

Economic Development and Transport Committee

Minutes

Date 22 September 2004
Time 9.00 to 12.45
Venue National Assembly for Wales, Cardiff Bay

Attendance

EDT Members

Christine Chapman
Andrew Davies (Minister for Economic Development and Transport)
Brian Gibbons
Christine Gwyther (Chair)
Lisa Francis
Elin Jones
Alun Cairns
Janet Davies
Jenny Randerson

Constituency

Cynon Valley
Swansea West

Aberavon
Carmarthen West and South Pembrokeshire
Mid and West Wales
Ceredigion
South Wales West
South Wales West
Cardiff Central

Substitutions

Huw Lewis Merthyr Tydfil and Rhymney

Officials

David Pritchard Director, Economic Development and Transport Department
David Hobbs Investment and Corporate Management Division
Denzil Jones Head of Transport Policy Division
Michael Eaton Director, Broadband Wales Unit

Emyr Roberts
Caroline Turner
Eleanor Marks
Huw Brodie
Jonathan Price

Chief Executive, WEFO
WEFO
WEFO
Director, Strategy and Communication Group
Economic Research Unit

In attendance

Stefan Stanislawski Director, Head of Broadband, Analysis Consulting Limited

Secretariat

Sian Wilkins
Lynsey Edwards

Clerk
Deputy Clerk

Item 1: Introduction, apologies and substitutions

1. Huw Lewis substituted for Lynne Neagle, who sent her apologies.uw Lew.

Item 2: EDT Minister's Report

EDT2 13-04 (p1)

EDT2 13-04 (p2)

EDT2 13-04 (p3)

1. The Minister said he was pleased to announce he had written to Roger Jones, confirming his re-appointment as Chair of the WDA until the completion of the ASPB merger.
2. In response to a question on the test flying of unmanned aerial vehicles (UAVs) at Llanbedr and Aberporth, the Minister said that he remained in discussion with the Ministry of Defence to ensure that these sites remained at the forefront of its future plans. He agreed to provide more detail on the Watchkeeper UAV project. [Action: EDT Minister]
3. Several Members raised questions in relation to the potential job losses at DARA. Members acknowledged that the job losses were the result of a political decision by the MOD, in line with their own priorities. They questioned the frequency and level of meetings the Minister had held with DARA and the effect the job losses would have on the Red Dragon project. The Minister agreed that the decision had been a political one and said there had been close consultation with the trade unions and that Jane Hutt had also met the Chief Executive and the trade unions. The Minister agreed to provide the Committee with details of the number and frequency of meetings held and the amount of correspondence between WAG and DARA, he could not, however disclose the exact details of the correspondence c. [Action: EDT Minister]
4. A Member questioned progress on Intra-Wales Air Services. The Minister said that he had not yet received the report on the consultation. The Chair asked that the Minister make an announcement to the Committee in due course. [Action: EDT Minister]

5. In response to a question on the future of the Structural Funds, the Minister said that WAG's priority was still to get the best deal for Wales. Although discussions were now being held at Member State level he was aware of the development of the UK position.
6. On the TAN 8 consultation on renewable energy, the Minister said that specific questions were best put to the Minister for the Environment Planning and Countryside. Members were concerned that the publicity for the consultation had been patchy and the Minister agreed to check the handling of publicity for the consultation across Wales. [Action: EDT Minister]
7. On Traws Cambria and long distance bus and coach links, Officials said that Arriva had agreed to maintain the bus link from Cardiff to Aberystwyth to see whether it would be commercially viable. If not, Arriva could withdraw the service. The route would then be open to another company to operate; however WAG funding might be required in that situation. The National Federation of Bus Users (NFBU) would monitor the situation over the next 2 months. Services had improved between Carmarthen and Aberystwyth and between Aberystwyth and Bangor. New buses were expected to be in service in the New Year. Members urged the Minister to put pressure on Arriva to keep the Cardiff to Aberystwyth route operating, it was important to retain this service rather than relying on connecting services. The Minister agreed to provide a note on the progress of inter-modal transport links. [Action: EDT Minister]
8. In response to a question on the tourism spend of the Wales Tourist Board, the Minister agreed to provide the Committee with a breakdown of spending region by region and to explain why there was no increase in spending on Mid Wales. [Action: EDT Minister]
9. Several Members asked questions concerning congestion on Pembrokeshire roads, in particular the links to the ferry port at Fishguard. The Minister said that he hoped to make further announcements on the Transport Strategy once the budget had been finalised. In response to the suggested provision of rail car carrier services to the port to relieve congestion, the Minister said that this would require significant investment by STENA and Network Rail.
10. On road safety outside schools, the Minister said that, following a meeting with the WLGA's new transport spokesperson, it was agreed that a lot more could be done via joint working across local authorities to achieve a more effective safety system. Further, there had been a broad acceptance of a 20mph speed limit outside schools.
11. On the move to Newport of 600 Office of National Statistics jobs, the Minister said that the move would be made over the next 2 to 3 years, although he was not yet sure of the total number of new jobs to be created in the area.
12. In response to a question on the LRF underspend, the Minister said officials were in discussion with local authorities about large projects, in particular, that had not progressed. He would consider taking underspend away from under performing local authorities. He agreed to let Members have a list of the projects currently under discussion. [Action: EDT Minister]
13. On the Wales Spatial Plan the Minister said that the Plan was really a consultation document and therefore not prescriptive. He hoped to be able to announce new developments soon.
14. A Member raised a specific question regarding funding for development of the café at Snowdonia. The Minister agreed to provide an update on the discussions he had had on this. [Action: EDT Minister]
15. Several Members raised concerns regarding the merger of the WDA and WTB into WAG. There was a concern that the WDA in particular would lose its branding and therefore its reputation

both UK-wide and internationally. Concern was also raised that it would lose its commercial expertise, as it would be run by WAG officials following the merger. Members asked for reassurance that the business voice would still be heard. The Minister said that officials would be proactive and that both the WDA and WTB would retain their customer focus. They would not lose their business edge and would be open to more scrutiny. Mechanisms would be put in place to ensure that business advice would be received from the private sector. Members questioned whether the Government of Wales Act gave WAG the necessary powers to effect the merger. The Minister agreed to provide a note to the Committee on the legislative process. Members said that it was important that the whole merger process was made public. The Chair suggested that formal discussions be scheduled for EDT Members before November. [Action: EDT Minister]

16. The Committee agreed to write to Gareth Hall, congratulating him on his recent appointment as Chief Executive of the WDA. [Action: Chair/Clerk].
17. On the quarterly statistical reports, the Minister said that the targets in A Winning Wales were being met and there had been a return of confidence in manufacturing production. In response to a question on the increase in inactivity levels, the Minister said that it was too soon to say whether the drop would be a longer-term trend.

Item 3: Broadband Wales Strategy EDT2 13-04 (p4)

1. The Minister introduced the item and said that he had asked for the review after British Telecom extended Broadband coverage to 95% of the Welsh population. BT had increased the level of their compression technology to allow a further 40-60,000 sites to be reached with Broadband.
2. On the 35 exchanges, which BT would not be able to reach with Broadband, officials said that WAG's intention was to create a project to provide Broadband to these "black spots", and a competitive bidding process would be undertaken. Other technologies, such as wireless and WYMAX were also being looked at by BT and by WAG as alternatives to Broadband in unreachable areas. Wireless technology had moved on dramatically and was now only slightly less reliable than Broadband.
3. On the question of using satellite technology in place of Broadband, Officials said that satellite could give 100% coverage to Wales however it was more expensive for subscribers at around £30 per month. Members agreed that the quality and speed of the Broadband service was becoming an issue in Wales and that the current provision was often inadequate for even medium sized companies. There was concern that the WDA property strategy, which aimed to increase provision of Broadband to business parks, would not support existing centres with large business clusters. The Minister said that the strategy was just one part of the whole Broadband programme.
4. On the Structural Funds available for Broadband, Officials said that Objective One funding was being used for current projects, such as Regional Innovative Broadband Support (RIBS) and the Connectivity Grants Support Scheme, a public sector expansion project. Objective Two funding was being discussed with WEFO. Further, individual projects in Powys and Monmouth had found private sector funding.
5. Members agreed that demand stimulation programmes were as important as providing access.

Officials said that the WDA was the focus for business awareness, whereas the Lifelong Learning network encouraged public Broadband usage in libraries. Cymru Ar Lein and the Meet the Mouse projects were also helping to familiarise people with technology.

6. In response to a request, officials agreed to provide the Committee with a league table of the take up of Broadband in Wales compared to other countries. Members were keen to see the split between the public sector and other users. Officials pointed out that whilst BT published figures other providers did not, so further research was required to make clear comparisons.
7. The Minister said that emphasis would now be on rolling out the second generation of Broadband across Wales. [Action: EDT Minister] The Chair advised Members that the Clerk would now collate their comments and a formal letter would then be put to the Minister. [Action: Clerk/Chair]

Item 4: WEFO Quarterly Report EDT2 13-04 (p5)

1. The Minister introduced the item and said that it had been a remarkable year for the management of Structural Funds and congratulated Dr Emyr Roberts and his management team. Further, he said that the Auditor General for Wales had commended WEFO in a recent report. The Minister had recently launched the 2000th project and a £65 million performance bonus had been received for hitting all targets.
2. Christine Chapman outlined the highlights of the PMC meeting she attended in Narberth on 20th September. A performance sub committee was being created and there would be clearer guidelines for appeals.
3. On appeals, officials said that there might be a slight increase as many measures were already fully committed and some applicants may therefore feel aggrieved. Appeals would only be considered as now against the process however and not the content of the application. New guidance was being issued for clarity.
4. Members raised concerns that smaller local authorities were at a disadvantage in that they did not have the manpower resources or the financial capacity to apply for large-scale projects and needed to rely on partners such as the WDA for expertise. Further, it appeared that there was a lack of medium to large-scale projects along the Heads of the Valleys corridor and some Members felt that the WDA had not been proactive in these areas. The Minister said that he understood Members' concerns in relation to capacity and this was one of the reasons why he had launched the Heads of the Valleys Initiative. He agreed that a more collaborative approach was necessary between local authorities to achieve maximum impact with structural funds.
5. In response to the question of whether WEFO would meet its commitment targets, officials said that they were confident that the targets would be met; commitment levels were far better than last year. Members urged WEFO to be proactive in allocating funds before the programme closed.
6. On the Auditor General for Wales' report, officials said they were meeting ASPBs and contacting local authorities to make them aware of potential de-commitment issues.
7. On the figures for forecast/actual jobs, officials assured Members that there had been no double counting and that the job figure was therefore accurate.
8. In response to a question on repatriation of funds to the UK government post 2006, the Minister

said that negotiations were underway at Member State level and that WAG's priority was to get the best deal for Wales.

9. WEFO agreed to provide further details on the disaggregation of the 'Other Partnership' figures contained in the report, for each local partnership area as far as possible. [Action: WEFO]

Item 5: EDT Policy Review

EDT2 13-04 (p6)

EDT2 13-04 (p7)

1. Members congratulated Officials on the content of the report 'Raising Economic Activity Rates'. Members hoped that there would be a cross party approach to the eradication of child poverty, highlighted in the report, by 2020.
2. Members raised concern that some projects had been scaled down due to the cost of the New Deal scheme. Officials agreed to provide the Committee with further information [Action: EDT Minister]
3. Officials confirmed that a 'Return to Work Credit' of £40 per week was already in operation as part of the Pathways to Work Pilot Scheme. At present the sum was payable for 1 year although consideration was being given to extending the payment. Further it would be interesting to see the evaluation results in relation to drop out rates after a year.
4. A Member raised the issue of housing and the effect that it had on both health and self-esteem. Officials confirmed that consideration was being given to training economically inactive people to work on refurbishment necessary under the Council House Stock Transfer Scheme.
5. In response to a question on European Directives discouraging car use, the Minister said that the UK Transport Minister had announced a future consultation into road pricing.
6. On procurement, the Minister said that he would be setting up a Business Procurement Task Force to make the process more open and accessible.
7. Members suggested that the role of GPs and occupational health advisers should be strengthened.
8. Members agreed given the lack of time remaining, the discussion of the Committee Service paper [EDT2 13-04 p7], suggesting recommendations for the Committee's report on economic inactivity would be re scheduled for the next meeting on 13 October 2004.

Item 6: EDT Secondary Legislation Programme

EDT2 13-04 (p8)

1. Due to lack of time, it was agreed that Members provide comments to the Clerk on any specific items for further scrutiny via email.

Item 7: EU Legislation

EDT2 13-04 (p9)

1. Due to lack of time, it was agreed that Members provide comments to the Clerk on any specific items for further scrutiny via email.

Item 8: Minutes of previous meetings

EDT2 11-04 minutes of the meeting on 7 July 2004

EDT2 12-04 minutes of the meeting on 15 July 2004

EDT2 13-04 Action Outstanding

1. In the 7th July 2004 minutes, Members asked that a reference to the Watchkeeper UAV project be included.
2. Members agreed that the minutes of 15 July 2004 were a true record

Committee Service September 2004