

WALES OFFICE

WRITTEN STATEMENT

1 November 2013

Wales (Infrastructure and Finance)

The Secretary of State for Wales (David Jones): The Chancellor of the Exchequer, Chief Secretary to the Treasury and I are pleased to set out the Government's plans to facilitate infrastructure investment in Wales, in order to stimulate economic recovery and build growth in the Welsh economy.

Infrastructure in Wales has suffered from years of under-investment that, since 2010, this Government has worked hard to put right. Wales is benefitting directly and indirectly from almost £2bn of investment to modernise the rail network, including electrifying the mainline to Swansea and the railways serving the South Wales Valleys; £250 million to build a new prison in North Wales; £57 million to bring superfast broadband to Wales; and Hitachi's investment in new nuclear at Wylfa, which is a great opportunity to create jobs and drive economic growth in North Wales.

We have also been clear about the need to work with the Welsh Government to ensure it is able to invest in infrastructure in those areas in which it takes the lead, and in particular on those roads in Wales which form part of the trans-European road network - the M4 in South Wales and the North Wales Expressway.

Upgrading the M4 around Newport is an urgent priority for both Governments, and I am committed to working with the Welsh Government to deliver the improvements that are required.

In October 2012 the UK Government agreed in principle that the Welsh Government should be allowed access to capital borrowing powers to invest in infrastructure in Wales, subject to an independent revenue stream being available to it to repay the money it borrows.

That agreement has informed our consideration of the recommendations made last year by the Commission on Devolution in Wales (the Silk Commission), and I can confirm that the Government will implement the key proposals in the Commission's first report. These are:

- We will give the Welsh Ministers borrowing powers, so that they can borrow money to invest in Wales;
- We will devolve certain taxes, as the Silk Commission recommended to ensure the Welsh Government has an independent funding stream to pay back the money it borrows;
- We will devolve Landfill Tax and Stamp Duty Land Tax in Wales;

- And we will provide for a referendum to take place so that people in Wales can decide whether some of their income tax should be devolved, in the same way as it is in Scotland.

These measures will give the Welsh Government the tools to invest in infrastructure in Wales and, in doing so, will make the National Assembly for Wales and the Welsh Government more accountable to the people in Wales who elect them. Since devolution these institutions have been accountable for how they spend taxpayers' money. As a result of my statement today, they will be more accountable for how they raise it.

We will legislate to implement these changes as soon as parliamentary time allows. As a first step, we will publish a draft Wales Bill in the next few months to allow Parliament to scrutinise the legislation in draft.

We will enable the Welsh Government to use its existing limited borrowing powers before the new tax and borrowing powers come on stream to get the improvements to the M4 underway as soon as possible.

Before the end of the year we will announce the Government's response to all 33 recommendations made by the Commission in its first report.