# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **Economic Impact of the new Wales and Borders Rail Service** |
| **DATE** | **7 June 2018** |
| **BY** | **Ken Skates, Cabinet Secretary for Economy and Transport** |

I would like to update Members on the indirect economic gains we have secured through the procurement of the new Operator and Development Partner (ODP) for the Wales and Borders rail service, which I set out to members earlier this week.

As I said then, we are at an historic point for the railway in Wales.

I set Transport for Wales the objective of maximising the economic benefits of the single largest procurement ever undertaken in Wales, for Wales. Today I want to update members on how this objective has been met.

As we’ve done with our new Economic Contract, public investment with a social purpose is a cornerstone of our new approach to rail.

Earlier this week I described how more than half of the trains required for the new service will be manufactured in Wales. This is good news for jobs at the new CAF factory in Newport, providing a significant early workload for the anticipated staff of up to 300.

CAF’s announcement that they had chosen Wales as the base for their new UK manufacturing facility turned many heads in the rail industry. This was the first time in the modern era that trains will be made here. Since the initial announcement CAF has made it clear to the Welsh Government that they see Wales as being their base in the UK for an increasing range of activities.

The Economic Contract is underpinned by the principle of something for something, and in this regard the new rail service is no different.

As a result, KeolisAmey will create 600 new jobs over the life of the contract.

In addition, KeolisAmey will create 30 apprenticeships per year.

We will also ensure that the Real Living Wage will be cascaded throughout the supply chain, with KeolisAmey becoming an accredited Living Wage employer by 2021

Our Economic Action Plan highlighted the importance of encouraging more businesses to be headquartered in Wales. The multiplier effect for business headquarters is considerable, and we recognise that this is an area where we need to develop.

As a result of our approach to the procurement and the level of investment and innovation that will be delivered in Wales both Keolis and Amey will be moving key parts of their business to Wales;

Keolis will be moving their UK Headquarters from London to Wales by 2019 developing the new office as a centre of excellence for all of Keolis’ UK subsidiaries and developing specialist expertise in new technologies, buses, cycling and parking.

Keolis will move their global rail division from Paris to Wales by 2020, providing expertise to Keolis rail operations worldwide and helping to showcase Wales as a location of innovation in rail technologies.

These two teams will be complemented by Amey who be opening a new design and consulting hub in Wales, delivering engineering solutions across the UK.

In addition to these individual projects Keolis and Amey will together open a new shared services centre and customer contact centre.

Taken together these new offices will create around 130 new high quality jobs in Wales in addition to the 600 new jobs and the 450 apprenticeships that were announced on Monday.

These achievements are considerable and will create a real boost to the economy of Wales. This is also a real example of the economic action plan working out in practice and where we are seeing real economic gains alongside the obvious transport and regeneration objectives.

Wales’s place in the history of the global railway is assured. In 1804 the world's first steam-powered railway journey took place when Richard Trevithick's steam locomotive hauled a train along the tramway of the Penydarren ironworks, near Merthyr Tydfil. The first passenger rail services were opened between Swansea and Mumbles in 1807.

But Wales is about more than history. We want Wales to be at the forefront of the future rail industry as well. Although Wales continues to be home to many organisations who work in the industry, with today’s announcements we are now beginning to become a serious force with a material impact and ability to shape future events. These are great foundations on which to continue to develop this increasingly important Welsh industry, and to allow us to gain greater economic benefit as these organisations develop and prosper in their new home.