81] **Mr Mulligan:** I think that it is fair to say that we are obsessive about reducing carbon emissions—we call it ‘de-bottlenecking’—and it is about tonnes per hour. When I started, back in 1979, we produced 2 tonnes an hour and we can now produce 20 tonnes an hour on the line, using a similar amount of coal. Our roots are in Scandinavia, where they are not spoilt for fossil fuels like we are. I think that it is fair to say that countries like Sweden, Denmark and Norway that do not have fuel are obsessive about using less of it. I come from Wales and, like most people here, I think that it is an awful shame that we have to go abroad to get our coal. We have to go to China and Poland, as I do not think that any coke is made in the UK.

[82] **Brian Gibbons:** It could be made in Margam, if they opened the mine.

[83] **Mr Mulligan:** Yes; if they opened it.

[84] **Brian Gibbons:** That might happen.

[85] That leads me on to the second area that I wanted to discuss. You mentioned the external cladding or the mechanism that you have. I have been around a number of building sites in my constituency and here and there, and one thing that strikes me is that there are a lot of people who are selling various types of cladding, both internal and external. One thing that they all say is that their product is the best thing since sliced bread. However, I think that the consumer is very much at the mercy of the sales pitch of the company. What follows on from that is that this sector needs some sort of accreditation system if it is going to develop confidence among its customers. First, would such an accreditation system work? I am not thinking so much of the councils or the registered social landlords because they have people who are paid to check these things out; I am thinking of the ordinary private sector punter, who might want to deal with you, but who would not be in a position to undertake research. Some sort of accredited mechanism would generate confidence in the market and people might be willing to make the investment that Jenny questioned you about.

[86] Secondly, is there sufficiently robust prototyping and research and development investment into building methods and so forth in Wales? I declare an interest on this point, Chair, because I am on a project board in Port Talbot that is looking at trying to establish a

construction college there. The type of work that we are interested in, as well as the basic skills that Mr Mulligan mentioned, is the prototyping of new business methods and accrediting them and so on. There does seem to be a gap there.

2.10 p.m.

[87] **Ms James:** That is a fair point. Our systems are properly certified, tested and accredited by the British Board of Agrément. As for whether those sorts of systems are well understood by your average private punter, I am not so sure. On cavity wall insulation, we work with the Cavity Insulation Guarantee Agency, so any work that is done is guaranteed. Any sort of advisory body, such as the Energy Saving Trust, would recommend that you always use a CIGA-certified installer, so that if you have any issues, you have some comeback and can get those issues sorted out. I think that there is a similar scheme for external walls—

[88] **Mr Mulligan:** Yes. External walls are dealt with by the BBA.

[89] **Brian Gibbons:** Would you accept the thesis that there are contractors or companies out there who are selling products that claim to answer David Melding's wish, but—

[90] **Mr Mulligan:** I think that that is the biggest problem that we have. There has been a spectacular failure in external wall insulation in Glasgow, for example, where quite a well-known main contractor tried to pare a bit from the job. It used a subcontractor that got the component parts together, getting the insulation from one person, and the renders and the fixings from another and so on. It ended up using the wrong render with the wrong installation, so it is falling off and has to be re-scaffolded. That sort of thing is rare. My guess is that registered social landlords or public bodies tend to use accredited systems, but I do not know whether you are referring to the private householder. It is an interesting point. I know that we have not talked about it this afternoon, but we have talked about social housing coming up to the carbon-saving standard. How will we bring owner-occupied properties up to that standard?

[91] Going back to your point, Jenny, about the return on investments, it is one thing having the house done for you and basically paid for, but it is another if you have to find £15,000 or £20,000. You are on an accredited system and you will probably need to find a means of financing that—

[92] **Gareth Jones:** That is why I asked the question earlier about the project itself, because if you include private ownership, it is quite remarkable.

[93] **Brian Gibbons:** The last point that I wanted to make was that, in the Heads of the Valleys and in rural Wales, many of these hard-to-insulate houses are in private ownership, and are not owned by social landlords. The average person in the Valleys is of pretty modest means, which may explain David Melding's question about market failure in this area. From your experience with the construction industry, and looking at the private sector as opposed to the people who we have been talking about, how much elasticity of demand is there? How much of a premium will the average house-buyer pay for a green house? Presumably, the industry must make a calculation on this.

[94] **Ms James:** At the moment, I do not think that a premium is attracted for a green house.

[95] **Brian Gibbon:** No, but you are building a house, and Mr Mulligan said that many contractors do it in a quick and cheap way, are in and out and away they go. If we tried to say that we were going to develop green housing in Wales, there would clearly be a premium and

it will cost a little extra to build a green house—

[96] **Mr Mulligan:** It will cost a tiny bit extra.

[97] **Brian Gibbons:** How big do you think that premium is? How elastic is the demand?

[98] **Mr Mulligan:** People buy houses for reasons other than in order to be green—it will be because of the kitchen, the fixtures, the fittings, the bathroom and so on. Companies that build houses, such as Persimmon, will have a list, and at the moment having a green house will be way down that list. It will come eventually, because the price of fuel will go up so much that they will have to do it. However, initially, it will probably require some form of legislation.

[99] **Ms James:** There are building regulations, obviously, and they—

[100] **Brian Gibbons:** That is right. That will come, but that will be problematic in its own right. If we had the zero-carbon building regulations in Wales but not in England, that would be problematic to say the least. That is why I am interested in your view.

[101] **Mr Mulligan:** In a committee that I sit on, it was put that it would be great, with the Heads of the Valleys regeneration, if we could go that extra mile in everything that is done. Everything that would be built would be that little bit better than what is outlined in UK building regulations. It would not cost much more. The premium would be under 5 per cent. It is just about getting that thickness of insulation. You put in your renewables and so on, but insulation people, like us, believe that you have to get the fabric of the house right before you do any of the fancy stuff. However, if you get the fabric of the house right, it will be zero energy. Our offices in Scandinavia are zero energy: light bulbs and human bodies—they are all there are.

[102] **Gareth Jones:** We have to move on. Jenny, your questions are next.

[103] **Jenny Randerson:** I think that my questions have now been thoroughly explored.

[104] **Andrew Davies:** I think that we need to be careful about saying that you should have very specific areas for specific building regulations. It may, on the face of it, sound like an attractive proposition, but it actually makes developing that area more expensive, particularly for the private sector. So, it is not a straightforward issue.

[105] **Gareth Jones:** Okay, thank you for that. We have come to the end of our session. We have overrun because it has been a very interesting discussion, and you have highlighted key areas for us. We have certainly learned a lot from the exchange of views this afternoon, so we are very grateful to you for that. Would you be kind enough to send us the further information, as promised?

[106] **Mr Mulligan:** The information on job creation and the uplift in CESP in certain areas, and how those are financed—is that right?

[107] **Gareth Jones:** Yes, that would be excellent. We would be very grateful if you could send us that. It has been an interesting and informative session. Thank you, both.

[108] Symudwn ymlaen, felly. Yr ydym ychydig bach ar ei hôl hi, ac ymddiheuraf am hynny. Trown yn nawr at ein cynrychiolydd o Sefydliad Bevan. Estynnwn groeso cynnes iaw n i Victoria Winckler, cyfarwyddwr y We will therefore move on. We are a little late, for which I apologise. We will now turn to our representative from the Bevan Foundation. We extend a very warm welcome to Victoria Winckler, who is

sefydliad. Diolch ichi am y dystiolaeth ysgrifenedig. Mae'r Aelodau wedi cael golwg arni. Yn unol â'r drefn, mae croeso ichi wneud cyflwyniad o ryw bum munud, pe baech yn dymuno gwneud, ac wedyn trown at yr Aelodau i ofyn eu cwestiynau. Croeso cynnes ichi; yr ydym yn falch eich bod chi yma.

director of the organisation. Thank you for the written evidence. Members have had a look at it. In accordance with the usual practice, you would be welcome to make a presentation of around five minutes, if you wish to, and we will then turn to Members for their questions. A warm welcome to you; we are pleased that you are here.

[109] **Ms Winckler:** I will speak very briefly; not even for five minutes. The thing to bear in mind is that the transition to low carbon will amount to a new industrial revolution. Many commentators, from a lot of different backgrounds, are suggesting that. The impact on Wales and on jobs in Wales could be substantial. The European Union emissions trading scheme could mean that 18,000 jobs are affected. There are further impacts from other carbon trading schemes and from regulation and taxation. There is also the impact of consumer demand. Taking those three drivers together, we estimate that a substantial number of jobs in the economy could be affected in some way.

2.20 p.m.

[110] It is not all doom and gloom; as you will be aware, there is potential to create new jobs and to green existing jobs in industries. We looked at what is being done at the moment, and our conclusion was that a lot more could be done. In everything that is done, a theme of a just transition to low carbon should be paramount, so that the people who work in those industries and who live in the communities where those industries are based should not bear the brunt of what will almost inevitably be a period of economic turmoil.

[111] **Jenny Randerson:** Thank you for that, Victoria. Turning to the Government's green jobs strategy, can you outline any weaknesses or omissions?

[112] **Ms Winckler:** I would have liked to see the strategy based on a more careful analysis of where we are now and where we should be going. I do not see in the strategy that kind of analysis about the jobs and sectors that are vulnerable to change. I also do not see much by way of a realistic assessment of the very weak position in which low-carbon goods and services find themselves. It is important to remember that Wales is not the only part of the UK or the world that has very big ambitions to become a leader. Look at the ambitions of north-west or north-east of England or the west midlands: they are all saying that they want to lead the green revolution and be at the forefront of this, but we cannot all be at the forefront.

[113] I would also like to see a much clearer focus on delivery. There is a lot going on. To everyone's credit, there are programmes on the ground and initiatives such as the Low Carbon Research Institute. They are all fine, but they are not locked in enough into a strategic direction.

[114] **Jenny Randerson:** Potentially, Wales could be at the forefront of creating renewable energy because we have such excellent resources. Yet, as you indicated in your reply, we are not delivering the percentage of renewable energy that we could be, and we are certainly not manufacturing the products that will enable the delivery of renewable energy, such as wind turbines, and so on. We are not at the forefront of that. You talked about the lack of analysis, and so on. Whatever happens in the next phase of renewable energy and whatever equipment we need for it, what needs to happen to ensure that we seize the opportunity and compete well in the world?

[115] **Ms Winckler:** You are absolutely right, as there is a huge risk that all the uplands of Wales could be covered in wind turbines while all the jobs are elsewhere. I am sure that the

wind energy industry will have told you what it would like to see. It seems that each of the low-carbon sectors that it is hoped will be developed have very different requirements: the wind energy industry needs very different things from the insulation industry and from water management services, say. All those sectors' needs, requirements and market potential need to be understood, and, where appropriate, investment in and the development of those industries needs to be supported. When we were doing this work, it felt that there was no in-depth understanding of the industries. As part of that, it is not just about the industries, but about the jobs that go with them, and ensuring that people are equipped to take those jobs on and to compete during a very difficult time.

[116] **Jenny Randerson:** Can you identify specific skills gaps?

[117] **Ms Winckler:** We did not identify specific skills gaps, but we identified a large amount of literature that said that work needs to be done on skills. The literature first highlighted the importance of skills. It identified the fact that our existing skills development infrastructure, not just in Wales, but across the UK, does not pick up on future skills needs very well, because they do not sit neatly in the sector skills councils. There is also a difficulty in that it is not just about new jobs; the bulk of the change in skillsets that will take place is likely to be in existing jobs, so people such as procurement managers or architects will need to have new skills bolted onto their existing competences. So, there were big skills gaps, but we did not say 'Wales needs X'.

[118] **Gareth Jones:** Andrew, do you have a specific point on that?

[119] **Andrew Davies:** Yes, I want to explore Victoria's point. Thank you for your paper, Victoria. Paragraphs 10 and 11 of your submission reinforced the points that I have been making consistently. We had representatives of Scottish Enterprise and the Low Carbon Research Institute here only last week, and I made those points to them. How would you recommend that we go forward? You are clearly saying that there are too many strategies or lots of strategies that need to be integrated, but there is also a gap in delivery. I know that this is a general question, but how do you see that delivery being arranged?

[120] **Ms Winckler:** The last thing that I would wish to suggest is that more time be spent on developing or rewriting strategies. We have them, and there are points about them not joining up, but I do not think that that is what people should get exercised about. In the report, we suggested that action plans be developed for vulnerable sectors, in partnership with the employers and the employees in those sectors. That would mean that the power industry in west Wales, for example, or what is left of the iron and steel industry would be clear about the way in which the Government could support those industries at the same time as meeting its emissions obligations. That could also be rolled out in some key low-carbon services. There has to be a major initiative to address the question of skills, because there is nothing on the table at the moment. The green skills centre in Tredegar is fantastic, but the capacity of that centre, at the end of the day, is relatively limited. So, the way to join the strategies together would be through some sort of action-planning process, and that could also be the way to ensure delivery.

[121] **Brian Gibbons:** First, I want to congratulate the Bevan Foundation on this. I think that, whatever you call it—a booklet, paper or pamphlet—it is an excellent document and is a real breath of fresh air in this area. It has worried me increasingly that, in tackling climate change, we are beginning to lose our critical faculties. In the past month, the Minister, I think, mentioned in the Chamber the difficulty of achieving the 3 per cent cut in carbon emissions, and a Member said that if a 3 per cent cut would not be enough to address climate change, we should go to 6 per cent or even 9 per cent, if that is what it takes. The idea of going to a 6 or 9 per cent carbon reduction programme frightens me, for some of the reasons outlined. This is the first serious piece of work that I have seen in which there has been some sort of critical

evaluation of what we are trying to do to address climate change. As I said, I think that it is an excellent document that deserves to be widely circulated and widely read.

2.30 p.m.

[122] However, there is always a ‘but’, Chair. One thing that surprised me was that the first sentence talks about truths that we hold to be self-evident:

[123] ‘It is now widely known that the evidence on climate change is “incontrovertible”’.

[124] There is a scientific consensus on that, even though it has come under attack in the last year in particular. However, the sentence continues:

[125] ‘and that the costs of action to reduce carbon emissions are less than the costs of inaction in the long term.’

[126] Almost everything else in the document calls the second half of that opening statement into question. If we do not have a just transition towards addressing climate change, then the cost of the action may be disproportionately great. That is a real issue. We can look at some of the points raised in your paper: you talk about 18,000 jobs being at risk as a result of the European emissions trading scheme, with a further 100,000 jobs potentially at risk. Whether the loss of almost 120,000 jobs is worse than climate change, I do not know, but I think that we need to have that debate. Equally, you state that the carbon reduction commitment is just a powder-puff effort compared to carbon trading, so the actions that we are taking can have significantly different effects in terms of what we achieve. It may be that losing around 120,000 jobs is not acceptable, and if that is the way that it will go, then we need to have a debate about that and how we address that.

[127] So, I do not think that it is at all self-evident that some of the costs that some people would like us to endure to address this are fair or proportionate. My second point is about the second industrial revolution. This document indicates the scale of market failure, because the only area in which progress has been made is where there has been massive Government intervention, either at a UK or European level, whether by means of penalty or incentive through waste grants, and so on. Everything in this document suggests to me that there is a serious market failure in moving this agenda forward, and the only way that we will be able to address these issues is by massive, significant Government intervention. When we are hearing about a reduction in big Government—and this is not a political point—I just do not know how we will deliver this second industrial revolution. You highlighted that point very well, but I think that the pamphlet could have benefited from developing that particular point, which you made very strongly.

[128] **Ms Winckler:** To comment on the first point that you made, about a mismatch between the headline stuff and what follows, the reference to the cost of not doing anything being more than the cost of doing something is a paraphrase of a statement in the Stern report, and takes that view at a UK level, if not a global level. Once you get down to lower levels geographically, then you could say that areas such as Wales could bear a disproportionate share of the cost. One of the problems with going to print is that you always think of things afterwards that you wish you had said. One of the things that I wish I had said is that there is a case for arguing that Wales should not take an equal chop of carbon emissions. People around the world use the iron and steel that is produced in Port Talbot, and people across the UK use the energy produced in our power plants in west Wales and along the coast. To expect an area that is rich in those industries, which benefit everywhere else, to take an equal chop of emissions is potentially to ask something unrealistic. Unfortunately, that is not in the report, but you have, very cleverly, spotted it.

[129] Turning to your second question, about intervention, I think that this paper argues absolutely for intervention. Taking out my crystal ball, it is clear that, left to drift, not only will Wales not do well, but it is likely to do disproportionately badly. Part of the reason for that is that, across the board, on top of the pressure to reduce carbon and its impact, Wales is not well placed to respond well. A very good piece of work done by the Carbon Trust showed that the companies that will do well are those that are already innovative, competitive, market leaders and so on. We do not have a lot of those; our companies, even in low-carbon goods and services sectors, are mostly low value added and are not well resourced or market leaders. So, we risk a double whammy there. This is a wake-up call, not only to focus attention on this area, but also to think about what are the most effective forms of Government intervention. I will leave it at that.

[130] **Gareth Jones:** Mae Nerys yn nesaf. **Gareth Jones:** Nerys is next.

[131] **Nerys Evans:** Mae'r pwyntiau yr oeddwn eisiau eu codi wedi'u crybwyll. **Nerys Evans:** The points that I wanted to raise have been mentioned.

[132] **Gareth Jones:** Iawn. Symudwn ymlaen at gwestiynau gan David Melding. **Gareth Jones:** Fine. We will move on to questions from David Melding.

[133] **David Melding:** If we take the concept of just transition, which is very Bevanite, which is appropriate given that that is central to your beliefs, how would Government behave and shape some of the services that it delivers and choices that it makes? An obvious issue that we have already covered with a number of witnesses is making homes energy efficient. However, to date, we have not made very good choices in that programme—we have gone for the easier homes to treat, which tend to be owned by people who are not as poor as those in the older housing stock. So, in a time of perhaps reduced capital spending and retrenchment in public finances, it will be important that we do not see significant cutbacks in that area. We would want to build economic multipliers into that, so that we are training people to be skilled, using local companies as much as possible, and so that they can then take their skills to other parts of the UK potentially, and that we even develop some of the products.

[134] Public transport is another key area. Poor people usually lack a means of reliable independent transport and are often quite a long way from existing transport networks. So, I could see how you could argue that that is a very big area. Are there any others that you think are particularly important, especially in that they will generate, in their delivery and their effects after delivery, significant numbers of jobs? You have given clear evidence, as did a previous witness, Dr Calvin Jones, who said that our starting point is that our economy is very vulnerable. We are not anywhere near the cutting edge of green technology; we may have been at the cutting edge of the first industrial revolution, but we seem a long way off from being at the cutting edge now. So, we need some fairly realistic thinking. Are there other obvious areas that I have not been able to perceive with regard to how we can shift Government activity, given that there may be staff limitations on what Government is going to be doing over the next five to 10 years?

[135] **Ms Winckler:** I want to respond quickly by saying that I hate that term 'just transition'. I have been all around the houses with colleagues trying to think of something that means a bit more and is more instantly appealing, but I have been unsuccessful—it is not my forte.

[136] **David Melding:** It is a powerful thought. It may be more elegantly expressed some other way, but I cannot come up with an alternative for it.

2.40 p.m.

[137] **Ms Winckler:** No—there we are. The principles are about representation and employee involvement in the process of change, about state involvement and long-term planning, about social justice and a fair distribution of costs, so that the costs of change are not all borne by one sector of the community—that is, for the most part low-paid workers or workers in a particular industry—and about Government backing and a clear sense of direction. Those are principles that were developed in Canada, but I think that they are equally applicable here. When we change the mindset and move away from the way that we normally think about moving to low carbon to thinking about the role of employees, how they can be engaged, what contribution they can make and how we can ensure that they are not hit unfairly by this, we start to move towards a rather different agenda. That is what we have tried to do. We cannot do it all, but that is what we have tried to do.

[138] **David Melding:** I accept that it is difficult to get into specifics, but are there other parts of Europe that are tackling this with more innovation at the moment? Eastern Europe must have our problems in spades. Have you picked up any evidence of anywhere that has been able to grasp this challenge more directly than we have so far?

[139] **Ms Winckler:** We did not look at that in a systematic way, but I heard an extraordinarily inspiring presentation by the mayor of a town in Austria, the name of which has escaped me I am afraid, at the low carbon summit. The presentation showed how he had taken the area's natural products, which are wood, particular types of vegetable oil and the sun, which he regarded as a natural resource, and turned the fortunes of the town around. You cannot translate that directly to Wales, because there is a very different economy, a different society and different raw materials, but the way that that had been done was very interesting.

[140] **Andrew Davies:** I just wanted to add some information about Navarre, which I think is the most prosperous province in Spain with about 135 per cent of average European GVA per capita. It had a long-term aspiration to be 100 per cent self-sufficient in renewable energy, and about six or seven years ago it was about 60 per cent there. It has created a whole new industry and skills base, which includes the Spanish national renewable energy research and development centre and the national renewable energy skills centre in Pamplona. It has created two renewable energy companies, EHN and Gamesa. That is how just one province—which is similar to Wales in terms of topography, although it does not have a coast, so it does not have access to marine renewable energy technology—has got itself well on its way to achieving its target, if it has not already done so. It was a very simple target: to be 100 per cent self-sufficient in renewable energy.

[141] **Jeff Cuthbert:** Thank you, Victoria, for your paper. I also enjoyed the main publication and the meeting that we had here. They were extremely interesting. I want to talk about jobs and skills briefly. Much of this has been covered to some degree, so we can cut through it, but you used the expression 'left to drift' in response to questions about what would happen without serious Government involvement. I am old enough, unfortunately, to remember the days when private industry accepted that the training and retraining of its employees was its responsibility. There were industrial training boards and so on. Do you have any sense, in terms of what you call a second industrial revolution, that there is a reawakening of that sense of social responsibility in the private sector and that it wants to take responsibility for providing skills training, for ensuring that the workforce is suitably adaptable and equipped? Or, as I think is the case, is there an overreliance on public money being used to provide those skills?

[142] **Ms Winckler:** I am sure that there are some employers, and I am sure that the CBI will have told you about them, who are taking on that responsibility, but—

[143] **Jeff Cuthbert:** It would not come, if I remember correctly.

[144] **Ms Winckler:** It is not for me to speak for the CBI. However, in a recent publication, it identified a number of employers that are taking the lead on a range of low-carbon issues. However, on the whole, we did not identify examples of employers, either individually or collectively, running with this.

[145] **Brian Gibbons:** I understand the problem that you highlighted about always thinking of something the day after publication. We have heard evidence from the Low Carbon Research Institute, which is a relatively new organisation. I do not know whether some of the concerns that you addressed in your booklet have been addressed by the opportunities that the Low Carbon Research Institute offers. I think that it said that around £50 million is involved. Is that too little, too late?

[146] **Ms Winckler:** I do not know whether it is too little, too late. I very much hope not. The Low Carbon Research Institute is doing a very good job. My impression is that it is, or will be, putting that funding to good use. However, that is not the whole story. A lot of the work needs to be done in places that the Low Carbon Research Institute will not reach. It is about working with transport providers, waste disposal companies, and manufacturers of products that are not considered to be low-carbon products. Battery manufacturers, for example, were identified in some of the papers that I have read as having big potential, but they will not necessarily be picked up by that. So, it is not just about the high-end, glamorous stuff, it is about a lot of the unglamorous, day-to-day, routine jobs that need changing and need skills to be developed.

[147] **Gareth Jones:** On that note, Victoria, I thank you very much indeed on behalf of all of the Members here. We have all appreciated your ideas, and your presentation, both in your paper and the booklet. You have brought a sense of balance to this review, which, from the early days, we knew would not be straightforward. There are deep-rooted issues that need to be addressed and you mentioned earlier, in your exchange with Andrew on the need for an action plan, that we need to know what lies ahead. This has been an interesting and informative session. I congratulate you on the work that you have done in your presentation of your ideas to us and how you interpret green jobs. I wish you and the foundation well. Thank you for joining us this afternoon.

[148] **Ms Winckler:** Thank you very much. I will leave some copies of the report for you.

[149] **Gareth Jones:** Mae papurau i'w nodi, sef papur gan Gymdeithas Ysgolion dros Addysg Gymraeg ar yr agenda weddnewid ar gyfer addysg, a gafodd ei ohirio o'r wythnos diwethaf, a chofnodion y cyfarfod diwethaf. Yr ydym yn nodi'r ddau bapur hynny.

Gareth Jones: There are papers to note, namely a paper from the Association of Schools in Favour of Welsh-medium Education—CYDAG—on the transformation agenda in education, which was postponed from last week, and the minutes of last week's meeting. We note both papers.

2.48 p.m.

Cynnig Trefniadol Procedural Motion

[150] **Gareth Jones:** Cynigiaf fod

Gareth Jones: I move that

y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog Rhif 10.37(vi).

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37(vi).

[151] Gwelaf fod y pwyllgor yn gytûn. I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 2.48 p.m.
The public part of the meeting ended at 2.48 p.m.*