

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Welsh Grand Committee

AUTUMN BUDGET AS IT RELATES TO WALES

Wednesday 7 February 2018

(Morning)

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Autumn Budget as it relates to Wales

*General debate in progress when the Committee adjourned till this day
at Two o'clock.*

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Sunday 11 February 2018

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The Committee consisted of the following Members:

Chairs: DAVID HANSON, †ALBERT OWEN

- | | |
|------------------------------------------------------------------------------|----------------------------------------------------------------------|
| † Andrew, Stuart (<i>Parliamentary Under-Secretary of State for Wales</i>) | Hart, Simon (<i>Carmarthen West and South Pembrokeshire</i>) (Con) |
| † Antoniazzi, Tonia (<i>Gower</i>) (Lab) | † Hoare, Simon (<i>North Dorset</i>) (Con) |
| Bebb, Guto (<i>Parliamentary Under-Secretary of State for Defence</i>) | † Jones, Mr David (<i>Clwyd West</i>) (Con) |
| † Brennan, Kevin (<i>Cardiff West</i>) (Lab) | † Jones, Gerald (<i>Merthyr Tydfil and Rhymney</i>) (Lab) |
| † Bryant, Chris (<i>Rhondda</i>) (Lab) | † Jones, Susan Elan (<i>Clwyd South</i>) (Lab) |
| † Cairns, Alun (<i>Secretary of State for Wales</i>) | Kinnock, Stephen (<i>Aberavon</i>) (Lab) |
| Clwyd, Ann (<i>Cynon Valley</i>) (Lab) | † Lake, Ben (<i>Ceredigion</i>) (PC) |
| Crabb, Stephen (<i>Preseli Pembrokeshire</i>) (Con) | Lucas, Ian C. (<i>Wrexham</i>) (Lab) |
| † David, Wayne (<i>Caerphilly</i>) (Lab) | † McMorris, Anna (<i>Cardiff North</i>) (Lab) |
| † Davies, Chris (<i>Brecon and Radnorshire</i>) (Con) | Moon, Mrs Madeleine (<i>Bridgend</i>) (Lab) |
| † Davies, David T. C. (<i>Monmouth</i>) (Con) | † Morden, Jessica (<i>Newport East</i>) (Lab) |
| † Davies, Geraint (<i>Swansea West</i>) (Lab/Co-op) | † Rees, Christina (<i>Neath</i>) (Lab/Co-op) |
| † Davies, Glyn (<i>Montgomeryshire</i>) (Con) | † Ruane, Chris (<i>Vale of Clwyd</i>) (Lab) |
| † Doughty, Stephen (<i>Cardiff South and Penarth</i>) (Lab/Co-op) | † Saville Roberts, Liz (<i>Dwyfor Meirionnydd</i>) (PC) |
| † Edwards, Jonathan (<i>Carmarthen East and Dinefwr</i>) (PC) | Smith, Nick (<i>Blaenau Gwent</i>) (Lab) |
| † Elmore, Chris (<i>Ogmore</i>) (Lab) | Smith, Owen (<i>Pontypridd</i>) (Lab) |
| Evans, Chris (<i>Islwyn</i>) (Lab/Co-op) | Stevens, Jo (<i>Cardiff Central</i>) (Lab) |
| Flynn, Paul (<i>Newport West</i>) (Lab) | Tami, Mark (<i>Alyn and Deeside</i>) (Lab) |
| Griffith, Nia (<i>Llanelli</i>) (Lab) | † Thomas-Symonds, Nick (<i>Torfaen</i>) (Lab) |
| † Harris, Carolyn (<i>Swansea East</i>) (Lab) | Williams, Hywel (<i>Arfon</i>) (PC) |
| | Kenneth Fox, Rebecca Davies, <i>Committee Clerks</i> |
| | † attended the Committee |

Welsh Grand Committee

Wednesday 7 February 2018

(Morning)

[ALBERT OWEN *in the Chair*]

Autumn Budget as it Relates to Wales

9.30 am

The Chair: Bore da pawb. Rwyf am siarad Saesneg i ddechrau. I am going to speak in English to explain the House rules and give some information about the translation equipment. It may help if I remind Members that this session will run until 11.25 am. We shall meet again at 2 pm, and the debate on the motion will continue until 4 o'clock. I have no power to impose a time limit on speeches, but I ask Members, and particularly the Front Benchers, to curtail their speeches if possible, so that everyone has an opportunity to speak.

Under the resolution of the House of 9 January, Committee members may speak in Welsh and English, but I ask that points of order are made in English, for the sake of the official record and for technical reasons. Everyone should have translation equipment. Channel 0 is for whatever is being said in English or Welsh, and channel 1 is for the translation. Please switch off the equipment if you are not using it to listen, because there will be a little feedback if everyone has it on. I am now going to do a test in Welsh.

Dwi am wneud prawf yn Gymraeg i wneud yn siwr bod yr offer yn gweithio yn iawn. Ydy popeth yn iawn? Da iawn. Diolch yn fawr iawn. Galwaf ar yr Ysgrifennydd Gwladol i symud y mesur.

(Translation) I am going to test the equipment to ensure that everything is working properly. Can everyone hear me? Excellent. Thank you. I call the Secretary of State to move the motion.

9.32 am

Ysgrifennydd Gwladol Cymru/the Secretary of State for Wales (Alun Cairns): Diolch Mr Cadeirydd. Cynigaf,

Bod y Pwyllgor wedi ystyried Cyllideb yr hydref mewn perthynas â Chymru.

Mr Owen, diolch am y cyfle i agor y drafodaeth heddiw. Mae'n bleser gwasanaethu o dan eich cadeiryddiaeth unwaith eto. Rwy'n falch o fod yn siarad gyda chi i gyd heddiw yn yr iaith Gymraeg. Mae'r iaith yn bwysig i mi, yn bwysig i'r gymuned rwyf yn ei chynrychioli ac yn ganolog, yn amlwg, i hanes a diwylliant Cymru.

(Translation) I beg to move,

That the Committee has considered the matter of the autumn Budget as it relates to Wales.

Thank you, Mr Owen, for allowing me to open the debate. It is a pleasure to serve under your chairmanship. I am proud to speak to the Committee in the Welsh language, which is important to me and to the community that I represent and is integral to the history and culture of Wales.

Susan Elan Jones (Clwyd South) (Lab): Wnaiff yr Ysgrifennydd Gwladol ildio?

(Translation) Will the Secretary of State give way?

Alun Cairns: Os gai wneud bach mwy o dro.

Rwy'n gwybod bod llawer o Aelodau ar y Pwyllgor heddiw wedi ymgyrchu ac wedi galw am y newid hwn ers blyneddoddedd, ac hoffwn gydnabod bob ymdrech gan bob aelod. Mae heddiw yn ddiwrnod hanesyddol i'r Senedd ac i Gymru ac, yn uniongyrchol, hoffwn sôn am y Gweinidog dros Swyddfa'r Cabinet a Changhellor Dugiaeth Caerhirfryn, a wnaeth gefnogi'r alwad drawsbleidiol a ddaeth ar y pryd.

Mae'n bwysig ein bod yn dod at ein gilydd yma, yn fforwm yr Uwch Bwyllgor Cymreig, ac mae'n bleser agor y drafodaeth hon trwy drafod Cyllideb yr hydref mewn perthynas â Chymru. Hoffwn amlinellu'r gwaith mae'r Llywodraeth yn ei wneud i sicrhau ein bod yn mynd i'r afael â'r heriau economaidd mewn ffordd sy'n codi'r economi ym mhob rhan o'r Deyrnas Unedig, gan gynnwys Cymru. Dyna pam y bydd y mesurau yng Nghyllideb yr hydref—fel y cynlluniau i wella cysylltiadau rheilffyrdd yng Nghymru, buddsoddi mewn bargeinion dinesig a thwf, a chyllid ychwanegol i Lywodraeth Cymru—yn rhoi rhagor o bŵer gwario i Gymru a fydd yn rhoi hwb i'r economi leol ac yn galluogi Cymru i ffynnu.

(Translation) Let me make a little progress.

Many Committee members have campaigned for this change for many years, and I pay tribute to every Member's work. This is a historic day for Parliament and for Wales. My right hon. Friend the Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster backed the cross-party call for this change. It is essential that we come together in the forum of the Welsh Grand Committee, and it is a pleasure to open this debate on the matter of the autumn Budget as it relates to Wales.

I want to outline the work that the Government are doing to ensure that we meet economic challenges in a way that increases prosperity in all parts of the UK, including Wales. The measures in the autumn Budget, such as plans to improve Welsh rail links and to invest in city and growth deals, and of course the additional funding for the Welsh Government, will provide Wales with greater spending power, which will bolster the local economy and enable Wales to thrive.

Susan Elan Jones: Rwyf yn ddiolchgar i'r Ysgrifennydd Gwladol ac yn ddiolchgar hefyd ddaru'r Llywodraeth newid ei meddwl ynglŷn â defnydd yr iaith Gymraeg yn y Pwyllgor yma. A ydy'r Ysgrifennydd Gwladol yn meddwl bod hynny, efallai, yn arwydd bod y Llywodraeth yn barod i newid ei meddwl, er enghraifft, ynglŷn â'n haelodaeth o'r undeb tollau? Mae hynny'n hynod o bwysig i ni.

(Translation) I am grateful to the Secretary of State for giving way, and to the Government for changing their mind on the use of the Welsh language in the Committee. Does he believe that that is a sign that the Government are willing to change their mind, for example, on our membership of the customs union, which is very important to us?

Alun Cairns: Rwyf yn ddiolchgar am yr ymyrraeth gan y Foneddige anrydeddus. Mae'r hen rheolau wedi bod yn eu lle dros ddegawdau ac roeddwn felly yn falch iawn bod y Llywodraeth yma wedi cefnogi'r newidiadau a ddaeth ar lefel drawsbleidiol.

Ni all y Llywodraeth weithredu ar ei phen ei hun i gyflawni'r newidiadau sydd eu hangen ar Gymru. Dyma pam rwyf am bwysleisio fy awydd i gydweithio'n agos gyda Llywodraeth Cymru er budd Cymru. Rwy'n annog Llywodraeth Cymru i ddefnyddio ei phŵerau ei hun a'r Cynulliad i gyflawni buddiannau economaidd tebyg i Gymru.

Rwyf yn edrych ymlaen at drafodaeth ddiddorol a bywiog heddiw yma yn y Pwyllgor.

(Translation) I am grateful to the hon. Lady for her intervention. The orders have been in place for decades, so I was pleased that this Government supported the changes that came about on the basis of cross-party support.

This Government cannot act alone to deliver the changes that Wales needs, so I reiterate my desire to work closely with the Welsh Government in the best interests of Wales. I urge the Welsh Government to use their powers and the Welsh Assembly's powers to deliver similar economic benefits to Wales.

I look forward to an interesting and stimulating debate.

Chris Elmore (Ogmore) (Lab): The Secretary of State talks about the Welsh Government using their functions to their economic benefit. One way that he could use his powers would be to secure the tidal lagoon at Swansea by working with the Welsh Government on the financial offer that they put to the Prime Minister. That will bring real economic prosperity across south Wales and beyond.

Alun Cairns: Rwyf yn falch bod y Bonheddwr anrhydeddus wedi gofyn y cwestiwn. Fel rwyf wedi dweud yn y gorffennol, byddem yn hapus i weld y cynllun yn mynd yn ei flaen, ond mae'n rhaid inni ddangos gwerth am arian. Ni fedrwn gefnogi'r cynllun heb brofi gwerth am arian. Mae fy swyddogion, yn ogystal â swyddogion yr Adran Busnes, Ynni a Strategaeth Ddiwydiannol—BEIS—a swyddogion Llywodraeth Cymru, wedi cwrdd. Mae Pwyllgor Dethol Materion Cymreig wedi gofyn am dystiolaeth gan Brif Weinidog Cymru. Yn amlwg, wnawn ni ddal ati i gydweithio i geisio dangos gwerth am arian. Rhaid hefyd gofio mae'r Llywodraeth hon a roddodd ganiatâd cynllunio wedi'r etholiad yn 2015, sydd yn dangos ein bod ni'n awyddus i'r cynllun llwyddo, ond ni ddylem ei gefnogi heb brofi gwerth am arian, oherwydd ein trethdalwyr a'n cymunedau ni byddai'n cefnogi'r cynllun, gyda'r pergygl bod y gost yn llawer mwy iddyn nhw na beth sydd yn cael ei gyflawni mewn llefydd eraill.

(Translation) I am pleased that the hon. Gentleman raised that question because, as I said previously, I would be very happy to see that project go ahead. Obviously, however, we must test its value for money, because none of us would wish to support that funding without it being proved good value for money. I have considered this with officials from the Department for Business, Energy and Industrial Strategy and in the Welsh Government, and the Welsh Affairs Committee has asked to take evidence from the Welsh First Minister. We will continue to work together to test the value for money of the plan. We must also bear in mind that it was this Government who gave planning permission for the project after the 2015 election, which shows that we are eager to see it succeed. However, we do not believe we should support it if there is no value for money. Taxpayers and our communities will support this project, but not if it is not good value for money and the cost will be higher than what has been achieved in other countries.

Mr David Jones (Clwyd West) (Con): Does my right hon. Friend appreciate that the Swansea tidal lagoon is supported not only in the Swansea area but right across Wales? It is an advanced technology that could be of enormous benefit to the British economy, and it would also be welcomed in north Wales where a large tidal lagoon has been proposed for the coast in my constituency and that of the hon. Member for Vale of Clwyd. Will my right hon. Friend speak in very strong terms to his colleagues in BEIS about this matter?

Alun Cairns: Out of courtesy, I will respond to my right hon. Friend in the language in which he raised the issue. Of course we would like this project to happen and I recognise the enthusiasm for it, but I am sure that he would not want any project to go ahead that does not prove to be value for money. Many claims have been made about the technology and the export potential, and about the regeneration of the economy that the tidal lagoon would provide, but I am sure he would want the Government to scrutinise those claims appropriately and establish whether the project is genuinely value for money. We must not forget that our constituents will be asked to support it, and if they support this project over other projects that might be better value for money, there is a risk of higher energy costs.

Mr David Jones: I understand fully that the benefits or otherwise of the project must be scrutinised, but how long is that scrutiny likely to take?

Alun Cairns: My right hon. Friend will recognise that this is a dynamic environment and costs in the energy industry are changing at various stages. Indeed, there has been a significant change in energy costs since this project was first proposed.

Simon Hoare (North Dorset) (Con): My right hon. Friend will remember as acutely as I do the debates about the merits and demerits of the Cardiff bay proposals in the '80s and early '90s. I am sure we all accept the need to make an economic case and to ensure value for public money, but does he accept that the message that the tidal lagoon proposal sends about a commitment to renewable energy and to the industrial base of Wales is very strong? That must be taken into account when making the economic assessment of the proposition.

Alun Cairns: I absolutely accept my hon. Friend's point. Ultimately, however, the project must prove to be value for money because otherwise taxpayers will risk paying more than they would for an alternative source of energy, in addition to pushing up consumer prices. Two years ago, we were considering the crisis in Tata Steel, which is adjacent to the proposed site for the Swansea bay tidal lagoon. One of Tata's core concerns was the rising cost of energy. It is not in anyone's interest for a project to go ahead that risks driving up energy costs. It is therefore only right that we scrutinise this project to establish whether it provides value for money, as is believed.

Chris Ruane (Vale of Clwyd) (Lab): Hon. Members mentioned delay. There is a chance that the UK could become a world leader in this technology, and if we delay this project we will miss out. We missed out on

[Chris Ruane]

wind power, but we have a chance with tidal. Four of the six potential sites for lagoons are in Wales, so Wales could become a world leader. The Secretary of State should see the vision and develop the vision.

Alun Cairns: The hon. Gentleman is on the record as saying that it is worth paying over the odds for paying for a scheme of this type. If we are paying over the odds, at what level do we stop? What is he prepared to ask his constituents to pay? How much is he prepared to ask his constituents to add to their electricity prices to support such a scheme? I ask him to think long and hard about this. How much over the odds is he prepared to pay?

Chris Ruane: Is the Secretary of State aware that we paid over the odds for nuclear power in the 1950s and 1960s, and that in the long term the investment was paid back? Paying over the odds in the initial period will have a long-term payback. We will get energy from this project for the next 125 years, and we will be able to time that energy to the minute. I believe that it is worth investing in, even if it is over the odds in the short term.

The Chair: Order. May I say two things? First, if hon. Members are patient, they will get the opportunity to make lengthy speeches themselves. Secondly, if you are not using the translation system, can you switch it off, please, because there is feedback going through the system?

Alun Cairns: I am not sure that nuclear is the comparison I would make as a previous long-term decision, but that is an interesting contribution none the less.

David T. C. Davies (Monmouth) (Con): Buasai'r Ysgrifennydd Gwladol yn annog Prif Weinidog y Cynulliad i ddod o flaen y Pwyllgor Materion Cymreig i esbonio'r cynnig a wnaeth i'r Llywodraeth? Ar hyn o bryd, dydy e ddim yn barod i ddod a dydw i ddim yn deall pam.

(Translation) Would the Secretary of State encourage the First Minister to appear before the Welsh Affairs Committee to explain the proposals he has made to the Government? At the moment, he is not willing to come, and I do not understand why.

Alun Cairns: Rwyf yn ddiolchgar i fy Nghyfaill anrhydeddus am godi'r pwynt. Yn amlwg, dydw i ddim yn gwybod pam nad yw Prif Weinidog y Cynulliad yn fodlon rhoi tystiolaeth i'r Pwyllgor Dethol. Yn amlwg, byddai hynny'n cryfhau'r sylwadau sydd wedi eu gwneud a, hefyd, yn rhoi mwy o fanylion ynglŷn â'r gefnogaeth mae Llywodraeth Cymru yn fodlon rhoi. Yn amlwg, rwyf yn awyddus i gydweithio'n agos gyda Llywodraeth y Cynulliad, fel yr ydym wedi gwneud gyda chymaint o wahanol gynlluniau dros yr amser rwyf wedi bod yn Ysgrifennydd Gwladol a'r rhai sydd wedi bod o'm blaen.

(Translation) I am grateful to my hon. Friend for raising that point. I do not know why the First Minister of the National Assembly is not willing to give evidence before the Select Committee. Obviously, that would strengthen the comments that have been made, and would give further clarity about the support that the Welsh Government

are willing to give. I am eager to collaborate with the Welsh Government, as we have done on many schemes during the period that I have been Secretary of State.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): Rwy'n gallu rhannu rhai o'r pryderon ynglŷn â'r model contracts for difference. Mae'n ffordd ddrud iawn o ariannu prosiectau fel hyn ac mae'r pris, yn y pen draw, yn cwmpo ar y defnyddwyr. Pam nad yw'r Llywodraeth yn edrych ar model o ariannu cyfalaf uniongyrchol? Yn y pen draw, mae pobl yn talu naill ai trwy brisiau ynni neu drwy trethi. Byddai'n llawer rhatach i bobl dalu trwy eu trethi na thrwy brisiau ynni.

(Translation) I share some of the concerns about the contracts for difference model. It is a very expensive way of funding such projects, and the ultimate price will fall on the consumer. Why are the Government not looking at a direct capital funding model? People pay either through energy prices or through their taxes, and it is far better that they pay through taxes rather than energy prices.

Alun Cairns: Yn amlwg, pa bynnag ffordd mae unrhyw brosiect neu gynllun fel hyn yn cael ei ariannu, mae'n rhaid bod trethdalwyr yn cefnogi'r peth. Dyna'r pwynt sydd yn cael ei wneud, felly mae'n rhaid ein bod yn profi gwerth arian unrhyw fath o gynllun, a byddwn yn tybio bydd yr Aelod dros Ddwyrain Caerfyrddin a Dinefwr yn cefnogi'r peth. Mae'n rhaid ein bod yn cefnogi gwerth yr arian a gwerth unrhyw gynllun a dyna wirionedd y peth yn y pen draw.

Yn ei ddatganiad o'r Gyllideb, nododd fy Nghyfaill anrhydeddus y Canghellor gynlluniau i sicrhau cynnydd o £1.2 biliwn i gyllideb Llywodraeth Cymru. Mae'r cynnydd yn y cyllid yn cynnwys, am y tro cyntaf, mwy na £65 miliwn dros y tair mlynedd nesaf o ganlyniad i wella fformiwla Barnett o ryw 5%, a gytunwyd yn fframwaith cyllidol Llywodraeth Cymru. Mae hyn yn addasu grant bloc Llywodraeth Cymru i adlewyrchu'r ffactor seiliedig ar anghenion a gytunwyd yn ei fframwaith cyllidol.

Mae'r drafodaeth ynghylch cyllid Cymru wedi bodoli ers datganoli—ac ers degawadau—a'r Llywodraeth hon sydd wedi rhoi sicrwydd ariannol tymor hir i Gymru. Ar hyn y bryd, mae Llywodraeth Cymru yn cael £120 am bob £100 cymaradwy sydd yn cael ei wario yn Lloegr.

(Translation) Evidently, whichever way a scheme such as this is financed, taxpayers must support it. That is the point. Therefore, we must test the value for money of any such scheme, and I believe that the hon. Gentleman will support that. That is the truth of the matter.

In my right hon. Friend the Chancellor of the Exchequer's Budget statement, he set out plans to increase the Welsh Government budget by £1.2 billion. The increased funding includes, for the first time, more than £65 million over the next three years resulting from the 5% Barnett formula boost agreed in the Welsh Government's fiscal framework, which adjusts the Welsh Government block grant to reflect the needs-based factor, as agreed by their fiscal framework.

Many hon. Members will know that that discussion about the Welsh budget has taken place since devolution and has gone on for decades. This UK Government have given long-term financial security to Wales. The Welsh Government receive £120 for every equivalent £100 spent in England.

Ben Lake (Ceredigion) (PC): Mae'r Ysgrifennydd Gwladol yn gwneud pwynt diddorol iawn. Wrth gwrs, mae yna ryw gynnydd wedi bod yng nghyllideb Llywodraeth Cymru, ond a yw e'n hapus, fodd bynnag, gyda sut mae'r cynnydd yna'n cymharu gyda'r cynnydd yng nghyllideb yr Alban, neu hwnnw yng nghyllideb Gogledd Iwerddon yn sgil y gytundeb rhwng Llywodraeth y Deyrnas Unedig a phlaidd yr Unoliaethwyr Democraidd?

(Translation) The Secretary of State makes an interesting point. Yes, there has been an increase in the Welsh Government budget, but is he happy about how that compares with the increase in Scotland or Northern Ireland, given the deal between the UK Government and the Democratic Unionist party?

Alun Cairns: Yr unig ffordd gallaf ymateb yw trwy gyfeirio at beth ddywedodd Llywodraeth Cymru a Gerry Holtham ar y pryd. Dywedodd Gerry Holtham ei fod yn "setliad teg iawn", ac fe wnaeth Llywodraeth Cymru eu hunain gyhoeddi, yn y Cynulliad, y byddai'r fargen hon yn darparu cyllid tymor hir teg i Gymru. Dyna beth ddywedodd Gweinidogion y Cynulliad ym Mae Caerdydd.

(Translation) I can only go back to what the Welsh Government and Gerry Holtham said at the time. He said it was a very fair settlement, and the Welsh Government said in the Assembly that the deal would provide fair, long-term funding for Wales. That is what the Assembly's Ministers said in Cardiff Bay.

Nick Thomas-Symonds (Torfaen) (Lab): The Secretary of State talks about the needs of Wales. A couple in my constituency are moving into a property. As a result of the move from employment and support allowance to universal credit, they will be £169 a month worse off, and they will be hit by the bedroom tax. Has not the Budget done absolutely nothing for that couple, and indeed for many of my other constituents?

Alun Cairns: The best way out of poverty is to encourage people into work and to progress within a work environment. Universal credit has been transformational in that. I point the hon. Gentleman to the data: unemployment in his constituency and others across Wales and the whole of the UK has fallen by close to 50%, depending on the community, and the greatest effect is being felt in areas where universal credit is being rolled out.

Nick Thomas-Symonds: There are two responses to that. First, the jobs referred to are often, I am afraid, zero-hours contract jobs and very insecure. They are not the jobs where people can build a life, whether by taking out a car loan or indeed having a mortgage. Secondly, and worse still, we talk of jobs as a route out of poverty, but the Government have driven in-work poverty up to record levels.

Alun Cairns: I do not recognise the hon. Gentleman's points. The working environment is changing, and that is exactly why today the Government published our response to the Taylor review, which recognises the further rights we need to give workers to protect those who find themselves in what they consider to be vulnerable situations. That is an example of the Government responding to concerns raised. I am sure the hon. Gentleman will give credit to Matthew Taylor and the work he did on the report.

Yn unol ag argymhellion Comisiwn Holtham, a'r hyn y cytunwyd arno yn y fframwiath cyllidol, ni fydd y swm y soniais amdano—sydd yn cael ei roi yn y grant bloc dan fformiwla Barnett—byth yn disgyn yn is na £115. Dyma'r cyllid gwaelodol—"funding floor"—mae rhai wedi bod yn galw amdano ers degawdau, a'r Llywodraeth yma sydd wedi cyflawni hynny. Yn unol â'r cytundeb hwn, mae Llywodraeth Cymru yn gallu tyfu'r economi, denu buddsoddiadau newydd, cynnal eu gwasanaethau cyhoeddus a chefnogi pobl sydd yn gweithio'n galed ar hyd a lled Cymru.

Ar ôl datganoli treth stamp ar dir a threthi tirlenwi ym mis Ebrill, yn ogystal â chyfraddau treth incwm yng Nghymru y flwyddyn nesaf, bydd Llywodraeth Cymru yn gallu codi mwy o'u cyllid ei hunain trwy'r trethi hyn. Bydd hyn yn gwneud Llywodraeth Cymru, a'r Cynulliad yn gyffredinol, yn llawer mwy atebol i'r bobl maent yn eu gwasanaethu. Am y tro cyntaf, yng Nghyllideb yr hydref fe wnaeth Llywodraeth y Deyrnas Unedig addasu grant bloc Llywodraeth Cymru i ystyried hyn, gan roi rhagor o gyfrifoldeb i Lywodraeth Cymru dros y bobl maent yn eu gwasanaethu. Fel ddywedais ynghynt, wnaeth Gerry Holtham gefnogi'r newid a wnaeth Llywodraeth Cymru dderbyn y newid a'i groesawu ar y pryd.

Mae Cyllideb yr hydref yn cynnwys mesurau penodol a fydd o fudd uniongyrchol i Gymru. Yn ogystal â pharhau i gefnogi'r bargeinion dinesig ar gyfer Caerdydd ac Abertawe trwy fuddsoddi £615 miliwn dros yr 20 mlynedd nesaf, cyhoeddwyd yn y Gyllideb bod Llywodraeth y Deyrnas Unedig yn croesawu cynigion ar gyfer bargaen twf i ganolbarth Cymru ac y byddai'n dechrau trafodaethau ffurfiol ar gyfer bargaen twf iogledd Cymru.

(Translation) In accordance with the Holtham Commission's recommendations, agreed through the fiscal framework, the sum given via the block grant under the Barnett formula will not fall below £115. Some have called for that funding flow for decades, and it is this Government who have delivered on those calls. In accordance with the agreement, the Welsh Government have the means to grow the Welsh economy, to attract investment, to maintain public services and to support hard-working people across Wales.

Following the devolution of stamp duty land tax and landfill tax from April, in addition to the Welsh rate of income tax next year, the Welsh Government will be able to raise more of their own funding through those taxes. That will make the Welsh Government—and the Assembly in general—much more accountable to the people they serve.

For the first time, in the autumn Budget the UK Government adjusted the Welsh Government's block grant to take that into account, giving the Welsh Government further responsibilities and making them more accountable to the people they serve. As I said earlier, Gerry Holtham supported this change, and the Welsh Government accepted and welcomed the change at the time.

The autumn Budget also includes specific measures that will be of benefit to Wales. In addition to continuing to support the Cardiff and Swansea city deals by investing £650 million over the next 20 years, the Budget announced that we as a UK Government are open to proposals for a mid-Wales growth deal. We will also begin formal negotiations for a north Wales growth deal.

Ben Lake: Ar fargen twf canolbarth Cymru, un o'r pethau rwyf yn siwr y bydd y tri ohonom sydd yn cynrychioli etholaethau yng nghanolbarth Cymru yn dweud yw cysylltedd—connectivity. Mae dirfawr angen i wella ar hyn yng nghanolbarth Cymru ac rwyf yn fawr obeithio y bydd modd cynnwys hyn yn y fargen yma.

(Translation) On the mid-Wales growth deal, one of the issues for the three of us who represent constituencies in mid-Wales is connectivity. We truly need to make improvements to that in mid-Wales and I hope that it can be included in the growth deal.

Alun Cairns: Rwyf eisiau tynnu cymunedau at ei gilydd: yn amlwg cymunedau o Geredigion ac o Bowys, ond hefyd rwyf yn gobeithio bydd cyfleoedd i rai o'r siroedd yn Nghymru ac ar yr ochr arall i gydweithio er mwyn defn buddsodiant newydd i'r ardaloedd ac er mwyn cefnogi'r economi. Mae hynny'n golygu y byddai pob rhan o Gymru yn cael budd o'r gefnogaeth leol a phenodol y mae bargeinion dinesig a thwf yn ei chynnig. Ac mae hyn, wrth gwrs, ar ben y fformiwla Barnett newydd sydd wedi ei chytuno.

(Translation) I am very much in favour of bringing communities together, whether they be the communities of Ceredigion or of Powys, but I am also eager to give opportunities to some of the counties of Wales—and those on the other side of the border too—to work together to attract new investment into those areas and to support the economy. Our policy means that every part of Wales will benefit from the local, targeted support offered by the city and growth deals. That is above the new Barnett formula that has been agreed.

Susan Elan Jones: Rydym yn croesawu bob cyhoeddiad am fargen twf gogledd Cymru, ond byddwn yn ei chroesawu'n fwy pan fydd yn digwydd. Pryd mae'n mynd i ddigwydd?

(Translation) I welcome any announcement on a north Wales growth deal, but I will welcome it more when it happens. When will it happen?

Alun Cairns: Rydw i'n falch fod y Foneddges anrhydeddus wedi gofyn y cwestiwn. Y peth sydd wrth wraidd y cynlluniau twf a'r bargeinion dinesig yw bod y grym yn nwylo'r awdurdodau lleol a busnesau lleol. Felly, rydym yn rhoi cyfle at ei gilydd ac, yn amlwg, yn gobeithio bydd y Foneddges anrhydeddus yn fodlon cydweithio gyda'r cymunedau a'r busnesau er mwyn eu bod yn cyflawni'r cynlluniau ac i ddod â realiti i'r broses wrth ei bod yn datblygu.

Fel Aelodau Seneddol o bob cwr o Gymru, mae'n bwysig ein bod i gyd yn rhan o'r broses hon. Felly, rwyf yn falch iawn y llwyddodd gymaint ohonoch i ymuno â Swyddfa Cymru cyn y Nadolig i glywed yn uniongyrchol gan ein partneriaid lleol ynglŷn â'u cynnydd yng ngogledd Cymru. Yn amlwg, mae angen mwy o waith i gefnogi'r gwaith da sydd wedi mynd o'i flaen.

(Translation) I am glad that the hon. Lady asked that question. What lies at the heart of the growth and city deals is that the power lies in the hands of local authorities and local businesses, so we are giving them an opportunity to come together. We hope that she is willing to work with communities and businesses to achieve the deals and to make them a reality as they develop.

It is important that Members of Parliament from all parts of Wales are part of the process. I was therefore delighted that so many of the Members present were able

to join us before Christmas to hear directly from local partners on the progress that they are making in north Wales. Obviously, we need more work in that regard to support the good work that has taken place already.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): Mae angen i'r Ysgrifennydd Gwladol fod yn effro i'r perygl o weithio'n drawsffiniol: y bydd yr ardaloedd tlotaf, sef yr ardaloedd yn y gorllewin, o hyd yn olaf yn y dewisiadau. Rydym wedi cael yr un profiad gyda chysylltedd, lle mae dechrau gyda'r prif drefi yn golygu bod y cymunedau pellaf i ffwrdd yn cael eu anghofio erbyn y diwedd.

(Translation) The Secretary of State must be alive to the dangers of working on a cross-border basis: that the poorest areas—those in the west—will be left behind. That is the same problem we have had with connectivity, which started in the main towns, so the most remote communities were ultimately forgotten.

Alun Cairns: Rwyf yn falch iawn fod y cwestiwn yna wedi cael ei ofyn. Rwyf yn deall y peryg ac yn ymwybodol o'r sensitifrwydd. Mae'n rhaid bod y partneriaid lleol yn ymateb i hyn, er mwyn bod setliad gan bawb. Os nad yw pawb yn gytûn, yn amlwg, bydd y bargaen dinesig a'r bargaen twf ddim yn cael cefnogaeth gen i na'r partneriaid lleol eraill. Mae'n rhaid fod pawb yn gytûn yn y broses. Rwyf yn awyddus i weld busnesau ledled y rhanbarth a thu hwnt yn hybu'r bargeinion hyn, gan adeiladu ar gryfderau'r ardaloedd—pob ardal—gweithio'n drawsffiniol a rhoi hwb i'r economi lleol.

Roedd y Gyllideb hefyd yn cydnabod bod angen gwella ein rhwydwaith rheilffyrdd, gan roi hwb i gysylltiadau a gwella teithiau i gwsmeriaid ar y trenau mwyaf diweddar.

(Translation) I am very glad that that question was asked. Obviously, I understand the risk, and I am aware of the sensitivity that arises. Local partners must respond to that to ensure that the settlement is for everyone, because if everyone is not agreed, obviously the city or growth deal would not be supported, whether by me or by other local partners. Everyone must be agreed on the process. I am keen to see businesses across the region and from further afield driving the deals, building on the strength of the regions—that is all regions, cross-border too—and boosting the local economy.

The Budget also recognised the need to see further improvements to our rail network, boosting connectivity and delivering better journeys on the newest trains.

Wayne David (Caerphilly) (Lab): What possible justification can the Secretary of State give for the breaking of a promise to electrify the railway line—

The Chair: Order. I hate to interrupt, but will the hon. Gentleman either put his headphones on or take them off, because of the feedback? I am taking advice from the technicians.

Wayne David: What possible justification can the Secretary of State give for breaking the promise to electrify the railway line from Cardiff to Swansea?

Alun Cairns: I am grateful to the hon. Gentleman for asking that question, but he will be fully aware of the calls by the Public Accounts Committee, which is formed on a cross-party basis, for every element to be reviewed case by case for value for money. Projects that were not

deemed to be value for money because there would be no improvement, such as the time to be delivered between Cardiff and Swansea, did not justify the additional sums of money made available. Under the current proposals, it will be the same trains travelling on the same track arriving at the same time as would have been the case under electrification that went the whole way to Swansea or stopped in Cardiff.

Nick Thomas-Symonds: When the previous Tory Prime Minister, David Cameron, said how transformational that project would be and committed to it, he was wrong, was he?

Alun Cairns: The hon. Gentleman will be well aware that when that commitment was made, the intention was to use electric-only trains rather than bimodal trains.

Chris Bryant (Rhondda) (Lab): The former Secretary of State for Transport also categorically stated in the House of Commons that the valleys lines would be electrified by the end of 2018. There is absolutely no prospect of that happening, is there? Why do Conservative politicians keep making promises that they know they have no prospect of fulfilling?

Alun Cairns: The hon. Gentleman is well aware that that responsibility has been passed over to the Welsh Government, with additional money being made available by the UK Government for that scheme. I suggest that he puts that question to his colleagues in Cardiff Bay, because the former Transport Secretary would have been repeating the claims and the comments that had been made by politicians in Cardiff Bay.

Geraint Davies (Swansea West) (Lab/Co-op): Given that there are new proposals on the table for the straightening of the line to Cardiff and Swansea to reduce the journey time by half an hour, alongside Swansea metro, will the Secretary of State look positively at those ideas as part of a wider city deal? Given that Wales has 6% of the track line and only about 2% of the investment in railway infrastructure, he should be standing up for Wales, rather than sitting down and thinking about his job before he thinks about Wales.

Alun Cairns: In the first instance, I would say that of course we will look at whatever project comes forward. The hon. Gentleman will be aware of demands that have been made. The First Minister made positive statements about a Swansea parkway station earlier this week in the Assembly, and there are demands coming from some community leaders in Swansea about such a station. Those are issues that we are happy to look at, and the Chancellor talked about proposals of that sort.

If any other project comes forward, we will happily look at it, but I remind the hon. Gentleman that in 13 years of Labour Government only 3 miles or 12 miles of track were electrified—there is a debate about that and we are not sure which, but I will happily give the benefit of the doubt and say that it was 12 miles. I also remind hon. Members that Wales was left as one of those nations, along with eastern European nations such as Moldova and Albania, with not a single track of electrified railway.

The Chair: Order. I am sure that everybody wants to get back to discussing the Budget.

Jonathan Edwards *rose—*

Alun Cairns: Mr Owen, gyda'ch cytundeb, ildiaf i'r anrhydeddus Aelod dros Dwyrain Caerfyrddin a Dinefwr.

(Translation) With your permission, Mr Owen, I will give way to the hon. Member for Carmarthen East and Dinefwr.

Jonathan Edwards: O ystyried hoffder y Llywodraeth Prydeinig o drenau dau-danwydd yng nghyd-destun rheilffyrdd Cymru, gallaf gymryd mai trenau dau-danwydd bydd yn rhedeg ar HS2, HS3 a Crossrail 2?

(Translation) Given the Government's liking for bimodal-fuel vehicles for Welsh railways, may I assume that bimodal trains will be running on HS2, HS3 and Crossrail?

Alun Cairns: Rwy'n siwr bydd y Bonheddwr anrhydeddus yn cefnogi edrych ar unrhyw brosiect i ddefnyddio'r dechnoleg orau posib ar gyfer cyflawni'r gwariant a'r gwerth arian sydd ymhob prosiect.

Gaf i symud ymlaen, Mr Owen? Rydym wedi gwella'r cysylltiad yng ngogledd Cymru, gan roi budd i bobl ar ddwy ochr y ffin. Bydd gwasanaethau uniongyrchol o ogledd Cymru i Lerpwl ar gael am y tro cyntaf mewn degawdau, diolch i'r buddsoddiad o £16 miliwn i'r Halton curve. Nawr rydym yn darparu prosiect ail-signalu gwerth £50 miliwn i uwchraddio rheilffyrdd gogledd Cymru. Byddai moderneiddio prif linell rheilffordd arfordir y gogledd yn rhoi hwb sylweddol i gysylltiadau trafniadaeth y rhanbarth. Mae ein rhaglen moderneiddio Great Western, gan gynnwys ein buddsoddiad o £5.7 biliwn mewn trenau IEP o'r radd flaenaf, yn torri 15 munud oddi ar yr amseroedd teithio o dde Cymru i Lundain.

(Translation) Obviously, I am sure that the hon. Gentleman will be supportive of any project that will use the best possible technology to achieve the expenditure and the value for money that all projects require.

May I move on? We are improving connectivity for north Wales, benefiting people on both sides of the border, and direct services from north Wales to Liverpool will be possible for the first time in decades. That is thanks to our £16 million investment in the Halton curve. We are now delivering a £50 million re-signalling project to upgrade north Wales's railway, and modernising the north Wales coast main line would be a significant boost to the region's transport links. Our Great Western modernisation programme, including a £5.7 billion investment in new, state-of-the-art IEP trains, will cut journey times from south Wales to London by 15 minutes. At the Budget—

Jessica Morden (Newport East) (Lab) *rose—*

Alun Cairns: Rwyf yn fwy na hapus i ildio, ond rwyf hefyd yn gwbl ymwybodol o'r amser sydd yn cael ei gymryd.

(Translation) I am happy to give way, but I also feel very aware of the time that is being taken.

Jessica Morden: If the Secretary of State is serious about improving cross-border connectivity between parts of my constituency and Bristol and beyond, can he get the Department for Transport to improve those cross-border rail services that take my constituents to Bristol, Bath and beyond to work? They are woefully inadequate.

Alun Cairns: Rwyf yn falch iawn i ymateb yn bositif. Mae'r ymgynghoriad yn mynd yn ei flaen ar hyn o bryd ynglŷn â franchise Great Western Railways a pha fath o fodel y dylem gydwethio i'w sicrhau, ac rwyf yn argymhell bod y Foneddigeŷ anrhydeddus yn ymateb i'r ymgynghoriad. Rwyf eisiau gweld y cysylltiadau gorau posib rhwng Caerdydd, Casnewydd, Bryste a llefydd y tu hwnt yn gyflym ac yn effeithiol, er mwyn iddynt addasu at y cyfleoedd newydd a ddaw yn y rhanbarth sydd yn datblygu wrth i ni gael gwared o'r tollau ar bont Hafren. Hoffwn hefyd dalu teyrnged i'r Foneddigeŷ anrhydeddus am ei hymgyrchu i gael gwared o'r tollau.

(Translation): I am very happy to respond positively. The consultation is under way on the Great Western railway franchise and the type of model that we should be collaborating to get. I recommend that the hon. Lady responds to that consultation. Obviously, I want to see the best possible connections between Cardiff, Newport and Bristol, and further afield. They should be quick and efficient for us to grasp the new opportunities that will arrive in a region that is developing, as we get rid of the tolls on the Severn bridge. I pay tribute to the hon. Lady for her campaigning to remove those tolls from the bridges.

Ben Lake rose—

Alun Cairns: Hoffwn fwrw ati i orffen yr araith rhywfaint a byddaf yn ildio yn nes ymlaen. Mae fy Ffrind gwir anrhydeddus Canghellor y Trysorlys hefyd wedi amlinellu gwaith ar gyfer y dyfodol i lunio cynigion ar gyfer cynlluniau rheilffyrdd posib eraill ar hyd a lled rhwydwaith Cymru. Roedd ein strategaeth ddiwydiannol yn sail i gyhoeddiadau'r Gyllideb ac rydym yn awyddus i adeiladu ar y bargeinion a gyhoeddwyd ar gyfer y sectorau deallusrwydd artifffisial, lle mae Casnewydd yn rhagori; gwyddorau bywyd, lle mae Cymru eto ar flaen y gad, gyda nifer o ddatblygiadau cyffrous ac arloesol; a'r diwydiant cerbydau yng Nghymru, sy'n gartref i Toyota, Ford ac Aston Martin.

(Translation): Let me make some progress and I will give way later. The Chancellor of the Exchequer has outlined further work to develop proposals for other potential rail schemes across the Wales network. Our industrial strategy was a basis of the Budget announcements. We are keen to build on the sector deals on artificial intelligence that were announced, where Newport excels. In life sciences, Wales is at the forefront of several exciting and pioneering developments. In the automotive industry, Wales is home to Toyota, Ford and Aston Martin.

Ben Lake: Ar y nodyn hwnnw, crëwyd cryn dipyn o gynnwrf cwpl o wythnosau yn ôl pan ddatgelwyd y pwerdy gorllewinol. Wrth gwrs, roedd yn siomedig i ni yng Ngheredigion mai gorllewin Lloegr yr oedd yr Ysgrifennydd Gwladol dros Gymru yn cyfeirio ati. O ran deallusrwydd artifffisial, eto dyma gyfle ar gyfer cynllun twf canolbarth Cymru. Mae Prifysgol Aberystwyth yn ganolfan arbenigol, felly byddai'n dda gweld unrhyw fesurau sydd gan y Llywodraeth i geisio ysgo hyn.

(Translation): On that point, a few weeks ago there was quite some excitement when the western powerhouse was announced. It was unfortunate for Ceredigion that the Secretary of State referred only to south-east Wales and the south-west of England. On AI, there is an opportunity for the mid-Wales growth deal. Aberystwyth has great expertise in that area, so it would be good to see any proposals from the Government to encourage that development.

Alun Cairns: Rwyf yn ddiolchgar am y pwynt sydd wedi ei wneud a byddwn yn gobeithio y bydd Prifysgol Aberystwyth a phartneriaid lleol yn dod at ei gilydd er mwyn defnyddio'r arbenigedd lleol i dyfu'r economi a denu mwy o fuddsoddiad. Mae hynny'n swinio'n syniad cyffrous iawn o ran y fargen i dyfu'r economi.

Mae disgwyl i hyn fod o fudd i Gymru mewn sawl ffordd. Bydd yn cryfhau Cymru o ran ymchwil ac arloesi ac yn rhoi hwb i gysylltedd 5G ar gyfer busnesau bach a chanolig hanfodol Cymru. Fe gyhoeddwyd hefyd y bydd cronfa her yn cael ei sefydlu i drawsnewid y diwydiannau adeiladu, amaethyddiaeth a chynhyrchiant. Fel rhan o'n cynllun i hybu arloesi, rydym wedi ymrwymo i wario £2.3 biliwn ychwanegol ar ymchwil a datblygu ledled y Deyrnas Unedig, yn ogystal ag £21 miliwn pellach i ehangu Tech Nation dros y pedair mlynedd nesaf. Mae disgwyl i fusnesau digidol gael budd o'r ganolfan Tech Nation yng Nghaerdydd.

Rydym hefyd yn edrych ymlaen at ddatblygu cyfleoedd twf trawsffiniol ymhellach. Mae hyn i'w weld yn fwyaf amlwg yn ein hymrwymiad i ddiddymu tollau'r bont Hafren erbyn diwedd y flwyddyn, fel y soniaŷ gynt. Mae hyn yn rhoi neges bwerus i fusnesau, cymudwyr a thwristiaid bod Cymru ar agor i fusnes. Bydd y polisi yn cryfhau'r cysylltiadau rhwng cymunedau ac yn helpu i drawsnewid rhagolygon economaidd de Cymru a de-orllewin Lloegr, gan greu coridor twf sy'n ymestyn o Geredigion, yr holl ffordd trwy Abertawe, Caerdydd a Chasnewydd i Fryste, Caerfaddon a thu hwnt. Bydd yr ymrwymiad hwn yn arbed tua £115 y mis i gymudwyr sydd yn teithio bob dydd. Ni fydd rhaid i gludwyr dalu £20 am bob lori sy'n cludo economaidd chwaith. Bydd hwn yn newid mawr i'r tirlun economaidd ac yn cynnig cyfleoedd newydd i dde Cymru.

Bythefnos yn ôl, bum yn cynnal uwchgynhadledd yn y Celtic Manor yng Nghasnewydd, lle daeth partneriaid lleol at ei gilydd i drafod y cyfleoedd a fyddai'n dod yn sgil diddymu'r tollau. Roedd y digwyddiad yn llwyddiant ysgubol: daeth dros 350 o fusnesau a ffigyrau amlwg o Gymru a de-orllewin Lloegr at ei gilydd i drafod ac ystyried y cyfleoedd newydd. Roedd 90% o'r rhai a oedd yn bresennol yn teimlo y byddai diddymu'r tollau yn rhoi hwb i'w busnes, ac roedd 97% yn teimlo y byddai diddymu'r tollau o fudd i Gymru. Mae hyn yn ddechrau partneriaeth gyffrous a hir-dymor ymysg diwydiant, academia, cymdeithas sifil a busnes. Gyda'n gilydd gallwn chwarae rhan allweddol yn y gwaith o hybu cynhyrchiant a ffyniant ledled y Deyrnas Unedig, lle bod Cymru i gyd yn elwa.

Roedd y Gyllideb hefyd yn amlinellu amrywiaeth o bolisiau ar gyfer y Deyrnas Unedig gyfan a fydd o fudd i Gymru. Rydym yn rhewi'r dreth danwydd am yr wythfed flwyddyn yn olynol, gan arbed bron i £9 i'r gyrrwr cyffredin yng Nghymru pan fydd yn llenwi ei gar. Rydym yn codi'r cyflog byw cenedlaethol, a fydd yn rhoi £600 o godiad cyflog blynyddol i weithwyr llawn-amser yng Nghymru. Rydym yn cynyddu lwfansau personol, bydd o fudd i fwy na 1.4 miliwn o bobl yng Nghymru. Bydd elusennau ledled Cymru yn elwa o dros £660,000 o gyllid LIBOR, gan gynnwys Gofal a Thrawsio Gogledd Ddwyrain Cymru, sy'n rhoi cyfleoedd gwaith a hyfforddiant i gyn-filwyr.

Mae Cymru mewn sefyllfa dda i fanteisio ar y cyfleoedd a ddaw yn sgil gadael yr Undeb Ewropeaidd. Cymru oedd y wlad wnaeth dyfu gyflymaf yn y Deyrnas Unedig yn 2016 a Chaerdydd oedd y brifddinas wnaeth dyfu

gyflymaf. Ers y refferendwm, mae cwmnïau wedi dangos hyder yng Nghymru trwy fuddsoddi ynddi. Yn 2016-17, cafodd dros 2,500 o swyddi newydd eu creu trwy 85 o brosiectau yng Nghymru, o ganlyniad i fuddsoddiad mewnol.

(Translation): I am grateful for that point. I hope that Aberystwyth University and local partners will come together to use the expertise available locally, to grow the economy and to attract further investment. That sounds like a very exciting idea for the growth deal.

It is expected that Wales will benefit in many ways. Wales's research and innovation will be boosted, as well as 5G connectivity for Wales's vital small and medium enterprises. It was also announced that an innovation fund will be established to drive agriculture and productivity. As part of our innovation drive, we have committed to spend an additional £2.3 billion on UK-wide R&D, in addition to £21 million to expand Tech Nation over the next four years. Digital businesses in Wales are set to benefit from the Tech Nation hub based in Cardiff.

We look forward to further developing cross-border growth opportunities. That is most obvious in our commitment to abolish the Severn tolls by the end of the year, which I mentioned earlier. That sends a powerful message to businesses, commuters and tourists that Wales is open for business. This policy will strengthen the links between communities and help to transform the joint economic prospects of south Wales and the south-west of England, creating a growth corridor that stretches from Ceredigion through Swansea, Cardiff and Newport, to Bristol, Bath and further afield. This commitment will save the average commuter about £115 a month, and hauliers will no longer pay £20 for every truck transporting goods. It will make a profound change to the economic landscape and will offer new opportunities for south Wales.

Two weeks ago, I hosted a summit at Celtic Manor in Newport, which brought together local partners to discuss the opportunities arising from the abolition of the tolls. The event was a remarkable success. It was attended by more than 350 businesses and leading figures in Wales and the south-west of England, who all came together to discuss and consider the new developments. Some 90% of the attendees felt that their businesses will be boosted by the abolition of the Severn tolls, and 97% felt that the removal of the tolls will benefit Wales. It was the start of an exciting long-term partnership with industry, academia, civil society and business. Together, we can play a key role in driving productivity and prosperity across the whole of the UK, and all of Wales will benefit.

The Budget also outlined a range of UK-wide policies that will benefit Wales. We are freezing fuel duty for the eighth successive year, and the average driver in Wales will save nearly £9 every time they fill up their car. We are increasing the national living wage, which will deliver a £600 annual pay rise to full-time workers in Wales. We are increasing the personal allowance, which will benefit more than 1.4 million people in Wales. Charities across Wales—including Care & Repair North East Wales Ltd, which supports training and employment opportunities for veterans—will benefit from more than £660,000 of LIBOR funding.

Wales is well placed to seize the opportunities presented by exiting the EU. In 2016, Wales was the fastest-growing nation in the UK, and Cardiff was the fastest-growing capital city. Since the referendum, companies have shown their confidence by investing in Wales. In 2016-17, more than 2,000 new jobs were created through 85 projects in Wales as a result of inward investment.

Wayne David: Does the Secretary of State agree that business confidence would be increased massively if businesses had some sort of idea of what the Government are trying to negotiate in the Brexit negotiations?

Alun Cairns: The hon. Gentleman will recognise that we are in negotiations, and he would not expect us to show our hand during that process. I would point to the significant inward investment—the UK is the leading place for attracting inward investment in Europe, which demonstrates the confidence business is showing in the economy—and the uplift in economic growth last quarter.

Geraint Davies: More than 60% of Welsh trade goes to the EU. The 48% of people who voted to remain are in favour of the customs union and the single market, as are a portion of the people who voted to leave. Given that the majority of Welsh people are in favour of being in the customs union and the single market, will the Secretary of State fight for a soft Brexit?

Alun Cairns: It is far too simplistic to say that 60% of Welsh exports go to Europe, because supply chains are far more complex than that. The Welsh Government concluded that 80% of Welsh exports go to the rest of the United Kingdom, which demonstrates the complexity of the position. Therefore, maintaining the integrity of the single market is important.

Chris Elmore: In relation to the Secretary of State's point about inward investment and jobs, one of the areas that is not growing is the car industry at the Ford plant in Bridgend, due to Jaguar Land Rover's ending its contract early. One of the real concerns is that that is not linked to Brexit; it is about commercial decisions that I accept Ford has to make. It puts significant numbers of jobs at risk for people in my constituency. If we are not in a customs union, trade tariffs on car production could risk closing Ford. That is not scaremongering, before the Secretary of State accuses me of that; it is a real issue, which Ford is raising at the highest levels of Government in the UK, including the Welsh Government.

Alun Cairns: In the first instance, that is factually inaccurate. The contract is not being ended early; it was the natural end of the contract. I am sure the hon. Gentleman will be pleased that the Welsh Government and the UK Government are working together closely. Just over a week ago, I met the Assembly Cabinet Secretary for Finance to discuss how we can continue to work together and where officials can be part of a joint taskforce. That measure was requested and supported by the trade unions, and I was keen to respond positively to it.

The Aston Martin investment is just a short distance away, and that demonstrates the confidence that the industry has in the south Wales economy, with 700 jobs from one project, as well as the greater opportunities for the future that have been created. We take Ford very seriously, which is why we continue to work together with the unions, the Welsh Government and the UK Government, as well as Ford, to seek a positive outcome.

Mae'r ffigyrau hyn yn dangos bod Cymru'n parhau i fod yn gyrchfan atyniadol ar gyfer buddsoddiad tramor, gan roi hwb gwerthfawr i'r economi a chreu miloedd o swyddi.

[*Alun Cairns*]

Erbyn hyn, mae gan ein gwlad lwyfan aruthrol i adeiladu arno dros y misoedd nesaf wrth inni wneud cynlluniau i adael yr Undeb Ewropeaidd, creu cysylltiadau cryfach gyda phartneriaid rhyngwladol a denu mwy o fuddsoddiad o farchnadoedd sy'n dod i'r amlwg.

Mae'r Gyllideb hon yn amlinellu pecyn grymus o fesurau a fydd yn helpu i lunio economi Cymru fel ei fod yn addas ar gyfer y dyfodol.

(Translation) These figures demonstrate that Wales remains an attractive destination for overseas investment, and that provides a valuable boost for the economy and creates thousands of jobs. Our country now has a tremendous platform to build on over the coming months as we make plans to leave the EU, and to forge stronger relations with international partners and attract more investment from emerging markets. This Budget outlines a powerful package of measures that will help to shape Wales's economy into one that is fit for the future.

10.11 am

Christina Rees (Neath) (Lab/Co-op): As always, it is a pleasure to serve under your chairmanship, Mr Owen, and on behalf of the Labour party I welcome all Members of Parliament for Wales to the first Welsh Welsh Grand Committee. It is great to be here, and it is my first Welsh Grand since being appointed shadow Secretary of State—[*Interruption.*]

The Chair: Order. I am sorry to disturb the hon. Lady. Members are taking their headphones off but leaving them switched on, and the sound circulates around the room and causes feedback. If Members are not using their headphones, please can they turn them off?

Christina Rees: I thought it was my electric speech, Mr Owen.

The Chair: It was that as well.

Christina Rees: Thank you, Mr Owen.

It is great to be here. There have only been two Welsh Grand Committees in almost four years since July 2014. If a day is a long time in politics, four years is an age. I will not even try to articulate the changes that we have seen in that time, or say what the world looked like back then, except to say that Boris Johnson was still claiming credit for the London Olympics, David Cameron was still pretending to have a long-term economic plan, a European referendum was Nigel Farage's dream, and Donald Trump was a rich but harmless reality TV star.

In real terms, we have seen positive changes to Wales's representation in Westminster—three new Labour MPs are standing up for Wales as a result of the snap general election last year. My hon. Friend the Member for Gower (Tonia Antoniazzi) won back her constituency, overturning the narrowest Tory majority in the UK of 27 votes with a thumping 3,269 majority. My hon. Friend the Member for Cardiff North (Anna McMorrin), my phantasmagorical Parliamentary Private Secretary, won back Cardiff North from the Tories with a majority of 4,174, and my hon. Friend the Member for Vale of

Clwyd (Chris Ruane) returned to the green Benches, winning back the seat that he held from 1997 and lost by 237 votes in 2015. We are so pleased that he came back in 2017 with a majority of 2,379, after a two-year sabbatical promoting mindfulness around the world. I am so grateful that Mr Statistics, as he is known, agreed to be my shadow Minister.

The Chair: Order. On that point, the statistics we now want are budgetary.

Christina Rees: I consider myself chastised, Mr Owen, and I am sorry to have incurred the wrath of the Chair.

Since the last Welsh Grand we have a new Secretary of State for Wales—he is rapidly approaching becoming the longest serving Welsh Secretary over the past eight years. I teased the new Under-Secretary of State for Wales during Welsh questions, so I shall move swiftly on before Mr Owen gives me the evil eye again.

We are here today to discuss the autumn Budget of 22 November and its impact on Wales. A famous Welsh Labour politician once said that politics is the “language of priorities”. That sentiment is never better displayed than in the setting of a Budget. Considering what Wales got out of the autumn Budget, we would be forgiven for thinking that this might be a brief sitting. I want to describe how a transformative Government Budget could be created, in the right hands. A Budget can be progressive and social. It can articulate investment in vital public services, demonstrate support for key industries and ensure that money is spent to benefit the many, not the few.

Nick Thomas-Symonds: Does my hon. Friend share my disappointment about the Tory Government's lack of investment in communities? I am referring to the closure of local Department for Work and Pensions centres, including the proposed closure of the pension centre in Cwmbran. That is taking jobs out of communities.

Christina Rees: I agree wholeheartedly with my hon. Friend. It is happening not only in his constituency but throughout Wales.

The famous Labour politician I mentioned was of course Nye Bevan, who knew that politics, power and responsibility come down to one thing: priorities. It is in their Budgets that Governments reveal their priorities. The autumn Budget revealed that Wales is not one of the UK Tory Government's priorities. In the right hands, a Budget for Wales could deliver investment and the greatest good for the greatest number: money for the NHS, local government, education, and skills; investment in projects to tackle youth homelessness and to improve air quality; support for small businesses and business rate relief; funding to promote our language, which is a cornerstone of our culture, and for a growth in the use of Welsh in schools and colleges across the country; and a 21st century schools capital investment programme, investing not only in facilities but in our children's future. That is a Budget. That is what a Budget can achieve when power is put in the right hands for Wales.

Of course those are not just warm words or hopeful rhetoric. They are the commitments of a Welsh Labour Government budget published less than a fortnight ago—a radical, progressive budget for the many, not

the few. However, the Welsh Labour Government are working with one hand tied behind their back. Why? Because the failing Tory UK Government continue to press on with their futile and unnecessary austerity measures, impose cuts on the Welsh Labour Government's block grant, and let Wales down.

Welsh Labour called on the Chancellor to end austerity and fund the Welsh Labour Government properly, enabling them to invest further in Welsh public services. He failed to do that. We demanded that he provide new funding to lift the public sector pay cap in Wales, which is hitting public sector workers year after year. He failed to do that. The autumn Budget—the Chancellor's first since the change of pattern—shows once again the contempt and disregard that the UK Tory Government have for Wales. It is a shameful catalogue of missed opportunities, shot through with a callous disregard for the communities and people in Wales most in need of support.

Geraint Davies: Does my hon. Friend accept that, given that Wales is the poorest part of western Europe and we are going to lose convergence funding, it is appalling that the Welsh Government's block grant should be cut by 5%—£900 million—at a time when we need to invest in education, rail and productivity and lift our opportunities rather than crush them?

Christina Rees: Yes, I agree wholeheartedly.

Simon Hoare: I thank the hon. Lady for giving way, and her colleagues for keeping the seats they picked up in June warm until we pick them up next time. She has been very good at explaining how her party would spend and spend—one can only assume it would be by taxing and taxing, and borrowing and borrowing. Does she not accept that one of the first duties of the UK Treasury is to try and make sure that we live within our means, balance our books and set the framework for economic growth to deliver the taxes to pay for the services?

Christina Rees: Eight years of cuts and where has it got us? Your policies have driven up the debt. I really do not see where you are coming from.

Chris Bryant: Is not there another point? If the Government keep on trying to run the state on the cheap, they will end up spending more because they have to buy in agency workers in the NHS and schools, and pay consultants to do work that could have been done in-house. It is a complete and utter false economy that they have been running all these years.

Christina Rees: I really cannot add to that—my hon. Friend put it so well and I totally agree. That was my opinion on Budget day. I wonder if I could be persuaded differently by Conservative Members by the end of this Welsh Grand Committee today. The way things are going so far, I do not think I will.

Let me demonstrate the appalling attitude to Wales shown by the UK Tory Government through a budget that embodies this disdain. More than half of the new funding announced for Wales will have to be paid back to the UK Tory Government. Two thirds of the additional capital funding is made up of a form of funding called

financial transactions, which must be repaid to the Treasury. There are also restrictions on what it can be spent on. The Welsh budget has experienced year on year cuts as a result of the UK Tory Government's ongoing ideological programme of austerity. There is an ongoing battle between the social democratic values of the Welsh Labour Government versus the neoliberal ideology of the UK Tory Government.

Even with these small increases in funding, our budget will still be 5% lower in real terms in 2019-20 than it was in 2010-11, which is equivalent to having £900 million less to spend on public services in Wales. If we exclude the financial transactions funding, which we will have to pay back, our budget will be 7% lower, or equivalent to £1.1 billion less by 2019-20.

Wales has been let down elsewhere too. The Welsh Labour Government have repeatedly called on the UK Tory Government to fully fund a pay rise for all public sector workers. The UK Tory budget was a missed opportunity to do just that. The Welsh Labour Government have called on the UK Tory Government to invest in key infrastructure projects in Wales, including the Swansea bay tidal lagoon, which has been mentioned before, and rail, but the Chancellor once again turned his back on Wales. The only feedback we have had on the tidal lagoon is the vague point about value for money that was trundled out again last week and today, despite the UK Tory Government's independent Hendry review recommending its support as a no-regrets decision. The Secretary of State has told us that Welsh Labour Government and UK Tory Government officials met to discuss the tidal lagoon, but what about the UK Tory Government decision-makers? When are they going to front up and put up? The Secretary of State knows that the Welsh Labour Government have pledged millions to support the Swansea bay tidal lagoon.

The UK Tory Government have cancelled the electrification of the main line from Cardiff to Swansea, as mentioned by my hon. Friend the Member for Caerphilly (Wayne David). None of their explanations for doing so make economic or environmental sense. If the UK Tory Government had kept their promise to electrify the main line from Cardiff to Swansea, we would not have needed bimodal trains, which are heavier because they need to carry both sources of power, making each journey more expensive. The heavier trains increase wear and tear on the track, the buffet car has been taken out to make 130 more seats, and so on.

There has been no devolution of air passenger duty to Wales. Last week at Wales questions, the Secretary of State failed once again to answer a question put by the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards) about devolving airport taxes. Building on the excellent work of Visit Wales, the Welsh Labour Government would be able to use the control of air passenger duty to support and promote Welsh tourism. Anyone who visits Wales will agree that it is spectacularly beautiful.

If I were being magnanimous—I am a very gentle, understanding person—I could mention something that the Tories did include for Wales in their Budget. They announced that the Severn bridge tolls will be scrapped by the end of next year, following an immediate cut to various charges. What they did not tell us is that the drop in toll prices is merely down to the removal of VAT, because legislation, rather than political priorities,

[Christina Rees]

dictates that VAT cannot be charged once the bridges have been brought back into public ownership. Who is to say that the Tories will not break yet another promise and fail to remove the tolls, even though it is difficult to do a U-turn while driving on the Severn bridges?

We urge the UK Tory Government to pause and fix universal credit, which is creating appalling poverty, debt and desperation for families across Wales. They choose not to, instead tinkering around the edges of a broken system. We ask the UK Tory Government once again to join Welsh Labour and support business, infrastructure and innovation, for on each and every one of these, Wales has been let down once again. On the crucial issue of the north Wales growth deal, after sustained pressure from Welsh Labour MPs and the Welsh Labour Government, the Chancellor indicated that discussions would begin to take the project forward. I am pleased to hear that that is going to happen today.

Mr David Jones: I have hesitated to intervene, but the hon. Lady is being less than fair. Was not the pressure on the Chancellor exerted by the all-party parliamentary group on Mersey Dee North Wales, which is chaired by her colleague, the hon. Member for Wrexham (Ian C. Lucas)? That is a cross-party group and it was that group that applied the pressure.

Christina Rees: That group deserves some credit and I fully respect that the group has been moving things forward.

Ben Lake: Rwy'n ofni na wnaf i wneud llawer iawn o ffrindiau gyda'r hyn sydd gennyf i'w ddweud. Mae'r Foneddigeŷ anrhydeddus yn gwneud pwyntiau cywir iawn. Un o'r pethau mae'n cyfleu yw pa mor anwastad yw gwariant Llywodraeth Prydain ar draws Cymru yn ddaearyddol. Mae rhaid, er tegwch, pwyntio at ffigyrau Llywodraeth Cymru yn ddiweddar, sydd yn dangos bod eu cynlluniau nhw ar gyfer gwariant 2017-18 yn cyfrifo at £102 y pen i'r boblogaeth yn y canolbarth a gorllewin Cymru o'i gymharu â £380 y pen i'r rheiny sydd yn byw yn ne-ddwyrain Cymru. Mae yna fai ar y ddwy ochr.

(Translation) I doubt that I will make many friends with what I am saying, but the hon. Lady is making some interesting points. One thing that comes across is how uneven UK Government expenditure is across Wales geographically. In fairness, we must also point to the recent Welsh Government figures, which show that their plans for expenditure in 2017-18 account for £102 per capita of the population in mid and west Wales, compared with £380 for those living in the south-east. There is blame on both sides.

Christina Rees: I am sure the Welsh Government are looking at every area of Wales to increase prosperity, and making every effort to do so.

Susan Elan Jones: I am interested by what the hon. Member for Ceredigion said, but he should remember that, around that time, there was a coalition between Labour and Plaid Cymru. There is much consensual working in the Assembly, which I welcome. He should be careful before firing his darts.

Christina Rees: I totally agree with my hon. Friend and I thank her for speaking in English, which takes me less time to understand. *[Interruption.]* I am not going to respond to that. I can imagine what it meant, but I am not going to respond.

As with every Tory pledge, the devil will be in the detail, and we await the detail for the north Wales and mid-Wales growth deals.

The UK Tory Government's claims of an extra £1.2 billion for Wales are pure smoke and mirrors. The truth is that the real uplift to the Welsh budget is significantly smaller. In 2022, after nearly 12 years of UK Tory Government rule, UK GDP is forecast to be £41 billion, or 3%, lower than previously predicted. The Office for Budget Responsibility has downgraded its growth forecast for each of the next five years. That means that Wales will be significantly worse off than previously thought. That will have an impact on tax receipts, which will be £26 billion lower by 2022, there will be higher borrowing, and less funding will be available for public services.

All that is a direct product of the UK Tory Government's ideological commitment to the failed and damaging policy of austerity. Despite eight years of Tory austerity, continued cuts to the block grant of more than £1 billion in total and the UK Tory Government continually letting Wales down, the Welsh Labour Government continue to do a remarkable job. They have led the way on sprinklers, plastic carrier bag charges, free bus passes and prescriptions, and opt-out organ donation. Our Welsh Labour Government continue to protect and invest in frontline services, and continue to work to protect our communities against the cruellest excesses of UK Tory Government cuts. That work will be much harder following November's weak and desperate Budget from a UK Tory Government who simply do not care about Wales. At the end of the day, there is a saying in Wales: "Cymru yn arwain, eraill yn dilyn."

10.32 am

Jonathan Edwards: Mae'n anrhydedd enfawr i wasanaethu dan eich arweinyddiaeth chi, Mr Owen, yn enwedig yn siarad, am y tro cyntaf, yn iaith y nefoedd. Rwyf yn gobeithio y bydd yr egwyddor yma yn cael ei ymestyn i Bwyllgorau eraill y Tŷ yma—er enghraifft, y Pwyllgor Materion Cymreig dan arweinyddiaeth yr Aelod anrhydeddus dros Fynwy.

Rydym yn cyfarfod i drafod Cyllideb enbyd o siomedig. Roedd dadansoddiad y Swyddfa Cyfrifoldeb Cyllidebol, a ddaeth yr un adeg â'r Gyllideb, yn wirioneddol ddiffilas, gyda rhagolygon wedi eu hisraddio ar gyfer buddsoddi gan fusnes, cynhyrchedd a thwf economaidd—a hyn am yr ail Gyllideb yn olynol.

Mae'n glir bod yr athroniaeth o gywasgu ariannol ymledol—expansionary fiscal contraction—a ddilynwyd gan y Trysorlys ers 2010 wedi methu yn llwyr. Holl bwynt llymder a thorri yn ôl ar fuddsoddi cyhoeddus oedd y dylsai fod wedi arwain at gynnydd enfawr mewn menter a buddosddi preifat.

Ynghyd â'r toriadau mewn buddsoddiad seilwaith, y gwrthwyneb sydd wedi digwydd, fel y gwnaethom ni rybuddio dro ar ôl tro—a hyn oll gyda'i gilydd yn arwain at lefel cynhyrchedd cronig. Yn wir, lefelau cynhyrchedd cronig y wladwriaeth Brydeinig oedd prif stori y Gyllideb.

(Translation) It is a huge privilege to serve under your chairmanship, Mr Owen, particularly while speaking the language of heaven for the first time in the House. I hope that this principle will be extended to other Committees of the House, such as the Welsh Affairs Committee, which is chaired by the hon. Member for Monmouth.

We meet today to discuss the dreadfully disappointing Budget. The OBR's analysis was truly depressing: for the second Budget on the bounce, it downgraded forecasts for business investment, productivity and economic growth. The philosophy of expansionary fiscal contraction pursued by the Treasury since 2010 has completely failed. Austerity and cuts to public investment were supposed to lead to a bonanza in private enterprise and investment—that was the whole point—but of course, as we consistently warned, the reverse happened, together with cuts in infrastructure investment. All that led to chronic productivity levels—indeed, that is main story for the UK.

The chronic productivity challenge that the UK faces was the major issue in the Budget. The situation that we find ourselves in was of course totally foreseeable.

Y canlyniad yn y pen draw yw bod y Trysorlys wedi colli ei dargedau dyled gan filltiroedd. Roedd hyn i fod dan reolaeth erbyn 2015—bwriedid iddo fod yn brosiect bum mlynedd—ond mae'n edrych fel petai cywasgu ariannol pellach am barhau tan ddiwedd y ddegawd nesaf. Ni fydd haneswyr economaidd y dyfodol yn garedig iawn i'r Llywodraeth Brydeinig.

Rydym yn gwynebu cenhedlaeth goll o ran safonau byw, gyda'r wasgfa fwyaf ers rhyfeoloedd Napoleon yn debyg o barhau tan o leiaf 2025, yn ôl y Resolution Foundation. Mae'r sefyllfa yma wedi cael ei greu, wrth gwrs, gan y cwmp mewn sterling.

(Translation) The end result was that the Treasury missed its debt and deficit targets by a country mile. That was all supposed to be under control by 2015. It was supposed to be a five-year project, but it looks like further fiscal contraction will now continue until the end of the next decade. Economic historians of the future will not look kindly on the UK Government. We face a lost generation in terms of living standards. According to the Resolution Foundation, the biggest squeeze since the Napoleonic wars is likely to continue until at least 2025. Of course, that came about as a result of the collapse of sterling.

According to economists, the collapse in the currency represents the least successful devaluation in history. Unlike the devaluation in China, which was driven by the People's Bank of China to make the manufacturing sector competitive, the devaluation of sterling was a direct result of markets betting against the currency, which does not reflect well on what will happen following Brexit. The fact that there has been no export boom following the devaluation of the currency—as well as the fact that the currency has not rebounded after more than a year of promises, and with the British Government outlining their position on Brexit—does not bode well for the future.

Simon Hoare: Is the hon. Gentleman aware that manufacturing output and exports are at their highest for a decade?

Jonathan Edwards: The export boom that would be expected from a 20% devaluation in sterling has not occurred. That is the factual reality of the situation. The fact that the currency is not rebounding, despite the

British Government apparently outlining what they want from the Brexit negotiations, indicates that the markets are betting against the British Government.

Chris Bryant: One of the biggest mistakes that the coalition Government made in 2010 was cutting capital budgets. That meant that we did not have the infrastructure in place that we need for a modern economy. That has hit productivity across the whole country.

Jonathan Edwards: Mae'r Bonheddw'r anrhydeddus yn gwneud pwynt cywir iawn a byddaf yn dychwelyd i'r pwyntiau hynny yn hwyrach yn fy araith.

(Translation) The hon. Gentleman makes a very valid point, and I will return to the issues he raises.

Liz Saville Roberts: A fyddai fy Nghyfaill anrhydeddus yn cydymdeimlo gyda ffermwyr fyddai'n disgwyl gyda'r bunt wan y byddai defaid o faint bach yn gwerthu'n dda ar y cyfandir? Nid dyma'r neges a glywaf gan fy ffermwyr i ym Meirionnydd.

(Translation) Does my hon. Friend sympathise with farmers who would expect smaller sheep to sell well on the continent, even though that is not the message that I am hearing from farmers in Meirionnydd?

Jonathan Edwards: Mae hynny'n wir. Roeddwn yn darllen rhywbeth ddoe bod disgwyl y bydd pris defaid, yn enwedig, a chig yn syrthio'n ddifrifol os mae Cymru'n ffeindio'i human y tu allan i'r undeb tollau. Mae'r peryglon ar gyfer y sector amaethyddol, sydd yn ein gwynebu yn y dyfodol agos, yn beryglus iawn. Mae ein arweinydd seneddol yn codi pwynt dilys iawn.

(Translation) That certainly is the case. I was reading something yesterday that said that the price of sheep, and of meats in general, is expected to fall significantly if Wales finds itself outside the customs union. The risks for the agricultural sector in the very near future are huge. Our parliamentary leader raises a very valid point.

Susan Elan Jones: Rwyf yn cytuno gyda'r Bonheddw'r anrhydeddus yn llwyr wrth iddo sôn am yr argyfwng ym myd ffermio, ond ydy e'n meddwl hefyd ein bod yn sôn nid am ffermio'n unig ond hefyd am yr economi wledig gyfan ar ôl Brexit? Mae hynny yn drychinebus, i fod yn onest.

(Translation) I agree entirely with the hon. Gentleman about the crisis in agriculture. Does he believe that we are talking about not only farmers, but the broader rural economy, as a result of Brexit? This truly is a crisis, is it not?

Jonathan Edwards: Mae'r Foneddige'r anrhydeddus yn codi pwynt hollol sylfaenol. Mae amaeth yn ganolog i'r economi wledig. Os yw amaeth yn dioddef, bydd sectorau eraill yn dioddef, megis twristiaeth a phob math o sectorau. Gallen i fynd i fewn i araeth hir iawn am beth sydd angen gwneud i amddiffyn ein sector amaethyddol, ond dwi'n credu byddaf yn mynd ychydig y tu allan i gwmpas y Gyllideb. Rwyf wir yn credu bod Brexit yn bwynt mor ganolog y dylai'r Uwch Bwyllgor yma gwrrdd eto yn fuan iawn i drafod polisi'r Llywodraeth. Credaf mai hwn, o bell ffordd, yw'r prif her sy'n ein gwynebu.

(Translation) The hon. Lady raises a fundamental point. Agriculture is a focal point for the rural economy. If agriculture suffers, other sectors will suffer, such as

[Jonathan Edwards]

tourism and others. I could make a lengthy speech about what needs to be done to protect our agricultural sector, but that might be outside the scope of the Budget. I truly believe that Brexit is such a fundamental point that this Welsh Grand Committee should meet again very soon to discuss the Government's policy. That is the major challenge facing the Government.

The Chair: Mae'r Llywodraeth wedi clywed y cais. Cariwch ymlaen os gwelwch yn dda.

(Translation) I am sure that the Government will have listened to your words. Please carry on.

Jonathan Edwards: I ddychwelyd i'r Gyllideb, mae'r Deyrnas Gyfunol—y wladwriaeth Brydeinig—wedi disgyn o'r pedwerydd i'r chweched safle yn nhabl economaidd y byd. Mae wedi colli'r raddfa credyd A driphlyg a dyma'r economi sydd bellach yn perfformio waethaf yn y G7. Mae'r eurozone—sy'n cael ei ddfenwi mor aml yn y lle yma—yn tyfu ar raddfa y gall economi Prydain ond freuddwydio amdani. Bu i'r economi Gwyddelig yn y trydydd chwarter, flwyddyn ar flwyddyn, dyfu 10.5% y llynedd, lle mae economi Cymru yn gwynebu tyfiant anemig iawn.

Y gwirionedd yw, fel dywedodd yr Aelod anrhydeddus dros y Rhondda, ar ôl y chwalfa yn 2010 ni aethpwyd i'r afael â'r diffygion strwythurol. Beth ddigwyddodd i'r addewid i ymdrin ag anghydraddoldebau cyfoeth sectorol a daearyddol? Dyna beth oedd George Osborne yn siarad amdano dro ar ôl tro yn 2010. Maent yn gronig bellach, ac yn gwaethygu. Does dim rhyfedd nad yw Aelodau'r Meinciau gyferbyn bellach yn sôn am eu slogan y cynllun economaidd hir-dymor: mae'r economi yn gwynebu anawasterau difrifol yn y tymor byr i ganolog.

Wnaf i ddim disgyn i'r demtasiwn o feirniadu Llywodraeth Prydain eto fyth am ddewis y llwybr Brexit mwyaf economaidd niweidiol. Digon yw dweud fod y strategaeth y cytunwyd arni ymlaen llaw o adael y farchnad sengl a'r undeb tollau yn cael ei gofnodi mewn hanes fel gweithred o hunan-niweidio economaidd hollol ddideimlad. Nid dim ond ein masnach gydag Ewrop sy'n cropan ar ddibyn trychineb. Os bydd y Deyrnas Gyfunol yn gadael yr undeb tollau, bydd cytundebau masnach newydd yn cael eu trafod gan Lywodraeth y Deyrnas Gyfunol yn hytrach na'r Undeb Ewropeaidd. O ystyried dibyniaeth anghymesur y Ddeyrnas Gyfunol ar wasanaethau ariannol a phŵer lobi Dinas Llundain, mae gwir bosibilrwydd yr aberthir buddiannau diwydiant gweithgynhyrchu ac amaethyddiaeth Cymru er mwyn cael triniaeth mwy ffafriol i fuddiannau Dinas Llundain.

(Translation) To return to the Budget, the UK has fallen from fourth to sixth in the global economic tables; it has lost its triple A credit rating and is the worst-performing economy in the G7. The much-maligned eurozone is growing at a rate that the British economy can only dream of. In the third quarter last year, the Irish economy grew 10.5% year on year, whereas the Welsh economy faces very anaemic growth. As the hon. Member for Rhondda said, following the 2010 crash we did not tackle the structural deficiencies. What happened to the pledges to address sectoral and geographical wealth inequalities? George Osborne talked about that consistently in 2010, but they

are now chronic and getting worse. No wonder Conservative Members are no longer parroting their slogan "long-term economic plan". The truth is that the economy faces serious problems in the short to medium term.

I will resist the temptation to criticise once again the British Government for choosing the most economically damaging Brexit path. The predetermined strategy of leaving both the single market and the customs union will go down in history as an act of callous economic self-harm. It is not just our trade with Europe that will be perilously close to disaster if UK leaves the customs union: new trade deals will be negotiated by the UK Government rather than the EU, and given the UK's disproportionate reliance on financial services and the power of the City of London lobby, there is a real prospect that the interest of Welsh manufacturing and agriculture will be sacrificed to gain more favourable treatment for the City of London.

Trade negotiations are a bargaining process, a negotiation between two sides. There is no doubt in my mind, looking at the personnel in the Department for International Trade, that their priority in these negotiations will be ensuring maximum access for the London financial sector to the markets of other countries. What will they want? They will want access to our food sector, of course. That will be the obvious trade-off.

A prime example of that is what happened with Chile. There is a European Union trade deal in place at the moment, and despite our protestations that leaving the customs union would result in those third countries wanting to renegotiate their arrangement with the UK, what did the British Government say? "No, it'll be all the same; it'll be the status quo, no problem. Nothing will change." What did Chile want? It wanted enhanced access to our food markets. That is a foretaste of what is facing key sectors of the Welsh economy in Brexit Britannia.

Fel y gosodwyd ym mhapur diweddar Llywodraeth Cymru ar gytundebau masnach, llawer o ardaloedd tlotaf Cymru yw'r rhai sy'n dibynnu fwyaf naill ai ar weithgynhyrchu neu'r diwydiant amaethyddol—ardaloedd sydd debycaf o golli eu gwarchodaeth wrth i Lywodraeth y Deyrnas Gyfunol ffarwelio â hwy wrth chwilio am gytundebau masnach.

(Translation) As was set out in the Welsh Government's recent paper on trade deals, many of the poorest areas in Wales are the most dependent on either manufacturing or the agricultural industry—areas prime for the UK Government to negotiate away their protections in search of trade deals.

I must make the point that the Welsh Government's statement on trade yesterday was deeply disappointing, with the First Minister refusing to ensure that the Welsh Government would have a full say in what trade deals were signed in future. The reality that Wales will face as a country is that Wallonia, a region of Belgium, will have greater say over European Union trade deals than Wales will have within the British state over future UK trade deals—

The Chair: Order. I think the hon. Gentleman has got a bit ahead of himself and thinks he has been given the second debate on Brexit and the European Union. We need to stick to the Budget.

Geraint Davies rose—

The Chair: I am sure that the hon. Member for Swansea West is going to intervene on the Budget.

Geraint Davies: On the Budget's implications for agricultural trade, is the hon. Member for Carmarthen East and Dinefwr aware that the World Trade Organisation struck down and penalised the EU when it said it would not allow hormone-impregnated beef into the EU? Still, the EU has resisted hormone-impregnated beef. Does he not think that, if we stand alone against the United States and it wants to impose hormone-impregnated beef on Welsh consumers, with the WTO behind it, we will have to like it or lump it?

Jonathan Edwards: The hon. Gentleman makes a valid point. The hon. Member for Caerphilly and I were in the United States a few years ago, and we had a very interesting discussion with the food lobby there. I guarantee that it carries a lot of weight, and that is a clear indication of some of the problems we will face in future.

I shall return to the Budget.

Mewn polisi ariannol y mae'r perygl arall. Mae polisi ariannol hynod lac gan y Banc Canolog wedi cynnal yr economi ers 2010, a bydd oes yr arian rhad yn diflannu'n raddol wrth i gyfraddau llog gychwyn ar eu taith tuag at normaleiddio.

Yn ystod y cyfnod hwnnw, daeth twf economaidd i ddbynnu fwyfwy ar wariant gan ddefnyddwyr fel canran o GDP. Bydd methiant i ail-gydbwyso oddi wrth economi a gynhelir gan ddyled cartrefi yn rhwystr sylweddol yn y blynyddoedd i ddod.

(Translation) Monetary policy is another danger. The ultra-loose monetary policy of the central bank has sustained the economy since 2010, and the area of cheap money will gradually be removed as interest rates begin their journey to normalisation. During that period, economic growth has become even more reliant on consumer spending as a percentage of GDP. Failure to rebalance from an economy sustained by household debt will be a significant barrier in years to come.

Personal debt is reaching the level it was at before the great crash of 2008. That should be of great concern to us all.

Mae dirwasgiadau yn dueddol o ddod bob degawd, sy'n golygu, naw mlynedd wedi chwalfa ariannol fawr 2008 ein bod yn nes at ddiwedd y cylch na'i gychwyn. Nid yw'r methiant i neidio'n ôl yn sydyn o'r chwalfa fawr ac i ail-gydbwyso yn sectoraidd a daearyddol, na dibyniaeth yr economi ar beiriant cynnal bywyd polisi arianyddol yn argoeli'n dda at y dyfodol.

(Translation) Recessions tend to come each decade, which means that nine years after the great financial crash of 2008, we are far nearer the end of the cycle than its beginning. The failure to rebound sharply from the great crash, the failure fundamentally to rebalance sectorally and geographically, and the reliance of the economy on the life support of monetary policy do not bode well for the future.

The failure to rebound quickly from the great recession, the failure to rebalance sectorally and geographically, and the decade-long dependence on the life support of ultra-loose monetary policy do not bode well for the future.

O ystyried graddfa'r her, nid yw'r Mesur Cyllid yn addas. Cyn ymdrin â rhai o gymalau'r Mesur hwn, carwn ganolbwyntio ar rai o'r darpariaethau sydd, ysywaeth, ar goll.

Mae model economaidd y Deyrnas Gyfunol a ddilynwyd ers degawdau gan holl bleidiau sefydliad San Steffan wedi ei seilio ar hyrwyddo gweithgarwch a chyfoeth yn Llundain a de-ddwyrain Lloegr. Dylai'r anghydraddoldebau daearyddol o ran cyfoeth fod yn destun cywilydd i wleidyddion San Steffan. Mae naw o'r deg rhanbarth tlotaf yng ngogledd Ewrop yn y wladwriaeth Brydeinig yn ogystal â'r un cyfoethocaf. Yn anffodus, wrth gwrs, mae gorllewin a gogledd Cymru ymysg y tlotaf. Dylai'r Trysorlys fod yn ceisio ymdrin â'r record gywilyddus hon, ac eto does dim yn y mesur cyllid hwn fydd o ddifrif yn mynd i'r afael â'r heriau o'n blaenau.

Efallai mai un o ganlyniadau Brexit fydd y bydd cwmnïau ariannol Dinas Llundain yn adleoli i Baris, Frankfurt a Dilyn. O ystyried hynny, dylai Llywodraeth Prydain ymateb drwy ganolbwyntio ar sectorau economaidd eraill, yn enwedig gweithgynhyrchu. Dylai hyn arwain at symud y pwsylais ymaith o dde-ddwyrain Lloegr i'r cenedloedd a'r rhanbarthau.

Yn anad dim, dylai Cymru gael y grym cyllidol i lunio ein heconomi ein hunain. Mae'n warthus fod gan yr Alban a Gogledd Iwerddon setliad cyllidol a threthiannol llawer gryfach na Chymru. Oherywdd hyn, bydd economi Cymru dan anfantais sylweddol. Dydw i methu deall pam nad yw gwleidyddion o'r pleidiau Unoliaethol a bleidleisiodd o blaid rhoi mwy o bwerau i'r Alban a Gogledd Iwerddon yn barod i ddarparu ar gyfer ein cenedl ni ein hunain.

Hyd yn oed os ydym yn rhoi i'r neilltu yr anghydraddoldebau cyfansoddiadol, mae'r sefyllfa yn golygu fod Llywodraeth Cymru yn llai abl i ymyrryd yn ein heconomi. Os mai Brexit caled fydd hi, dylid datganoli portffolio cyfan o drethi, gan gynnwys treth teithwyr awy, treth ar werth a threth gorfforaeth.

Dylai buddsoddi mewn seilwaith gael ei wasgaru'n fwy cyfartal ar draws y wladwriaeth Brydeinig.

(Translation) Considering the scale of the challenge, the Finance Bill is in no way fit for purpose. Before addressing some of the measures in the Bill, I will concentrate on some provisions that are sadly missing. The UK economic model, which has been followed for decades by all the establishment parties in Westminster, is based on promoting activity and wealth in London and the south-east of England. The geographical wealth inequality should be a matter of shame for Labour and all politicians in Westminster. Nine of the 10 poorest regions in northern Europe are in Britain, as well as the richest. Unfortunately, west Wales and north Wales are among the poorest. The Treasury's overriding aim should be to address that shameful record, but nothing in the Finance Bill will seriously get to grips with the challenges facing us.

One consequence of Brexit might be the relocation of London-based financial companies to Paris, Frankfurt or Dublin. Given that, the British Government should focus on other economic sectors, and manufacturing in particular. That should shift the focus away from London to the nations and regions.

First and foremost, Wales should be empowered to create its own economy. It is disgraceful that Scotland and Northern Ireland have stronger financial settlements than Wales. Given that, the Welsh economy will be at

[Jonathan Edwards]

severe disadvantage. I cannot understand why politicians from Unionist parties vote in favour of giving more power to Scotland and Northern Ireland, but are unwilling to do so for our own nation. Putting aside the constitutional imbalances, that means that the Welsh Government are less able to intervene in our economy. If we are to have a hard Brexit, a portfolio of taxes should be devolved, including air passenger duty, VAT and corporation tax.

Infrastructure investment should be more evenly spread across Britain. Why should Welsh taxpayers' money be spent on English projects?

Chris Bryant: We had a vote last week on what we will do about the Palace of Westminster, where lots of people were anxious about us spending so much money in London. Is there not a really important thing we could do for every region of the United Kingdom? After Brexit, we will not have the skills in this country to complete the work on one of our biggest infrastructure projects, so should we not set up a parliamentary apprenticeship scheme so that people can gain those skills in Wales, with every constituency in Wales having someone working on the project here?

Jonathan Edwards: Mae'r Bonheddwr anrhydeddus yn codi pwynt dilys. Ces i ddim y cyfle i wneud y pwynt yma yn ystod y ddadl, ond yn bersonol byddwn i wedi moyn symud y Senedd allan o Lundain. Rydw i'n credu byddai hynny wedi bod yn symbol o'r angen i ddatganoli'n economaidd y Wladwriaeth Brydeinig. O ystyried bod y penderfyniad bellach wedi cael ei wneud—rwy'n llongyfarch y Bonheddwr anrhydeddus ar ennill ar ei welliant—dylem nawr fanteisio ar y cyfle i sicrhau bod y buddsoddiad hynny yn cael ei wasgaru ledled y Wladwriaeth Brydeinig. Rwy'n credu bod yna job wirioneddol i'w wneud ar hynny, ac rwy'n edrych i'r Bonheddwr anrhydeddus i gynnig arweiniad, o ystyried mai fe sydd wedi arwain y ddadl i aros fan hyn—dyna job fach iddo fe dros y blynnyddoedd nesaf.

(Translation) The hon. Gentleman raises a valid point. I did not have the opportunity to make this point during the debate, but I wanted to move Parliament away from London, because that would be a symbol of the need to devolve the British states economically, too. Given that a decision has been made—I congratulate him on getting his amendment to that motion through—we should take every opportunity to ensure that that investment is spread across Britain. There is a real job to be done there, and I look to him to give leadership on that over the next few months, given that he has led the debate for remaining here.

Liz Saville Roberts: Ar destun yr ardoll brentisiaethau, onid yw'n amser i ni gael mwy o eglurdeb ynglyn â chwmnïau gyda'u prif swyddfeydd tu allan i Gymru a gyda gweithwyr o Gymru, a'r arian sydd yn cael ei drosglwyddo o'r Trysorlys fan hyn i Gaerdydd? Yn enwedig, mae'r ardoll o 0.5% yn cael ei chodi ar gyflogres pedwar Heddlu Cymru, ond nid yw hynny o ddewis Llywodraeth Cymru ac nid ydyw'n cael ei rhoi tuag at hyfforddiant yr heddlu.

(Translation) On apprenticeships, is it not time for us to get greater clarity on businesses that are headquartered outside Wales but have workers from Wales, with respect to the money that is transferred from the Treasury to Cardiff?

In particular, the levy is raised on the four police forces of Wales, which can apply to their wage packets, but it does not come under the responsibility of the Welsh Government and it does not reach the police's training budgets.

Jonathan Edwards: Mae hynny'n bwynt hollol deg o ran prentisiaethau plismona. Yn sicr, bydd Aelodau ein plaid ni yn ei godi yn y ddadl ar Lawr y Tŷ prynhawn yma. Y cwestiwn sylfaenol yw: pam y dylid gwario arian trethdalwyr Cymru ar brosiectau yn Lloegr tra bod Llywodraeth Prydain yn gwrthod buddsoddi mewn prosiectau Cymreig ac mewn gwirionedd yn torri addewidion megis trydaneiddio'r rheilffordd i Abertawe? Rydym ni wedi clywed lot yn barod am y pwnc hynny yn ystod y ddadl.

Os yw Llywodraeth Prydain eisiau codi cynhyrchedd mewn ardaloedd daearyddol sydd yn perfformio'n wael, rhaid iddynt ailgyfeirio buddsoddiad i'r ardaloedd hynny yn hytrach na lluchio popeth at Lundain. Mae pawb bellach yn cytuno bod buddsoddiad estynedig, tymor hir mewn seilwaith yn un o ragofynion llwyddiant economaidd. Os edrychwn ar fuddsoddiad o'r fath dros y degawdau aeth heibio, yr hyn a welwn yw cyfran anghymesur o fuddsoddiad o'r fath yn mynd i Lundain a de-ddwyrain Lloegr. Gallwn edrych ar HS1, lein y Jiwibili, lein Victoria, Crossrail 1, Crossrail 2, yr M25 a HS2. Ni fu buddsoddiad cyffelyb yn unrhyw wlad na rhanbarth arall o'r Deyrnas Gyfunol. Pam? Oherwydd nifer o ffactorau, gan gynnwys agwedd Lundain-ganolog y pleidiau Unoliaethol. Gall hefyd fod oherwydd y modelau economaidd a ddefnyddir wrth werthuso buddsoddiadau o'r fath.

O ystyried y swyddi sydd wedi eu canoli yn Llundain, mae'r elw tymor byr ar bob punt a fuddsoddi mewn seilwaith yn debygol o fod yn uwch yno na mewn rhannau eraill o'r wladwriaeth Brydeinig. Mae hyn yn ei dro yn arwain at sbiral lle mae symiau cynyddol o fuddsoddiad trafniadaeth yn mynd i Lundain, ac yn eu tro mae'r rhanbarthau tlotaf yn mynd i'r sbiral tuag at i lawr. Mae yma wers inni yng nghyd-destun Cymru. Fel dywedodd fy Nghyfaill anrhydeddus dros Geredigion, mae'r buddsoddiad gan Lywodraeth Cymru wedi'i anelu'n fwyfwy at Gaerdydd a'r de-ddwyrain yn hytrach na chael ei wasgaru ar draws ein gwlad.

Yn 2015-16, yr oedd gwariant cyhoeddus ar drafniadaeth yn £973 y pen yn Llundain o gymharu â £444 yng Nghymru. Petai lefel y gwariant yng Nghymru yr un fath ag yn Llundain, buasem yn derbyn £1.6 biliwn yn ychwanegol y flwyddyn i'w fuddsoddi. Mae'r anghydraddoldebau cyfoeth mor ddirifol yn y wladwriaeth Brydeinig fel y dylid anfon swyddogion y Trysorlys i'r Almaen i ddysgu gan yr Almaenwyr sut y gwnaethant ymdrin ag anghydraddoldebau cyfoeth daearyddol yn dilyn cwmp wal Berlin.

(Translation) That is an entirely fair point. Members of our party will return to that point on apprenticeships in policing in this afternoon's debate on the Floor of the House. The fundamental question we must ask is why Welsh taxpayers' money should be spent on English projects while the British Government refuse to invest in Welsh projects, and renege on promises such as the electrification of the main line to Swansea. We have heard much about that already. If the British Government want to raise productivity in low-performing areas, they must redirect investment into those areas, rather than throwing everything at London.

It is widely agreed that sustained long-term investment in infrastructure is a prerequisite of economic success. In recent decades, a disproportionate amount of that investment has been made in London and the south-east of England, such as that on HS1, the Jubilee line, the Victoria line, Crossrail 1, Crossrail 2, the M25 and HS2. There has been no comparable investment in any other country or region of the UK. Why? It is due to a number of factors, including the Unionist parties' London-centric approach. It may also be because of the economic models employed in evaluating such investments.

Given the concentration of employment in London, the short-term return on every pound invested in infrastructure is likely to be higher there than in other parts of the UK. That, in turn, leads to a spiral, in which ever-increasing amounts of investment in transport go to London, and the poorest regions spiral downwards. I believe there is a lesson there for us about the Welsh context. My hon. Friend the Member for Ceredigion made the point that Welsh Government investment is targeted more and more at Cardiff and the south-east, rather than being spread across the nation.

In 2015-16, identifiable public expenditure per capita was £973 in London, compared with £444 in Wales. If the level of spending in Wales were the same as it is in London, we would receive an extra £1.6 billion per annum for investment. The wealth inequalities are so important that Treasury officials should be sent to Germany to learn how it went about addressing the geographical wealth inequalities following the fall of the Berlin wall.

Essentially, Germany made a strategic decision to deal with the wealth inequalities in the reunified Germany, which was based on operating aids and tax incentives for the poorer regions, and the deliberate redirection of foreign direct investment into the poorer parts of the state.

Yn niffyg hynny, rhowch inni yng Nghymru yr arfau i fwrw ymlaen â'r dasg o adeiladu ein gwlad ein hunain, oherwydd dengys hanes nad yw aros am Lywodraethau San Steffan—o ba bynnag liw—i gyflawni pethau ar gyfer Cymru yn debyg o ddelio â'n problemau. Mae Cymru wedi dioddef nid yn unig o ddiffyg sylw a buddsoddiad gan Lywodraeth y Deyrnas Gyfunol ond o flerwch llawer Llywodraeth Lafur yng Nghymru a'u hanallu i gyflawni. Mae eu hymdrech ddiweddaraf i greu strategaeth economaidd yn rhyfeddol am ei bod heb unrhyw ddangosyddion perfformiad allweddol i fod yn ganllaw i'r sawl sydd i fod i weithredu'r strategaeth ac i alluogi'r gweddill ohonom i fesur pa mor llwyddiannus yw'r strategaeth.

Roedd y Gyllideb yn wan iawn. Ystyriwn y gwyliau treth stamp. Dywedodd Pwyllgor Dethol y Trysorlys, Swyddfa Cyfrifoldeb y Gyllideb a'r Sefydliad Astudiaethau Cyllid y bydd polisi'r Llywodraeth o roi gwyliau treth stamp, y buont mor uchel eu cloch yn ei gylch, yn gwthio prisiau tai i fyny o ryw 0.3%, gyda'r rhan fwyaf o'r cynnydd yn digwydd eleni. Yn y Gyllideb, neilltuwyd £3 biliwn yn ychwanegol i gynllunio am Brexit. Felly yn hytrach na £350 miliwn yr wythnos i'r gwasanaeth iechyd, yr ydym yn gwario yn agos i £58 miliwn yr wythnos ar fiwrocratiaid y wladwriaeth Brydeinig—ac nid ydynt hwy, hyd yn oed, fel petaent yn rhoi'r atebion mae'r Llywodraeth eisiau eu clywed i'r cwestiynau nad oeddent eisiau eu gofyn.

Er iddynt gynnig rhyw godiad pitw o £2.8 biliwn i'r gwasanaeth iechyd yn Lloegr dros y tair blynedd nesaf, mae hyn yn edrych fel rhywbeth rhy fach yn rhy hwyr,

gan ystyried y storïau yn y wasg dros y misoedd diwethaf. Yng nghanol argyfwng y gaeaf, gwelwn effeithiau tan gyllido cronig yn y gwasanaeth iechyd yn Lloegr. Mae'n amlwg na allwn ymddiried yn y Ceidwadwyr i ofalu am y gwasanaeth iechyd yn Lloegr. Fodd bynnag, dyw record Llafur yng Nghymru ddim llawer gwell. Fel gyda'r rhan fwyaf o bethau, maent yn siarad digon o eiriau teg yn San Steffan, ond lle maent mewn grym, mae'r stori yn wahanol iawn.

Mae'r newidiadau i'r credyd cynhwysol—universal credit—a chynlluniau i wneud i ffwrdd â'r cyfnod cychwynnol o saith diwrnod i hawlwr pan na fuesent wedi bod yn gymwys i gael budd-daliadau, a lleihau'r cyfnod aros presennol o chwech wythnos i'r rhan fwyaf o hawlwr i bump wythnos, i'w groesawu. Ond mae hyn yn gyfystyr, mewn gwirionedd, a rhoi plaster ar goes sydd wedi torri. Mae'r ffordd ddi-drefn y cyflwynodd y Llywodraeth y credyd cynhwysol, a'r modd y gweinyddir cynlluniau lles yn ehangach, yn gywilyddus. Mae ymwneud â chwmnïau preifat mewn lles yn anfoesol ac yn anghyfrifol. Ni ddylai cwmnïau fel Capita elwa o drueni pobl eraill. Rydym yn croesawu'r dreth ar werthiannau a gynhyrchir yn y Deyrnas Gyfunol a fydd yn effeithio ar fusnesau digidol mawr fel Apple a Google. Ond unwaith eto, fodd bynnag, gwyddom fod y Torïaid yn gwrthwynebu llawer o newid yn strwythur ein system dreth, sydd ar hyn o bryd â thyllau dianc sy'n caniatáu osgoi gwerth £13 biliwn mewn trethi, a pheidio â thalu mwy fyth. Doedd dim ymrwymiad penodol i gynyddu cyflogau gweithwyr y sector cyhoeddus, y rhewyd eu cyflogau—ac a gapiwyd wedyn ar 1%—ers 2010. Diolch i chwyddiant, mae hyn yn golygu fod cyflogau nyrsys wedi eu torri mewn gwirionedd o 14%. Mae Cymru yn dal i dderbyn llai y pen na Llundain. Yn anffodus, mae'r blaid Lafur yn methu gwneud yn iawn am y cam yng Nghymru, er fod ganddynt y pwerau i wneud hyn, fel mae'r Llywodraeth SNP wedi llwyddo i wneud yn yr Alban.

Mae Cymru'n dal yn derbyn llai y pen na Llundain. Yma mae rhai o gymunedau tlotaf Ewrop ac mae toriadau enfawr mewn cyllid o ganlyniad i Brexit. Mae'n her sylweddol i sectorau allweddol ein economi. Ac eto, mae'r Canghellor yn dewis defnyddio ystadegau fyddai'n fwy addas i un o fysiau mawr coch yr Ysgrifennydd Tramor i honni y bydd cynnydd o £1.2 biliwn yng nghyllid cyhoeddus Cymru o Gyllideb yr hydref. Roedd yn ddiddorol iawn yn ystod cyflwyniad yr Ysgrifennydd Gwladol: wnaeth e ddim defnyddio'r ffigur hynny yn benodol yn ei araith, gan ei fod yn gwybod, fel dywedodd arweinydd Aelodau Seneddol Cymreig y blaid Lafur yma heddiw, bod dros hanner yr arian hwnnw yn fenthyciadau—neu fiscal transactions—y bydd yn rhaid i Lywodraeth Cymru dalu yn ôl.

Doedd dim sôn am drydaneiddio'r rheilfyrdd, sydd wedi ei ganslo er yr adedw i'r roddwyd; dim sôn am y morlyn llanw ym Mae Abertawe, a dim golwg ohono yn y Gyllideb; a chyllid i wasanaethau datganoledig rhyw £750 miliwn yn is nag ar ddechrau'r ddegawd. Dyna record y Llywodraeth Brydeinig pan mae'n dod at Gymru. Mae stori'r Gyllideb hon yn hollol glir: nid yw San Steffan yn beco am Gymru.

(Translation) Failing that, give us in Wales the tools to move ahead with the job of building our own country. History demonstrates that waiting for Westminster Governments of whatever colour to deliver for Wales is unlikely to address our problems. Wales has suffered not only from the UK Government's lack of attention and

[Jonathan Edwards]

investment, but from successive Labour Governments' ineptitude in Wales and their inability to deliver. The latest effort to create an economic strategy is remarkable in that the strategy is without any measurable key performance indicators to guide those who are to implement it and enable the rest of us to gauge how successful its implementation is.

Let me turn to some specific aspects of the Budget, which was very weak. The Treasury Committee, the Office for Budget Responsibility and the Institute for Fiscal Studies stated that the Government's policy of a stamp duty holiday, which they were so vocal about, will push house prices up by 0.3%, and that most of the increase will come through this year. The Budget provided £3 billion to plan for Brexit. Rather than the £350 million for the health service that we were promised, we are spending almost £58 million per week on bureaucracy in the British state. The bureaucrats are not even providing the answers that the Government want to hear.

The minute increase of £2.8 billion for the NHS in Wales is too little, too late, given the stories in the press in the past few months. The winter crisis has shown the impact of the chronic underfunding of the NHS in England. It is clear that we cannot trust the Conservatives to take care of the NHS in England. However, Labour's record in Wales is not much better. Labour Members speak warm words in Westminster, but when they are in power the story is very different indeed.

The changes to universal credit, including the plan to do away with the initial period of seven days in which claimants cannot receive payments and the reduction of the waiting time from six weeks to five weeks for most claimants, are to be welcomed, but they amount to putting a plaster on a broken leg. The chaotic way in which universal credit was introduced and the way that welfare is administered more generally is disgraceful. The involvement of private companies is immoral and irresponsible. Companies such as Capita should not benefit from the misery of others. We welcome the introduction of a tax on sales generated in the UK, which will affect companies such as Apple and Google, but we know that the Tories are opposed to making changes to our tax structure, which contains loopholes that allow for the avoidance of £13 billion of taxation.

The Budget contained no specific commitment to increase public sector pay, which has been frozen and capped at 1% since 2010. Thanks to inflation, that means that nurses have had a real-terms cut to their salaries of 14%. The Labour party, unfortunately, has not put that right in Wales, as the Scottish National party Government managed to do in Scotland, despite having the power to do so.

Wales still gets less per capita than London. It has some of the poorest communities in Europe, and there are huge cuts to budgets as a result of Brexit, and significant challenges to crucial sectors of our economy. Yet the Chancellor chooses to use statistics that would be more appropriate for one of the Foreign Secretary's red buses, to claim an increase of £1.2 billion in the Welsh budget emerging from the autumn Budget. It was interesting that the Secretary of State did not use that figure during his opening remarks, because he knows that, as the shadow Secretary of State for Wales said here on behalf of Welsh Labour MPs, more than half of that is fiscal transactions that the Welsh Government will have to repay.

There was no mention of the electrification of rail, which has been cancelled, despite the pledge that was given; there was no talk of the tidal lagoon in Swansea Bay, and no sign of that in the Budget either; and funding for devolved services is lower by some £750 million than it was at the beginning of the decade. That is the record of the British Government with respect to Wales. The story of the Budget is clear: Westminster does not care about Wales.

The Chair: Galwaf ar Gadeirydd y Pwyllgor Materion Cymreig.

(Translation) I call the Chair of the Welsh Affairs Committee.

10.56 am

David T. C. Davies (Monmouth) (Con): Diolch yn fawr, Mr Owen, am fy ngalw heddiw. Rwyf eisiau siarad ychydig am waith y Pwyllgor. Yn amlwg, mae'r Pwyllgor Materion Cymreig yn gyfrifol am graffu ar bolisiau sy'n cael eu heffeithio gan y Gyllideb. Ers i mi ddechrau yn 2010, mae'r Pwyllgor Materion Cymreig wedi cymryd diddordeb mawr yn y sefyllfa gyda phont Hafren. Rydym wedi clywed tystiolaeth gref bod effaith y tollau yn ddrwg iawn ar yr economi yn ne Cymru. Rydym wedi profi fel Pwyllgor fod maint incwm o'r tollau yn llawer mwy na'r gost o gynnal a chadw, a gwnaethom alw ar y Llywodraeth i'w lleihau. Felly, roeddwn wrth fy modd gyda'r penderfyniad ar ôl y Gyllideb i gael gwared ohonynt yn gyfangwbl. Rwyf yn talu teyrnged i Ysgrifennydd Cymru am ei rhan yn y penderfyniad. Gobeithio y bydd hefyd yn derbyn, gyda llaw, bod y Pwyllgor Materion Cymreig wedi cael effaith da ar y penderfyniad. Bydd y penderfyniad yn cael effaith arbennig o dda ar yr economi gyfan yn yr ardal, ond buasai'n well o lawer pe buasai Llywodraeth Llafur Cymru yn gallu dechrau'r gwaith ar ffordd osgoi'r M4.

Ar bwnc trafnidiaeth, mae'r Ysgrifennydd wedi tynnu sylw at y polisi yn ymwneud â'r rheilffyrdd. Mae'r Pwyllgor newydd orffen cymryd tystiolaeth ar y penderfyniad i drydanu'r rheilffordd rhwng Llundain a Chaerdydd. Rydym wedi clywed bod rhywun wedi gwneud camgymeriadau mawr a sylfaenol. Does neb wedi cyfri'r nifer o dwnelau na phontydd. Roedd rhaid iddynt newid y math o drenau a, hyn yn oed, y math o drydan. Felly, mae costau wedi mynd trwy'r to ac mae'r ffigyrau gwerth am arian yn ofnadwy. Mae'n rhaid i mi ddweud, gan ddechreuon ni'r ymholiad, gofynnais i'm hunan pam wnaeth y Llywodraeth ddim trydanu hyd at Abertawe. Ond yn y diwedd, roeddwn yn gofyn i'm hunan pam wnaeth y Llywodraeth ddechrau yn y lle cyntaf.

Mae amaeth yn rhywbeth sy'n bwysig i'r mwyafrif ohonom yng Nghymru. Mae Brexit yn agos at galon bob un ohonom hefyd. Felly, roedd yn naturiol bod y Pwyllgor wedi edrych ar effaith Brexit ar ffermwyr. Rwyf yn hollol hyderus y bydd y sector amaeth yn ffynnu yn yr hir dymor. Ond yn y byr dymor, pe buasen ni'n tynnu allan heb rhyw fath o gytundeb masnach, mae'n bosib bydd rhai sectorau amaeth yn gwynebu heriau. Mae llawer o gytuno am y ffordd ymlaen. Mae'r undebau wedi galw ar y Llywodraeth i gadw yr un lefel o daliadau ac mae'r Llywodraeth wedi cytuno. Mae'r undebau yn meddwl ei fod yn bwysig i gael rhyw fath o fframwaith taliadau ledled Prydain ac mae pawb yn cytuno gyda nhw, er bod angen i ni drefnu sut y bydd Seneddau ledled Prydain yn dweud eu dweud.

Y peth pwysig yw'r sefyllfa o ran mynediad i'r farchnad sengl. Pe buaswn yn gallu cael cytundeb, byddai gennym sefyllfa business as usual, ond pe buaswn ni'n tynnu allan ac yn masnachu o dan rheolau'r World Trade Organisation, bydd rhai sectorau'n gwynebu heriau, ac yn enwedig y sector cig oen yng Nghymru. Pe buasai hynny yn digwydd, mae'n rhaid i ni ail-edrych ar y system o daliadau a sicrhau bod yr arian yn cael ei ddosbarthu mewn ffordd deg.

Os yw hynny'n digwydd, dylem ail-edrych ar y system daliadau a sicrhau bod yr arian yn cael ei ddosbarthu yn deg. Dydw i ddim am fynd tu allan i gylch gwaith y Pwyllgor, ond rydw i'n hollol o blaid Brexit ac yn edrych ymlaen at gymryd yn ôl rheolaeth dros ein ffiniau, ein harian a'n deddfwriaeth.

Diolch i chi, Mr Owen, ac i'r Ysgrifennydd Gwladol am ganiatau i ni ddefnyddio'r iaith Gymraeg wrth galon San Steffan. Mae hyn yn nodweddiadol o'r parch mae'r plaid Geidwadol wastad wedi dangos tuag at yr iaith Gymraeg. Os gallaf gynnig gair o feirniadaeth adeiladol, yn fy marn i, rydym ni yn gwario efallai gormod o arian ar gyfieithu dogfennau swyddogol mewn i'r Gymraeg—nid oes unrhywun yn mynd i'w darllen yn y Saesneg na'r Gymraeg. Rydym hefyd, yn ardaloedd fel Sir Fynwy, yn gwario llawer o bres ar ddysgu'r iaith i blant nad oes gennynt unrhyw ddiddordeb o gwbl ynddi.

Ar yr un pryd, mae llawer o grwpiau o oedolion yn ein cymunedau sydd eisieu dysgu'r iaith Gymraeg. Yn fy marn i, mae ychydig o eiriau o Gymraeg ar y strydoedd werth mwy na filoedd o eiriau o Gymraeg mewn dogfennau nad oes unrhywun yn mynd i'w darllen. Efallai dylem ail-edrych ar sut rydym yn gwario yr arian.

A gaf fi ddiolch i aelodau presennol a chyn-aelodau y Pwyllgor Materion Cymreig? Pryd bynnag mae aelodau newydd yn ymuno, mae'n ymddangos i mi eu bod nhw'n cael eu harwyddo rhywle arall yn syth—gydag eithriadau, yn amlwg. Rydw i'n edrych ymlaen at weithio gyda nhw tra rydw i'n parhau fel Cadeirydd.

(Translation) Thank you for calling me, Mr Owen. I want to say a little about the work of the Committee. We are responsible for scrutinising policies affected by the Budget.

Since I took on my role in 2010 the Welsh Affairs Committee has taken a great interest in the situation regarding the Severn bridge. We have heard strong evidence that the impact of the tolls is detrimental to the economy of south Wales. The Committee has proved that the scale of the tolls is far greater than the cost of maintenance. We called on the Government to reduce them, so I was delighted with the decision taken post-Budget to abolish them entirely. I pay tribute to the Secretary of State for Wales for his part in it. I hope he will accept that the Committee had some impact on that decision, which will have a particularly positive effect on the whole economy of the area. However, things would be far better if the Welsh Labour Government could start work on the M4 relief road.

On the issue of transport, clearly the Secretary of State has highlighted rail policy, and the Committee has just concluded its evidence gathering on the decision to electrify the line between London and Cardiff. We have heard that fundamental mistakes were made. No one counted the bridges and tunnels; the types of trains, and even the type of electricity, had to be changed, and therefore costs have gone through the roof and value-for-money figures are dreadful. When I started the inquiry

I asked myself why the Government did not electrify all the way to Swansea. Ultimately I asked myself why they had started the whole project in the first place.

Clearly, agriculture is an important issue for most of us in Wales, and Brexit is also an issue close to each of our hearts; so it was natural that the Committee decided to look at its impact on farmers. I am entirely confident that the agricultural sector will grow in the long term, but it is possible that in the short term, if we were to withdraw without some sort of trade deal, some agricultural sectors would face significant challenges. However, there is a great deal of agreement on the way forward. The unions have called on the Government to retain the same level of payments, and they have agreed. The unions believe that it is important to have some sort of cross-UK payments framework, and everyone seems to be in agreement, although we have to sort out how Parliaments across the UK will have their say on that.

What is important, of course, is the situation in relation to the single market, and access to the single market. If we could achieve agreement we would have some sort of business-as-usual scenario, but if we were to withdraw and trade under WTO regulations some sectors, clearly, would face challenges—particularly the lamb sector in Wales. If that were to be the case, we would have to review the system of payments and ensure that the funding is distributed fairly. Now I do not want to go beyond the remit of this debate, but I am entirely in favour of Brexit and I look forward to taking back control of our borders, our money and our legislation in this country.

May I thank you, Mr Owen, and the Secretary of State for allowing us to use the Welsh language at the heart of Westminster today? It is characteristic of the part that the Conservative party has played in the development of the Welsh language. If I may give a word of constructive criticism, in my view we are spending too much money translating official documents into Welsh when no one is going to read them in Welsh or in English. We spend a great deal of money in areas such as Monmouthshire teaching children who have no interest in the language. Simultaneously, there are many adult groups in our communities who do want to learn and use the Welsh language. In my view, a few words of Welsh on our streets are worth thousands of words in documents that are unlikely to be read. Perhaps we should review the way we spend money on the Welsh language.

I thank you, Mr Owen, and current and former members of the Welsh Affairs Committee. It appears to me that once someone actually joins the Committee they are signed up elsewhere, so I thank them and look forward to working with them while I continue as its Chair.

11.2 am

Kevin Brennan (Cardiff West) (Lab): Mae'n bleser arbennig cael annerch yn iaith y nefeodd am y tro cyntaf yma yn San Steffan. Mae hyn wir yn achlysur hanesyddol, gan ei fod nawr yn bosib cymryd rhan mewn dadl mewn iaith heblaw Saesneg am y tro cyntaf am 800 mlynedd. Mae hyn yn gwbl briodol, achos siaradwyd Cymraeg ar draws Prydain ymhell cyn i Senedd San Steffan a'r Saesneg fodoli. Tu allan i Gymru, nid oes dealltwriaeth bod enwau dinasoedd mor bell i'r gogledd a Chaeredin a Glasgow yn dod o'r iaith Gymraeg yn wreiddiol.

[Kevin Brennan]

Roeddwn i hefyd eisiau siarad yn y Gymraeg heddiw fel teyrnged i'r diweddar Rhodri Morgan, fy rhagflaenydd fel Aelod Seneddol dros Orllewin Caerdydd a chyn-Brif Weinidog Cymru. Dyma'r Uwch Bwyllgor Cymreig cyntaf ers ei farwolaeth sydyn mis Mai diwethaf. Yn y 1990au roedd Rhodri yn arloeswr, yn gwthio i newid y rheolau fel bod yr iaith Gymraeg yn gallu cael ei defnyddio pan oedd yr Uwch Bwyllgor Cymreig yn cwrdd yng Nghymru. Petai ef yma heddiw, rydw i'n siwr y byddai ganddo ambell hanesyn difyr i'w ddweud wrthym yn y ddwy iaith.

Mae'r ddadl heddiw ynglyn â Chyllideb hydref diwethaf a'i heffaith ar Gymru. Wrth gwrs, mae ychydig o arian ychwanegol i Gymru o ganlyniad i'r fformiwlâ Barnett, ond y broblem sylfaenol yw'r diffug gweledigaeth pan mae angen uchelgais. Mae arnaf ofn mai dyma ganlyniad cael Prif Weinidog gwan a Changhellor sydd gyda chymaint o gyffwrdd â thîm rygbi Lloegr ar ei waethaf. Rydw i'n gobeithio na fyddai'n dyfaru y geiriau yna ar ôl y gêm yn Twickenham dydd Sadwrn yma.

Cyn Cyllideb yr hydref, ysgrifennais at y Canghellor ynglyn â dyfodol ariannol S4C. Dros y blynyddoedd diwethaf, mae S4C wedi wynebu torriadau ciaidd gan y Llywodraeth hon. Byddai mwy o dorriadau yn peryglu safon y gwasanaeth. Ysgrifennais at y Canghellor ar ôl clywed y gall S4C wynebu torriad o £9 miliwn dros y tair mlynedd nesaf. Gofynnais am addewid na fyddai'r fath doriad yn digwydd. Yn eu hymateb, dywedodd y Llywodraeth eu bod, a dwi'n dyfynnu

“wedi ymrwymo i ddyfodol darlledu Cymraeg ac i gefnogi'r gwasanaeth gwerthfawr mae S4C yn darparu.”

Er hyn, bron i ddeufis ar ôl y llythyr gan y Trysorlys, a bron i ddwy flynedd ers datgan yr adroddiad annibynol am S4C, mae'r adolygiad dal heb gael ei gyhoeddi. Mae hyn yn annerbyniol.

Rwyf yn galw ar y Llywodraeth unwaith eto i gyhoeddi'r adolygiad annibynol ac i gynnig cyllid teg i S4C. Mae arnaf ofn, Mr Owen, bod y celfyddydau yn cael eu gweld fel rhywbeth hawdd i'w torri. Mae'r Llywodraeth Lafur yng Nghymru yn ceisio amddiffyn Cymru rhag effeithiau llymder Toriaidd. Fodd bynnag, heb ddigon o arian, mae hon yn dasg anodd iawn. Mae S4C yn allweddol i'r dyfodol ac i gyrraedd y nod o gael miliwn o siaradwyr Cymraeg erbyn 2050.

Mae blynyddoedd o lymder wedi methu. Roedd pwrpas i fod i'r toriadau: i waredu'r diffyg ariannol erbyn 2015. Dywedodd y Llywodraeth y buasai'r llymder werth y boen. Buasai plentyn wedi ei eni yng Nghymru yn 2010 wedi gallu mynd i'r ysgol, gorffen yn y brifysgol a dechrau ei deulu ei hun erbyn i'r Llywodraeth gwblhau hyn. Dywedodd y Llywodraeth y buasai'r ddyled wedi mynd cyn i'r plentyn hwnnw ddechrau'r ysgol gynradd. Mae hyn yn fethiant llwyr oherwydd uniongredded ariannol hen ffasiwn. Nid gormod o wario ar ysgolion ac ysbytai Cymru achosodd ein problemau economaidd yn 2010. Cawson nhw eu hachosi gan gamblo anghyfrifol gan fancwyr barus. Nid yr ateb oedd i dorri gwariant mewn ffordd mor gïaidd fel ei fod yn anafu'r economi, ond i fuddsoddi—mewn ffyrdd, tai, ysgolion, colegau, prifysgolion, ysbytai, isadeiledd digidol ac egni glan—i greu cyfoeth yn y dyfodol

Felly, edrychwn mewn gobaith—os nad mewn disgwyliad—i'r Canghellor golli ei lysenw Spreadsheet Phil ac i ddatgan cynllun o adferiad cenedlaethol a fyddai'n helpu

adeiladu Cymru'r dyfodol mewn partneriaeth gyda Llywodraeth Cymru a busnesau, llywodraeth leol a chymunedau ac yn y blaen. Efallai byddai'n dangos hyder drwy gefnogi prosiect y morlyn llanw yn Abertawe, neu roi gyllid ychwanegol i drydaneiddio'r brif linell drên i Abertawe, neu helpu i greu'r metro yn Nghaerdydd a'r Cymoedd, neu helpu i adeiladu'r tai sydd eu hangen i greu swyddi a chartrefi. Yn lle, yr hyn a gawsom oedd tincran gyda'r ymylon. Mae Cymru angen—ac yn haeddu—gwell gan y Llywodraeth hon a'r Canghellor hwn.

Rydym nawr yn gwynebu perygl Brexit, ac mae'n ddrwg gen i bod Cymru wedi pleidleisio dros adael, er na wnaeth Caerdydd hynny. Dyma fy apêl at Ysgrifennydd Gwladol Cymru heddiw: peidiwch a bodloni â bod yn llefarydd dros uniongredded ariannol; peidiwch a bodloni ag eistedd wrth fwrdd y Cabinet yn mwynhau'r olygfa. Brwydrwch, brwydrwch a brwydrwch unwaith eto dros fuddsoddiad yng Nghymru a dyfodol teg i bawb yng Nghymru.

(Translation) It is a pleasure, Mr Owen, to be able to address you in the language of heaven here in Westminster for the first time. This truly is a historic occasion as it is possible to speak in a language other than English for the first time in 800 years. This is entirely appropriate, since Welsh was spoken across Britain long before the Westminster Parliament or the English language existed. Outside Wales, it is not widely understood that the names of cities far north such as Edinburgh and Glasgow come from the Welsh language originally.

I also wanted to speak in Welsh today as a tribute to the late Rhodri Morgan, who was my predecessor as MP for Cardiff West and the former First Minister of Wales. This is the first Welsh Grand Committee meeting since his sudden death last May. In the '90s, Rhodri was a pioneer in pushing to change the rules so that the Welsh language could be used when the Welsh Grand Committee met in Wales. I am sure that if he were here today he would have several amusing anecdotes to tell us in both languages.

This debate relates to last autumn's Budget and its impact on Wales. There is some extra money for Wales as a result of the Barnett formula, but the fundamental problem is its lack of vision at a time when ambition is needed. That is the result of having a weak Prime Minister and a Chancellor with all the excitement of the English rugby team—I hope I will not regret that comment after next Saturday's match at Twickenham.

Before the autumn Budget I wrote to the Chancellor regarding the future funding of S4C. Over recent years, S4C has faced brutal cuts from this Government, and any further cuts would endanger the quality of the service. I wrote to the Chancellor expressing concern after hearing that S4C could face cuts of up to £9 million over the next three years. I asked for a promise that no such cut would take place.

In their response, the Government said that they were “committed to the future of Welsh language broadcasting and supporting the valuable service S4C provides”.

However, almost two months since that letter from the Treasury, and more than two years since the independent review of S4C was originally announced, the review has still not been published. That is unacceptable.

Today, I yet again call on the Government to publish the independent review and to offer S4C fair funding. I am afraid that, all too often, culture and the arts is seen

as cuttable. The Welsh Labour Government are trying to shield Wales from the effects of Tory austerity. However, without enough money, that is a very difficult task. S4C is crucial to the future and to reaching the goal of 1 million Welsh speakers by 2050.

Years of austerity have failed. All of the cuts were meant to be for a purpose—to pay off the deficit by 2015. The Government said that the cuts would be worth the pain. A child born in Wales in 2010 could have gone to school, finished university and started a family of their own by the time the Government achieve that. They said the debt would be gone before that child started infant school. That is a complete failure, and it is due to old-fashioned financial orthodoxy.

The fact is that it was not too much spending on Welsh schools or Welsh hospitals that caused the economic problems of 2010. Rather, they were caused by irresponsible gambling by greedy bankers. The answer was not to cut spending so savagely as to hurt the economy, but rather to invest for wealth creation in the future—in roads and rail, housing, schools, colleges, universities, hospitals, digital infrastructure and clean energy. We therefore looked hopefully, if not in expectation, for the Chancellor to lose his “Spreadsheet Phil” soubriquet and to announce a plan for national renewal that would help to build the Wales of the future, in partnership with the Welsh Government and business, local government and communities and so forth.

Perhaps, we thought, the Chancellor would show confidence by announcing his support for the Swansea Bay tidal lagoon project, or by giving additional funding to electrify the main line to Swansea, or by helping to create the metro in Cardiff and the valleys, or by helping to build the houses we need to bring jobs and homes. Instead, we got tinkering around the edges.

Wales needs and deserves better from the Government and from the Chancellor. We now face the danger of Brexit, which I am sorry to say that a majority in Wales voted for, although not in Cardiff. My appeal to the Secretary of State for Wales is to not be content to be a mouthpiece for economic orthodoxy and to not be content to sit at the Cabinet table, admiring the view. Rather, fight, fight, and fight again for investment in Wales and for a fair future for everyone in Wales.

11.10 am

Mr David Jones: Mae'n bleser eich gweld chi yn y Gadair, Mr Owen. Mae'n dda hefyd bod Aelodau Seneddol yn cael y cyfle i siarad yn yr iaith Gymraeg yn San Steffan am y tro cyntaf, os dymunant wneud hynny. Yn siarad yn bersonnol, yn anffodus dydw i ddim yn teimlo'n ddigon cyfforddus yn yr iaith Gymraeg i wneud araeth drwy gyfrwng yr iaith, ond mae'n dda cael clywed cymaint o bobl yn siarad yr iaith bore yma.

(Translation) It is a pleasure to see you in the Chair, Mr Owen, and it is good that Members of Parliament have the opportunity to speak the Welsh language in Westminster for the first time, if they so choose. Speaking personally, unfortunately I do not feel sufficiently comfortable in the Welsh language to make a speech, but it is good to see so many people speaking Welsh here this morning.

It is good to have the opportunity, after a short interval, to debate the impact of the Budget statement on Wales. For constituency reasons, I wish to focus on the impact of the Budget on north Wales, because I believe that two particular announcements in the Budget

and the Red Book were of considerable importance. We must consider north Wales economically as part of the greater north-western economic region. Within the boundaries of north Wales, we have important economic elements. Wylfa nuclear power station will soon, we hope, be developed as Wylfa Newydd. We have two great universities at Wrexham Glyndŵr and Bangor, and we have important manufacturing hubs at places such as Abergele, St Asaph, Wrexham, and, of course, Deeside, which is one of the most important manufacturing areas in the United Kingdom.

Those economic areas are hard by a border that is political and administrative, but in reality completely invisible to those who live around it. The northern powerhouse initiative of the former Chancellor, George Osborne, is also of great importance to the people of north Wales. It was therefore good that, in his 2016 Budget, he announced the north Wales growth deal, which was intended to provide for north Wales access to some of the benefits of the northern powerhouse. We also saw under him the reopening of the Halton curve, and although that stretch of railway line is just one and a half miles long, its economic importance to north Wales cannot be overestimated. It will link north Wales with Merseyside and, importantly, with John Lennon airport. I am not at all embarrassed to give due credit to George Osborne, who I believe did a great amount for the north Wales economy.

Geraint Davies: Airbus is massively important for north Wales, Wales and the UK. Its chief executive has said that it is crucial that we have a soft Brexit as opposed to a hard Brexit, and that we remain part of the customs union, which George Osborne would agree with. Does the right hon. Gentleman agree with him on that as well?

Mr Jones: I recognise the importance of Airbus not just to the regional economy of north Wales, but to the whole United Kingdom economy. It is the biggest manufacturing facility. The hon. Gentleman is entitled to his views on Brexit. I happen not to share them, and I believe that Airbus has a great future after Great Britain has left the European Union.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): The right hon. Gentleman talked about an invisible border between England and Wales, and its importance to the regional economy. That is what we have seen in south Wales between Cardiff and Bristol and elsewhere. Currently, we have an invisible border between Wales and the Republic of Ireland. Does he agree that, if a hard border is introduced with customs checks and so on, it will be extremely detrimental to the economy in both north and south Wales? Ferry services have already been opened between Spain and Cork, specifically to circumvent the UK in the event of Brexit.

Mr Jones: The hon. Gentleman is aware of the Government's position on the border with Ireland, and I will not be tempted into discussing Brexit when we are here to debate the Budget. This is an issue of importance to my constituency and north Wales, so I hope he will forgive me if I am not tempted to debate the pros and cons of Brexit on this occasion.

[Mr David Jones]

I was pleased to see the Chancellor announce in the Budget that he was pushing forward with the north Wales growth deal. That will be greatly welcomed by Members of all parties, not least by the all-party parliamentary group on Mersey Dee North Wales, which is very ably chaired by the hon. Member for Wrexham, and on which you are a very active participant, Mr Owen. The APPG has done a great amount to focus the attention not just of Westminster but the Welsh Assembly Government in Cardiff on the unique circumstances of north Wales and the reason why north Wales and the north-west of England need to be more closely bound together economically. That is why the two Administrations should work closely together.

I was very pleased to see that announcement in the Budget—it shows that the Chancellor is taking forward the good work of his predecessor. I must also pay tribute to the current responsible Welsh Minister, Ken Skates, who has been a breath of fresh air. Let me be blunt. There was a strong feeling in north Wales that his predecessor did not understand the needs of the region and, I am bound to say, cared little about it. Ken Skates has taken to his task extremely well. He works well with the United Kingdom Government. He is not tribal and, for that reason, is indeed a breath of fresh air.

David T. C. Davies: May I take the unusual step of also praising Ken Skates?

Kevin Brennan: Are you trying to finish him off?

David T. C. Davies: I very much hope that is not held against him but I put on record that he is a man of principle.

Mr Jones: I agree wholeheartedly. He has been extremely enthusiastic and held meetings with Members of Parliament. I am very hopeful that, as long as he is the responsible Minister, we will see some advance in the north Wales growth deal. I look forward to progress in the months ahead. As deputy chairman of the all-party group, I can say that it will work closely with both the Wales Office and the Welsh Assembly Government.

Another announcement made in the Budget Red Book was on transport infrastructure in north Wales. The truth is that we are over-reliant on road transport in north Wales. The roads are becoming increasingly crowded and are in dire need of upgrade. Frankly, they are being used because the rail infrastructure in north Wales is so poor, having been neglected by successive Administrations over many years, and needs to be upgraded.

I was pleased to see the announcement of the long-overdue upgrade of the north Wales coastline, and the announcement that the Department for Transport is providing funds for examining the business case for the upgrade of the Wrexham to Bidston line. North Wales MPs will fully understand the importance of that infrastructure—the railway line links the two new enterprise zones at Deeside and Wirral Waters.

The problem with the line, as you will know, Mr Owen, is that it is not continuous all the way to Liverpool. To get to Liverpool from Wrexham or anywhere south of Bidston, it is necessary to change trains at Bidston.

The long-term ambition of Merseyrail is electrification of the whole line, of which every north Wales MP would approve. The importance of that infrastructure is that, if we are to obtain the maximum synergy between the two enterprise zones at Wirral Waters and Deeside, we need to ensure that transport links are good and that they improve. There are about 1 million cross-border commutes in that part of north Wales every month. People are divided by a political border that, at the moment, fragments transport, planning and service provision, and acts as a drag on economic growth.

The local authorities and businesses in north Wales have started to address the issue. They have established the Mersey Dee Alliance, which does a tremendous amount of work in focusing attention on the needs of this important part of the national economy and ensuring that Governments pay due attention to them. I was pleased to be present at the meeting a few weeks ago between members of the Mersey Dee Alliance, the Growth Track 360 initiative and the Secretary of State for Transport, when they pressed the case for the improvement of that piece of infrastructure. It is clear that the Secretary of State for Transport listened carefully to what they had to say, because that meeting was followed very shortly by the Red Book announcement that there would be a concentration on the upgrade of the line.

I suggest to north Wales colleagues that they continue to support the work of the Mersey Dee Alliance and the Growth Track 360 initiative. We have the potential to double the size of the north Wales economy by 2015—the ambition of the alliance is to double it from £25 billion to £50 billion. That can be done if there is close cross-party working in this place, and close working between the United Kingdom Government and the Welsh Assembly Government. We are in something of a sweet spot. We have people in both Administrations who get it and who understand the needs of north Wales. The fact that the United Kingdom Government get it is underlined by the provision of the upgrades, transport improvements and studies in the Budget. We in north Wales have a lot to look forward to and I welcome those Budget announcements.

11.22 am

Susan Elan Jones: Mae'n bleser mawr i ddod i'r Pwyllgor hwn heddiw ac i allu defnyddio'r iaith Gymraeg.

(Translation) It is a great pleasure for me to come to this Committee today and to be able to use the Welsh language.

I will not surprise my colleagues too much by saying that I will make the bulk of my speech today in Welsh. I am conscious that I have something like two and a half minutes before this session breaks. I want to say a few words in English in case a producer on “Newsnight” is listening and wondering how we are coping with the hindrance of having a bilingual Welsh-English debate, or in case a journalist from *The Guardian* is chewing away somewhere at their lentil sandwich and wondering whether they should be writing another article about minority rights or documenting the plight of those to the west of Offa's Dyke who have the temerity to want Wales to be a truly bilingual nation. I make the point in jest: I have nothing against “Newsnight”, *The Guardian* or even lentil sandwiches, but I do have something

against the media and academic commentators, especially those who declare themselves on the left or centre left, when they speak up for every other minority language and culture and downright denigrate our Welsh language and culture. Our language and culture belongs to everyone. I say that as someone who comes from a family where some members speak Welsh and others do not. All I ask of those wonderful progressives who traipse our land, if they really do believe in equality and diversity, is for similar respect and that they treat us in that vein.

Mae symboliaeth ddwfn i'r ffaith y gallwn ddefnyddio'r Gymraeg yn y ddadl hon ac yn y pwyllgor hwn heddiw. Yn y lle hwn ganrifoedd maith yn ôl fe benderfynwyd na fyddai'r Gymraeg yn iaith swyddogol i Gymru. Ond yn y lle hwn hefyd, yn 1967, gyda'r diweddar Cledwyn Hughes fel Ysgrifennydd Gwladol Cymru, fe basiwyd y Ddeddf Iaith Gymraeg gyntaf. Yn y lle hwn hefyd, nid yn unig gallwn ddefnyddio'r iaith Gymraeg yn ein Pwyllgor, ond gallwn ddweud yn wir yn ein Huwch Bwyllgor Cymreig bod yr iaith Gymraeg yn un o'n hieithoedd swyddogol yn y lle hwn. Felly, mae'n ddiwrnod pwysig iawn i ni gyd. Mae gennym bwynt pwysig i'w ystyried: y Gyllideb. Dros Gymru a Phrydain gyfan, rwyf yn credu fod gennym rai o'r gweision cyhoeddus gorau yn y byd:

y bobl sy'n dysgu yn ein hysgolion, y bobl sy'n gweithio yn ein hysbytai, ein diffoddwyr tân a'n heddlu, y bobl sy'n gweithio yn ein lluoedd arfog, ac eraill hefyd.

(Translation) There is deep symbolism, of course, to the fact that I can use the Welsh language in this debate and this Committee. In this place, so many years ago, it was decided that the Welsh language would not be the official language for Wales. In 1967, the first Welsh Language Act was passed when the late Cledwyn Hughes was the Secretary of State for Wales. Not only can we use the Welsh language, but we can truly say that Welsh is one of the Welsh Grand Committee's official languages. It is therefore a very important day for us all.

We have an important topic before us today: the Budget. Throughout Wales and all of the UK, we have some of the best public servants in the world—the people who are teaching in our schools, the people who are working in our hospitals, our firefighters, our police officers, the people working in our armed forces and others.

11.25 am

The Chair adjourned the Committee without Question put (Standing Order No.88).

Adjourned till this day at Two o'clock.

