

Enterprise, Innovation and Networks Committee

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Date: 7 June 2006

Venue: Committee Room 2, Senedd, Cardiff Bay

Title: Report from the Minister for Enterprise, Innovation and Networks

Economic Data

1. Gross Disposable Household income: Latest figures published on 9th May show:

- Gross Disposable Household Income (GDHI) per head in Wales in 2004 was £11,278, up 3.2% on the previous year, the highest growth out of the UK countries and English regions. GDHI per head has increased by 25.6% in Wales since 1999, compared to 23.6% across the UK as a whole.
- At 88.0% of the UK average, GDHI per head in Wales in 2004 was at its highest relative level since 1996. Having declined between 1995 and 2000, this percentage has increased in each of the last 4 years. GDHI per head was 86% of the UK average in West Wales and the Valleys in 2003 and 91% in East Wales.

2. Royal Bank of Scotland (RBS) Data: The latest figures from the data produced for RBS by NTC Economics make encouraging reading. Amongst the findings were:

- The Welsh economy gathered pace during April, with output expanding at its fastest rate for some 18 months;
- Further expansion in the services sector was recorded;
- There were strong gains in the numbers of new orders recorded. New orders grew at their fastest rate for 7 months.

3. Labour Market Statistics: New labour market statistics for Wales and the UK were published by the Office for National Statistics on 18th May. These figures included new Labour Force Survey (LFS) figures for January to March 2006 and new claimant count figures for April 2006.

- A small year-on-year increase (up 5,000) in the employment level. The employment rate amongst the working age in January to March was 71.6%, unchanged on the previous year. For the UK as a whole the employment rate was 74.7%, down 0.2% on the previous year.

- The unemployment rate in Wales was 4.7%, up 0.2% on the previous year but below the UK average of 5.2%. There was a slight increase (0.9%) on the previous month in the claimant count level in Wales in April. The UK as a whole also saw an increase in April of 0.8%.

4. Short Term Output Indices: Three sets of experimental short-term output indices for Wales were published on 18th May: (a) Welsh Index of Distribution; (b) Welsh Index of Transport, Storage & Communications; (c) Welsh Index of Hotels & Restaurants. Headline findings showed the Distribution and Transport sectors experienced strong growth in the 4 quarters of 2005 compared to 2004, stronger than the UK as a whole. The Hotels and Restaurants sector saw a decline comparing the whole of 2005 with the very high level of the index in 2004, but there were strong signs of recovery towards the end of 2005, with the index finishing 20% higher than in 2002.

Supporting Enterprise

5. Ministerial Advisory Group: Membership of the Enterprise, Innovation and Networks Ministerial Advisory Group has been announced. The high calibre and extensive experience of the membership is reflective of the importance I attach to MAG and the key role it will play in challenging, informing and shaping future policy development and direction. The panel members are:

- Richard Parry-Jones CBE: Richard will Chair MAG. As Group Vice President of Ford, Richard is recognised as a business leader of international standing. He currently serves the Board of the Ford Motor Company in Michigan as Chief Technical officer reporting on all global research and development matters. He brings with him 37 years of high level experience in engineering, manufacturing, and senior level management.
- Dai Davies: Dai is a successful entrepreneur. As a former Chair of the Assembly Government's Creative Industries Advisory Group and a board member of the Arts Council for Wales, Dai also brings to the Group real in depth knowledge and experience of the new media and creative industries sector, a sector in which Wales continues to make impressive progress.
- Margaret Llewellyn OBE: Margaret is Managing Director of Swansea Container Terminal Plc, a privately owned stevedoring company and international rail-head facility. A founding member of the woman's International Shipping and Trading Association, and Chairman of the Port of Dover, Margaret brings 30 years experience in the transport sector which includes experience as a ship owner, a road haulage operator and a private rail wagon owner.
- Prof. Robin Williams CBE: Robin is currently a Research Professor at Swansea University's School of Engineering. He is a Fellow of the Royal Society, and has been heavily involved in attempting to ensure that higher education brings economic benefits to Wales. To this end Robin worked closely with the former Welsh Development Agency in establishing routes for the economy to benefit from both research and teaching, for example, via the Technium Centre network. Maximising the economic potential of our first class HE and FE sector is a priority and the experience Robin brings of these sectors, and in establishing mutually beneficial links between industry and academia, will prove invaluable.

- **Martin Mansfield:** Martin is the South East Wales regional officer for the Amicus Trade Union. In this role he represents the Union's members in manufacturing and finance industry across the region. Martin is also responsible for developing the Union's economic policy for Wales and for responding to Assembly Government consultations in the fields of economic development, transport and skills. As a former director of Wales TUC; former Special Advisor to the Assembly Government on economic development and transport issues; and current member of the Post 2006 Structural Funds Operational Programmes Group, Martin brings a highly successful track record of working with a range of public, private and voluntary sector organisations.
- **Dr Janet Wademan:** Janet is the Managing Director of Van Helsing Limited, a company which uses information and communication technologies to make organisations smarter. She is an acknowledged expert in e-work and is called upon to address conferences on e-work throughout Europe and beyond. She is also Visiting Professor at the School of Computing, University of Glamorgan.
- **David Brown:** David is the Managing Director of Cardiff City Transport Services. In addition he is Vice Chair of the Confederation of Passenger Transport Wales and is the Welsh representative on the British Chamber of Commerce Transport Group, a Director of Traveline Cymru, and an executive member of ALBUM - the Association of UK Independent Bus Operators.
- **Valerie Barrett:** Valerie is currently Finance Manager with Port Talbot based Remploy Furniture. As a qualified accountant Valerie brings to the Group some 16 years experience of manufacturing companies of various sizes in the UK and Europe.
- **Prof. Garel Rhys OBE:** Garel is the former Director of the Centre for Automotive Industry Research and is the former Head of Economics at Cardiff University Business School. As Chairman of the Welsh Automotive Forum; President of the Institute of the Motor Industry; adviser and former Board Member to the Welsh Development Agency and member of the DTI's Motor Industry Competitiveness Panel, Garel is an internationally recognised expert in the automotive industry market.
- **Keith Brooks:** Keith is the Chair of the newly formed Tourism Advisory Panel and will also represent Wales on the Board of Visit Britain, formerly known as the British Tourist Authority. He was a former Chief Executive of international airports group TBI plc for 11 years until its takeover in 2005. Keith is also a former partner with Price Waterhouse and remains a TBI director in a non-executive capacity.

I believe in the value of strong, independent advice to test, challenge and measure the effectiveness of our policies. That such a group have offered us their help is most welcome. They can rightly boast a degree of knowledge and experience that is beyond question. Together with my officials I look forward to working with the Group - the first meeting of which took place on 2nd June.

6. Ford Bridgend Engine Plant: On 23rd May I visited the Bridgend Ford Engine Plant alongside the First Minister to welcome expansion following a further £100 million of investment to produce a new premium SI6 3.2-litre six-cylinder engine. The Volvo Car Corporation will be amongst the first customers for the new engine, assembled on the Bridgend line that already produces V8s and features flexible technology. The first SI6 off the line marks the completion of a £245 million two-year investment programme at the plant and I am delighted by the part the Assembly Government has played in the success story that is Ford Bridgend not least through a Regional Selective Assistance grant of £19.7 million.

7. Logica CMG: The Logica CMG facility in Bridgend has won a £80 million Ministry of Defence contract for the Defence Medical Information Capability Programme (DMICP). Staff will host the MOD's information networks, the Defence Medical Information Capability Programme. Doctors and dentists in the Armed Forces will have immediate access world-wide to complete medical records support by the latest clinical software. This is the latest coup for a company which last autumn announced plans to increase the number of people working at its Bridgend facility.

8. CBI: On 11th May I met with a wide range of CBI members from across North Wales at Ewloe. A number of issues of vital importance to the region were discussed including; Energy; Transport; and the benefits the newly merged Department for Enterprise, Innovation and Networks will provide for business in North Wales. During the time I spent in North Wales I was impressed by the confidence shown in the strength of the North Wales economy by the business community. This is reflected by figures which show the region has seen a significant number of new businesses establishing themselves in the area - in excess of 600, supported by the department.

9. Delivering the Property Strategy for Employment in Wales: On the 4th May the long-term partnership agreement underlying Welsh Investment Strategic Partnership (WISP) was signed. The first project for 42,000 sq. ft of high quality offices at SA1 Swansea was signed at the same time. Projects at Nantgarw and Newport are scheduled to be signed over the next two months, bringing the total of the initial projects to almost 130,000 sq. ft delivered through private sector investment of over £22 million. Through the innovative WISP Partnership with International Investment House Babcock & Brown, the Assembly Government has created the potential for private investment to develop over a million sq. ft of high quality business space across Wales and provide modern accommodation for over 5,000 jobs.

10. Handelsbanken GB: On 17th May I met with senior representatives of Handelsbanken GB Bank. The Swedish owned enterprise opened a branch in Cardiff in 2003, and from a standing start has generated a 'book' of £50 million, becoming one of the organisation's most successful performers in a very short period of time. Over 30,000 people are employed in Wales in the broader financial services sector. I consider financial services as a priority sector. That is why within my new department we have in place a dedicated Sales Manager, to identify new opportunities for Wales; a Project Manager dedicated to converting that interest into projects; and the Account Management arrangement that seeks opportunities for further investment by companies already here. Put together they create a virtual team, along with colleagues in international markets, to ensure that Wales is best placed to capitalise on growth.

11. Business Procurement Taskforce: On 24th May I chaired the latest meeting of the Business Procurement Taskforce. The Taskforce has played a crucial role in taking a strategic and crosscutting approach to matching development in the Welsh economy to the commercial needs of the public sector. In doing so it is helping to maximise the potential to deliver an economic benefit from public sector expenditure. I will bring a report on the work of the Taskforce to the EIN committee in due course.
12. B2B Wales Exhibition: This month will see the largest business exhibition ever to be staged in Wales with B2B Wales taking place at the Millennium Stadium. The event is expected to attract some 3,000 visitors during its two days. B2B Wales is sponsored by the Assembly Government and is one in a series of seven business events being held across the UK this year.
13. Western Mail Business Awards: I attended the Western Mail Business Awards on 19th May held in the CIA in Cardiff and presented the award in the "Excellence in Marketing" category, sponsored by the Assembly Government and won by SA Brain and Co. These Awards are a key event in the business calendar and showcase excellence in Welsh business. This is demonstrated by this year's winner of the Welsh Company of the Year Award, Pure Wafer, the only company outside of Japan equipped with the technology to recycle 300mm silicon wafers and as such is a superb example of our increasingly strong high technology sector.
14. Ubiquity Software Corporation: The Cardiff based company is to supply the software which will help form the backbone of BT 21st Century Network (21CN). Users of 21CN will be able to access a wealth of multimedia services and the deal with BT helps cement Ubiquity's position at the forefront of the industry.
15. Callaghan Square, Cardiff: There is growing demand for landmark office buildings as part of the £35 million office development at Callaghan Square, Cardiff. High quality accommodation attracts high quality employers and this development supported by the Assembly Government will provide up to 190,000 sq. ft of office space capable of accommodating 3,000 staff.
16. Colwyn Bay Regeneration: The local Partnership Board have been successful in securing additional PRF funding for the town centre linked to the regeneration of the retail and service sectors within Colwyn Bay.
17. Warren Hall Business Park/Broughton Retail Centre: Planning consent was granted on 24th April for the expansion of Broughton Retail Park, facilitating the improvement of transport infrastructure to Broughton. The proposals include the extension of the existing Tesco Supermarket together with a new M&S Store.
18. Nike Group, Ski Jump Centre, Gresford: The UK's first ski jumping complex is to be built at Gresford, near Wrexham on the former Wilderness Tip. The developers Nike Group have already received planning permission, gained approval for Assembly Government funding and have made a start on site. It is anticipated this major project will be completed by the summer of 2008.
19. Freshwater UK, Cardiff Gate, Cardiff: Cardiff based Freshwater UK has acquired Kath Harding

PR in Sheffield, and is therefore moving closer to its goal of becoming a pan-Britain public relations and marketing agency with its centre of gravity remaining in Wales. Freshwater has staff based in Glasgow, Edinburgh, Birmingham, Bristol, London and Southampton as well as Cardiff. The group raised £675,000 for expansion, which includes a £500,000 private equity investment by Finance Wales.

20. Blackwood Bus Station: With a £240,000 Town Improvement Grant and in co-operation with Caerphilly County Borough Council, work has started on site for this £2.5 million project. The aim is to stimulate markets and encourage investment to the area, to assist small businesses and communities. The project will entail the replacement of the existing structure with a new exemplar building and canopy, with the environmental improvement of some 4,965 sq. meters of land.

21. Pensord Press, Pontllanfraith: South Wales magazine printer Pensord press has won an industry award in recognition of a revival in its fortunes. The Pontllanfraith company took the turnaround award at the BPIF Excellence Awards, 2006. The company has recently been selected to join the Welsh Assembly Government's Knowledge Bank for Business programme – aimed at backing those companies with the greatest potential for growth.

22. EU Structural Fund Progress at 30 April 2006: Structural Funds have committed £1.54 billion to 2,745 projects, representing some £3.7 billion of total project investment in Wales. Objective 1 has committed some £1.31 billion grant to 1,677 projects, representing around £3.1 billion of total project investment in West Wales and the Valleys. As well as the creation and safeguarding of thousands of jobs, over 366,000 beneficiaries have been assisted and over 10,000 SMEs created.

23. Cyrenians Community Resource Centre: I opened the Cyrenians Community Resource Centre in Swansea on 5th May. £0.53m Objective 1 ERDF has contributed to the building of the Centre with a further £0.28m ESF being utilised to provide activities within it. A diverse range of practical advice is on offer, provided by statutory bodies and others, to encourage service users to take steps towards a more active role in society and the labour market.

Promoting Innovation

24. Institute of Advanced Telecommunications (IAT) London Showcase: On 4th May I attended a London showcase event to highlight the cutting-edge developments taking place at the Swansea IAT, which is establishing Swansea as an internationally recognised centre for telecommunications research.

25. Technium CAST: On the 25th May I officially opened Technium CAST in Bangor. The 70,000 sq. ft facility specialises in visualisation and communication technologies and forms part of the Technium Network. Technium CAST is being operated in partnership with Serco, the facilities management company and the University of Wales Bangor, and will be one of the UK's most advanced software incubation centres.

26. Technium Challenge: I attended and presented awards at the Technium Challenge dinner on 18th May. Technium Challenge is an annual business competition designed to provide new or existing

businesses with high-growth potential and the opportunity to enter a Technium. North Wales based Trace Technologies emerged as the winners of this year's award. They plan to enter Technium OpTIC in St Asaph to finalise commercialisation of a software package that can offer aircraft manufacturers and other industries huge savings at the design stage. The company has already received orders from Airbus. I was particularly pleased by the high standard of competition at this year's awards. It shows Wales continues to improve its position at the cutting edge of the innovation and knowledge economy.

27. Techniums: The Technium concept was exhibited at the American Incubation Centre in St Louis. It is pleasing to see that the Technium concept is attracting international interest. Meanwhile, the Technium Performance Engineering Building in Llanelli has been completed and handed over to the contractors.

28. Manufacturing Engineering Centre (MEC): On 18th May I visited the MEC at the University of Wales, Cardiff to see the advanced equipment and hear at first hand about the cutting edge advances made at the MEC. MEC is an active partner in the delivery of the SouthEast region of the Welsh Manufacturing Advisory Service and an accredited Centre under the Assembly Government's high profile Centres of Excellence Programme.

29. Knowledge Exploitation Funding (KEF): The KEF has provided £1.3 million for the support of 7 new collaborative industrial research projects involving 33 companies and working with Cardiff; Bangor and Glamorgan Universities. The research activity will help to ensure a new range of innovative products and processes for the companies involved and include new methods of construction, antibiotics from plants and new materials including those used for plastic lenses.

30. Ideapolic Centre: Pleased to report on major success for Clinton Broom of Hyderus Craye Ltd in working with Cardiff University in the KEF supported Ideapolis incubator centre at Neath and Port Talbot college. The collaboration will allow them to shortly move to one of the new Techniums. The Ideapolic Centre has assisted 15 businesses within the Objective 1 region.

31. Swansea Institute of Higher Education: Supported by a KEF grant of £750,000 Swansea Institute of Higher Education has now installed the non destructive testing (NDT) equipment in the new NDT Validation Centre at The Welding Institute in ECM2. They have assisted over 17 businesses and undertaken 4 collaborative projects with companies involving thermo graphic analysis.

32. Design Wales: The Assembly Government funded programme that provides free advice to Welsh SMEs on innovative design held its second international design conference. Companies and design organisations from around the world including the European Commission's Innovation Policy Unit attended the conference. Sir George Cox of the Design Council gave a key address on the importance of Design to the UK economy, sighting Wales as a leading example for supporting businesses in this area.

33. Knowledge Transfer Partnerships: I can now report that a third KTP advisor for Wales was appointed last month. The new advisor will cover the important North Wales area.

34. Technology Exploitation Programme: An independent review of the Technology Exploitation

Programme covering the period October 2001 - December 2005 has been undertaken. The review concluded that:

- It was a successful and focussed innovation targeted programme that has had a positive impact on growth in GDP and employment in Wales.
- The target outputs for the programme have been exceeded by a significant factor with the major achievements being:
 - 2,013 jobs created (target 840) 5,491 jobs safeguarded (target 860)
 - 1,411 businesses assisted (target 960)
 - £13.9 million PSI leveraged (target £5.9m)
 - 2,253 technical reviews (target 1650)
 - 260 collaborative projects (target 90)

The above findings successfully demonstrate the rationale for the programme - that relatively small sums of money can assist SMEs to take a step forward in innovation and thereby improve business performance, and create/sustain employment.

Investing in Networks

35. Wi-Fi: BT has announced that following a successful trial in Cardiff, the city will be one of the first six in the UK to benefit from a huge wireless network, giving citizens access to information and services. Good news as this demonstrates once again that Wales is viewed as an ideal testing ground by a major telecommunication provider and is leading the field in innovative technology applications.

36. Aer Arann: The Irish airline last month took over the Cardiff - Dublin route with a twice-daily service. Aer Arann's first Cardiff to Dublin flight left Cardiff International Airport on 1st May. Aer Arann are one of the world's fastest growing regional airlines, and are planning other services out of Cardiff including their recently launched twice-daily flight from Cornwall to Cardiff. I met with Padraig O'Ceidigh, CEO of Aer Arann on 1 June.

37. Thomsonfly: Last month also saw the launch of a new range of long haul flights from Cardiff International Airport, with Thomsonfly offering weekly flights to Mexico, the Dominican Republic and Florida.

38. Eastern Airways: On 5th June Eastern Airways' first international service will take off from Cardiff to Brussels. Every weekday will see two services that will support business and tourism between Wales and Brussels.

Visit Wales

39. Tourism Advisory Panel (TAP): The membership of the Assembly Government's Tourism Advisory Panel has been revealed, and I am delighted by the quality of people we have been able to attract to this important body. The six panel members are: -

- **Keith Brooks:** Keith will Chair TAP, and as a former Chief Executive of airports group TBI will bring an invaluable degree of experience, knowledge and leadership. Keith will also represent Wales on the board of Visit Britain.
- **Julian Burrell:** Julian is Chair of the Wales Tourism Alliance, the representative body of the Welsh tourist industry and a senior partner of the marketing and bookings agency, Wales Holidays.
- **Peter Bursnall:** Peter is a Director of Tourism Partnership North Wales and Snowdonia Active.
- **Ieuan Evans:** As former captain of the Welsh rugby team Ieuan is a well-known and well-respected figure throughout Wales and beyond. He is currently Director of his own marketing and communications company and brings with him considerable experience as a member of the Wales Tourist Board for 4 years during which time he was vice-chair of the WTB's marketing and communications specialist board.
- **Elizabeth Jeffreys:** Elizabeth is a former Chief Executive of Jersey Tourism and brings with her 25 years of senior experience in the industry.
- **Kevin Jones:** For the last 9 years Kevin has operated Aberconwy House, a guest house in Betws-y-Coed, during which time its quality standard has risen from 2 stars to 4. He also promotes e-commerce take-up in the tourism industry through his company Aberconwy Websolutions Ltd.

My officials and I look forward to working with all the panel members. I am sure they will prove to be an invaluable source of independent and strategic advice grounded upon extensive knowledge and experience.

40. Group Travel Showcase Wales: The meeting of Group Travel Showcase Wales was held on the weekend of the 6th May at the Metropole Hotel in Llandrindod Wells. The event organised by Visit Wales gave delegates the opportunity to learn more about what Wales has to offer tourists. Trips took delegates to locations including the Elan Valley, Hay-on-Wye and Presteigne, and builds upon a previous successful event held in Cardiff.

41. Scenic Wales by Rail: On 10th May I launched a new campaign 'Scenic Wales by Rail' designed to promote community railways and encourage sustainable tourism in Wales. Supported by the Welsh Assembly Government as well as by Arriva Trains Wales and the Association of Community Rail Partnerships, this campaign shows my commitment to rural rail services as a part of an integrated public transport service for Wales which supports our strategies on sustainability and quality tourism.

42. Cambrian Coast Line: Following on from the success of last year I am delighted that Arriva Trains Wales will again be running steam trains on the Cambrian Coast Railway Line throughout August. The Cambrian Coast Line takes in some of the most picturesque and impressive mountain and coastal scenery in Wales, this combined with the history of steam travel is a real attraction to visitors.
43. St George's Hotel, Llandudno: On May 25th I re-opened the St George's Hotel in Llandudno. The hotel is a prominent landmark in the town and the considerable investment of £699,277 pumped into the hotel's redevelopment by the then Wales Tourist Board is bringing the hotel back up to 4-star status.
44. Beaches Hotel: A team that successfully runs hotels in Scotland and Ireland has completed the comprehensive upgrading of the former Grand Hotel at the eastern end of Prestatyn's promenade at a cost of more than £1.4m.
45. New Adventure attractions for Llanberis: Work has started on 'Ropes and Ladders', a new adventure attraction based at Padarn Country Park, Llanberis, which is scheduled to open for the school summer holiday. 'Ropes and Ladders', which has been set up by JSH Enterprises Ltd, has received a grant from the former Wales Tourist Board towards the cost of the project.
46. Ruthin Castle: Has announced plans to substantially upgrade its facilities to platinum business class. The work is the second stage of the refurbishment being undertaken by the new owners and follows the recent creation of a suite of conference rooms, a small leisure suite and general improvements to other public rooms costing more than £320,000.
47. Beach Awards: Fifty rural Welsh beaches received a Green Coast Award during the year that the Green Seas partnership celebrates its 10th anniversary. The Blue Flag is awarded annually in over 32 countries across the world on the 15th May it was announced that 43 beaches and 4 marinas in Wales have met the strict criteria. To have achieved Blue Flag status is acknowledgement that the recipients have joined the Premier League of beaches and marinas.
48. Walking Bus: To coincide with the 50th anniversary of Gower as the first Area of Outstanding Natural Beauty in the UK, a Walking Bus was launched in the area opening up access for walkers to the Peninsula by promoting short walks linked to bus routes.

International Business Wales

49. International Business Wales: I am please to report that in its first month of operation, International Business Wales has secured deals in excess of £11 million for Welsh SMEs. The indications are that May will also yield substantial returns on our investment in the comprehensive suite of services that we have developed to support the Welsh business community in international markets. On the inward investment front, we have secured five projects, three of which are from overseas, promising capital investment of over £17 million, the creation of 57 new jobs and the safeguarding of 164 existing jobs. Three of these projects were new. Also in the first month of our

new operation, our search for a new Head of the Americas generated high quality interest and interviews were held at the end of May. An appropriate individual will be appointed at the earliest opportunity.

50. Wales and Dubai: On 13th May the First Minister signed a 'memorandum of understanding' between Wales and the Dubai Chamber of Commerce. The agreement will develop mutual trade and investment interests between business communities in Dubai and Wales.

51. Dubai Trade Mission: International Business Wales undertook a trade mission to Dubai earlier this month. This is an important growth market for Wales with exports from Wales to the UAE rising from £67 million in 2000 to £210 million in 2005.

52. Mangar International: The Presteigne based manufacturer is to launch in the United States following a deal with US firm Turnkey Trading Solutions. The move will see Mangar establish a US operation with the opening of a warehouse and sales office in Atlanta.

Job Gains / Safeguarded

53. NTL: As a consequence of its plans to outsource or cut 6,000 jobs UK wide NTL has announced that none of its 791 call centre staff in Swansea will lose their jobs. Instead all staff are having their contracts transferred to IBM. The changes will take effect from July this year and comes as NTL completes its merger with Telewest. Although uncertainty remains for many NTL staff in other parts of the UK the decision to retain staff at Swansea is good news for Wales. It reflects favourably on the quality of the 791 staff located at Swansea and on the overall strength and reputation for excellence of the Welsh contact centre industry.

54. KK Fine Foods: On 11th May I took part in the turf cutting ceremony at KK Fine Foods new investment in Deeside. The company already employs 69 full time and 26 part time staff but this latest £4 million expansion, supported by an £850,000 Assembly Government Regional Selective Assistance Grant will create a further 80 jobs. This expansion comes only 3 years after the current factory in Deeside was opened and is expected to be completed by the end of this year.

55. Abergavenny Fine Foods: The company which supplies some of the UK's largest supermarket chains is to undergo a £1 million expansion helped by an Assembly Government RSA grant and a £100,000 loan from Finance Wales. The success of the company has meant it has outgrown its present premises at Abergavenny's Castle Park meadows and is investing in a 22,000 sq. ft. factory at Blaenavon. The move to Blaenavon will mean the creation or safeguarding of more than 30 jobs.

56. Carlisle Braking Systems: Carlisle Brake Products (UK) has acquired the global heavy vehicle off highway brakes division of Arvin Meritor in a move that will create 30 jobs and safeguard a further 50 at Mamhilad, Pontypool. The company will equip the unit as a modern brake manufacture, assembly and test facility that will become the European off-highway brake business headquarters. An offer of RSA, made to the company, has ensured that the work stayed in Wales. There was a possibility that the work could have been moved out of Wales and divided between existing plants in Europe and the United States.

57. Snen Call Centre: A new call centre that will handle non-emergency calls for Cardiff Council and South Wales Police is to be established, creating some 50 jobs. The Centre is being based at Cardiff Gate Business Park.

58. Tiger Tim Products Ltd: The Flintshire based manufacturer of firelighters was subject to a formal £5 million MBO that took place on 5th April. The MBO safeguards 90 jobs and was backed by an Assembly Government Assembly Investment Grant of £50,000.

59. BBC Shared Service Centre, Cardiff: The BBC is to set up a new finance shared service centre in Cardiff. The centre will be located at Ty Oldfield, opposite the BBC's studios in Llandaff. The site is expected to be fully operational by April 2007 and create 140 jobs.

Job Losses

60. Continental Teves: The German owned company has announced that it is to transfer high volume manufacturing from its Ebbw Vale plant to Slovakia in a move that will result in the loss of up to 350 jobs in addition to the 70 job losses already announced. The company has stated that low volume production for manufacturers such as Porsche and Aston Martin will remain at Ebbw Vale along with a remaining workforce of some 120.

61. Grampian Country Foods: The Anglesey based poultry production plant plans to cut its workforce by 210 by mid July. The company has pointed to poor trading conditions and falling sales brought on by cheaper imports.

62. Cig Mon: The Anglesey based abattoir has entered receivership. The company employs around 100 staff at its site in Llangefni. The Assembly Government will work closely with senior management and other agencies to identify potential alternative employment for those affected.

63. Printpac: The Cwmbran-based company has ceased trading with the loss of all 52 jobs. The company has pointed to declining sales as the underlying commercial factor behind the closure.

64. Nypro Wrexham Ltd: The plastic manufacturer for automotive / mobile phones is closing its Wrexham plant with the loss of 35 Jobs. The majority of whom will be laid off mid June. The closure has been attributed to loss of major customer in January.

65. ACCO, Llantrisant Business Park: The company is closing its Llantrisant operation with a loss of 82 jobs. The plant produces Over Head Projectors (OHP) and Bindery products. Despite strategically reviewing its position on several occasions and introducing new product ranges, bindery manufacture will be consolidated into its Arcos Group, and OHP and desktop products will be outsourced. The company has entered a full consultation process with the affected workforce. Team Wales met with management on 2nd May and the Customer Account Manager is working with the company to raise awareness of the potential to market its 50,000 sq. ft unit.

66. Crabtree & Evelyn: The Company advised staff they intend to transfer all of their UK

manufacturing to sister company Standard Soap Ltd in Leicestershire. 52 jobs will be lost at the site. The company will look to develop the Pontyclun site as its European Distribution Centre, retaining circa 50 jobs. The Department for Enterprise Innovation and Networks Customer Account Manager has arranged to meet with the company to discuss possible support for employees both leaving and remaining.

67. Vitafoam, Maesteg: The company has informed its workforce that it is to close its Maesteg plant by July with the loss of 88 jobs. The company has pointed toward poor sales within a highly competitive market for the closure.

68. Sofa Workshop, Llantrisant: Following a review conducted by the Parent Company (MFI) the decision was taken to reduce Group reliance on in-house manufacturing. The company has entered in to a 90 day consultation period. We understand 324 jobs are under threat.

Other Announcements

69. Welsh Affairs Select Committee inquiry into Energy in Wales: I appeared before the Select Committee on 8th May and gave oral evidence. Assembly Members will have seen the memorandum on the UK energy review submitted to the Select Committee and the UK's Energy Minister Malcolm Wicks that I made available at the last meeting of the EIN Committee.

70. Welsh Affairs Committee inquiry into Defence: On the 22nd May I gave oral evidence to the Committee on the future of RAF St Athan. I outlined the strength of the St Athan DTR bid as the only site that can meet the Ministry of Defence's vision for a new, state of the art, facility and environment.

71. DTI: On 4th May I held a meeting at the DTI with Alun Michael MP, Minister of State for Industry and the Regions and Malcolm Wickes MP, energy Minister. The agenda was wide ranging and discussions were held on a number of items of mutual interest. These included Wylfa; the Severn Barrage and other renewable energy issues; our Science Strategy; the manufacturing advisory service and new opportunities following the successful ASPB mergers.

72. Voluntary Sector: On 10th May I held the latest of my regular meetings with representatives of the voluntary sector in Wales. Amongst the items discussed on a broad ranging agenda were WAVE; Structural Funds; and Energy policy. Going forward I am committed to ensuring that my new department will continue to engage in an effective and appropriate manner with partners in the voluntary sector.

73. ALBUM (Association of UK Bus Operators) Conference: I gave a keynote speech at the annual ALBUM conference held this year at the Vale of Glamorgan Hotel on 10th May. The conference provided operators with an ideal opportunity to network with their counterparts from across the UK. I used my speech to update delegates on the most recent developments affecting Wales, and in particular on our Wales Transport Strategy.

74. Wales National Transport Conference: On 18th May I attended and delivered a keynote speech at the Wales National Transport Conference held at County Hall, Cardiff. I updated delegates on our transport achievements over the past year.
75. National Transport Awards: The Deputy Minister attended the National Transport Awards on 11 May. The Assembly Government sponsored the award for the Best Cycling and Walking Project, which was won by The City and County of Swansea.
76. Swansea Bay Alternative Travel Map: On Friday 12 May I launched the third version of the Swansea Bay Alternative Travel Map – a more user friendly and comprehensive guide that provides all the information and links about Sustainable Transport in Swansea.
77. Gwynedd County Council: On 25th May I met with representatives of Gwynedd County Council including the Council Leader Councillor Richard Parry Hughes, and the Senior Portfolio Leader (Development) Councillor Dafydd Iwan together with the local AM, Alun Ffred Jones. Development issues, the Wales Spatial Plan and North - South and other transport links were the main issues on the agenda.
78. Expert Panel on Resources Management for Wales (EPRM): The EPRM as been charged with supporting the delivery of a 3-year plan, with an intended start in 2007, on resources management in Wales. The Panel's consultation document is expected to be available for distribution in early June. March 2007 has been set as a provisional date to launch an action plan following the consultation and evaluation process. The EPRM's plan will provide a second phase of activity following the 3-year Business & Environment Action Plan for Wales (BEAP) which ended during February 2006. An evaluation of BEAP is underway and its findings will be available by August 2006.

Annex A

Action Outstanding

EDT(2) 05-05, 20 April, 2005

Economic Development and Transport Minister agreed to produce a paper at the earliest opportunity on the possible structure for delivery of the next round of the structural funds (Item 3)

This will be responded to as part of WEFO's consultation with the EIN Committee on the draft Structural Funds convergence programme.

Given that European regulations have taken longer to finalise than expected, it is now probable EIN Committee will have the consultation documents at its first meeting in September.

EDT(2) 03-06, 8 February, 2006

Economic Development and Transport Minister agreed to bring to the Committee at the appropriate time, plans for the simplification of the grant system (Item 3)

Officials are currently working on this and it is anticipated that the Minister will be in a position to bring forward proposals in the autumn.

EDT(2) 05-06, 16 March, 2006

Economic Development and Transport Minister agreed to provide the Committee, as a consequence of the Lyons Review with a breakdown of public sector job gains and losses in Objective 1 and non Objective 1 areas (Item 2)

The figures for job gains (based on announced changes) are as follows:

- Objective 1 Areas - 491 Public Sector job gains
- Tier 2 Areas - 1,267 Public Sector job gains
- Others - 683

These figures are subject to change as new announcements are made. My officials are endeavouring to provide data on job losses. I will report to Committee when these figures are available.

EIN(2) 01-06, 3 May, 2006-05-16

Minister agreed to provide details of how much of the £2m spent by the Heads of the Valleys Programme on a package of 'early win' projects had been on environmental improvements (Item 2).

£188,000 has been spent on supporting voluntary groups undertaking clean-up action in their local communities.

£771,500 has been spent on landscaping and other environmental improvements.