



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Menter a Dysgu
The Enterprise and Learning Committee**

**Dydd Mercher, 6 Hydref 2010
Wednesday, 6 October 2010**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Jeff Cuthbert	Llafur Labour
Andrew Davies	Llafur Labour
Brian Gibbons	Llafur Labour
Gareth Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Chair of the Committee)
David Melding	Ceidwadwyr Cymreig Welsh Conservatives
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Roger Evans	Cadeirydd, Fforwm Gweithgynhyrchu Cymru Chair, Welsh Manufacturing Forum
Simon Gibson	Prif Swyddog Gweithredol, Wesley Clover Corporation Chief Executive Officer, Wesley Clover Corporation

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Dan Collier	Dirprwy Glerc Deputy Clerk
Siân Phipps	Clerc Clerk
Ben Stokes	Gwasanaeth Ymchwil yr Aelodau Members' Research Service

Dechreuodd y cyfarfod am 9.31 a.m.
The meeting began at 9.31 a.m.

Cyflwyniad ac Ymddiheuriadau
Introduction and Apologies

[1] **Gareth Jones:** Bore da. Estynnaf groeso cynnes i bawb i'r cyfarfod hwn o'r Pwyllgor Menter a Dysgu. Mae hwn yn gyfarfod dwyieithog. Mae clustffonau ar gael i glywed y gwasanaeth cyfieithu ar y pryd, o'r Gymraeg i'r Saesneg; mae hynny ar sianel 1. Hefyd, gellir defnyddio sianel 0 i chwyddleisio'r sain. Bydd Cofnod o'r cyfan a ddywedir yn gyhoeddus ar gael.

Gareth Jones: Good morning. I extend a warm welcome to everyone to this meeting of the Enterprise and Learning Committee. This meeting will be held bilingually. Headsets are available to hear the interpretation from Welsh to English, which is on channel 1. Channel 0 can also be used to amplify proceedings. A Record of everything said publicly will be made available.

[2] Atgoffaf bawb i ddiffodd ffonau symudol, ac unrhyw ddyfais electronig arall. Nid oes angen i ni gyffwrdd â'r microffonau.

I remind everyone to switch off mobile phones, and any other electronic devices. We do not need to touch the microphones. As we

Gan nad ydym yn disgwyl ymarfer tân, os bydd unrhyw fath o argyfwng, bydd yn rhaid inni symud o'r ystafell hon ac, o bosibl, o'r adeilad o dan gyfarwyddiadau'r tywyswyr. Yr ydym wedi cael ymddiheuriadau oddi wrth Nerys Evans, Paul Davies a Christine Chapman. Deallaf y bydd Jeff Cuthbert yn hwyr i'r cyfarfod, ond bydd yn ymuno â ni yn nes ymlaen. Nid oes unrhyw ddirprwyon. Gwahoddaf Aelodau i ddatgan buddiannau.

are not expecting a fire drill, should there be any kind of emergency, we may need to evacuate the room and possibly the building, and follow the instructions of the ushers. We have received apologies from Nerys Evans, Paul Davies and Christine Chapman. I understand that Jeff Cuthbert will be late to the meeting, but he will be joining us later on. There are no substitutions. I invite Members to make any declarations of interest that they may have.

[3] **Andrew Davies:** I wish to declare an interest regarding much of the material that we will be considering, for example, the role of the manufacturing forum, and the task and finish group. As a former Minister, I established the task and finish group and the manufacturing forum.

[4] **Gareth Jones:** Diolch, Andrew.

Gareth Jones: Thank you, Andrew.

9.33 a.m.

Gweithredu Rhaglen Adnewyddu'r Economi Implementation of the Economic Renewal Programme

[5] **Gareth Jones:** Dyma'r sesiwn gyntaf i ni fel pwyllgor yn y broses o graffu ar ddulliau Llywodraeth Cymru yn ei bwriad i weithredu, monitro a gwerthuso ei rhaglen i adnewyddu'r economi. Bydd gan ein hymchwiliad ffocws arbennig ar is-adeiledd, sgiliau, band eang, gweithgynhyrchu a chymorth i fusnesau. Yn amlwg, mae gennym ddiddordeb yn yr amserlen ar gyfer cyflawni'r rhaglen hon. Mae gan y pwyllgor hefyd ddiddordeb hirdymor yn y materion hyn, ac felly byddwn yn trafod argymhellion yr ydym wedi'u gwneud yn ystod ein hymchwiliadau blaenorol, ac yn dwyn Gweinidogion i gyfrif ar y cynnydd a wnaed. Dyna gefndir y rhan hon o'n gwaith.

Gareth Jones: This is the first session for us as a committee in the process of scrutinising the Welsh Government's approach to its objective of implementing, monitoring and evaluating its economic renewal programme. Our inquiry will have a particular focus on infrastructure, skills, broadband, manufacturing and business support. Clearly, we are interested in the timetable for delivering this programme. The committee also has a long-term interest in these issues, and so we will be discussing recommendations that we have made in previous inquiries, and calling Ministers to account on the progress made on those. That is the background to this part of our work.

[6] Ar ran y pwyllgor, mae'n bleser gennyf estyn croeso cynnes i Roger Evans MBE, sef cadeirydd fforwm gweithgynhyrchu Cymru. Yr ydym yn ddiolchgar i chi am y papur yr ydym wedi ei dderbyn gennych; yr ydym wedi cael cyfle i'w ddarllen. Yr ydym wedi paratoi cwestiynau ar eich cyfer, ac edrychwn ymlaen at gael trafodaeth â chi y bore yma ar fater sydd o bwys i ni, ac i bawb yng Nghymru, fe dybiaf.

On behalf on the committee, it is my pleasure to extend a warm welcome to Roger Evans MBE, who is the chair of the Welsh manufacturing forum. We are grateful to you for the paper that we have received; we have had an opportunity to read it. We have prepared some questions for you, and we look forward to discussing this topic with you this morning, which is important for us, and for everyone in Wales, I believe.

[7] Penderfynwch chi, Mr Evans; os dymunwch roi cyflwyniad byr o ryw bum

It is up to you, Mr Evans; if you wish to make a brief presentation of around five

munud, cawn gyfle wedi hynny i droi at minutes, we can then turn to Members' gwestiynau'r Aelodau. questions.

[8] **Mr Evans:** Good morning, everyone. Thank you for inviting me along to give some evidence, and for you to have the pleasure of questioning me afterwards, I would imagine. I am the chair of the Welsh manufacturing forum—the inaugural chair. As Andrew rightly said, I was part of setting that up after the manufacturing task and finish group several years ago. First, I apologise for the lateness of my submission. It has been a very busy time. However, I want you to realise that the manufacturing forum has no secretariat, as such. It currently has no-one from the Welsh Assembly Government to provide support because the individual who previously supported us has left. Therefore, I had to do all of this myself by speaking to individuals and trying to glean as much information as I could. Although I am here to represent the Welsh manufacturing forum, I want you to realise that it is predominantly through the goodwill of many people that we have the manufacturing forum and that we managed to publish a strategy this year. It is not a complaint; I am not whingeing, but just setting the facts so that you are aware of our position.

[9] I do not know whether you wish to hear about some of my background or just about the manufacturing forum.

[10] **Gareth Jones:** It is up to you, Mr Evans.

[11] **Mr Evans:** My day job is running an automotive manufacturing plant. Our company has been in Wales for over 50 years. Contrary to the majority of the news that you have had, manufacturing is still doing well. We have done very well during the recession. We have managed to grow and we continue to grow. We also continue to invest. Hopefully, when we get the final signature in the next couple of weeks, we will be announcing a £6 million investment in new manufacturing methods in our plant. I just wanted to say that because I wanted to paint a positive picture for manufacturing. I always believe in trying to look at what is possible rather than at what is stopping us from doing things. Coming back to the economic renewal programme, the sort of tack that I would like to take is to highlight only the things that really are a barrier to making progress rather than concentrating on the things that we have great difficulties with.

[12] With the economic renewal programme, and with the future for manufacturing being the only way that we can get ourselves out of the economic situation, as far as I am concerned, we have to make and export things, and we have to add value to what we are doing in order to improve the economy of Wales. We need to raise the profile of manufacturing even further than we have managed to do over the last few years. We need a vibrant, well-supported manufacturing forum to do that, which can only work well with the new sector planners, when they are set up, under the economic renewal programme, so that we can have a joined-up way of working for the Welsh economy in the future.

[13] **Gareth Jones:** That is very encouraging. You are saying that, given the opportunity, you see room for expansion and development.

[14] **Mr Evans:** Absolutely. Again, I take my own example because that is where I can talk knowledgeably. You would not say that we are in high-tech manufacturing, although that is the direction in which we are moving. We are in low-cost, very high-volume manufacturing, yet we are cheaper than our Chinese establishments. We make the same products in China as we make in Llanelli, but we are cheaper than them. It shows that when everything is working properly, and the Welsh workers, managers and leaders have the best of everything, they can do it. I have no worries about the future, but we have to create the background for our businesses to flourish, which will obviously be very difficult with the sort of cuts that we are looking at in the near future.

[15] **Gareth Jones:** Thank you for that. I will now turn to Members for their questions, and I will start by calling on Jenny Randerson.

[16] **Jenny Randerson:** One of my questions was going to be about the delay that has occurred in publishing your strategy. Given your opening comments, perhaps that is not surprising, but I wanted your thoughts on why it has been delayed, and whether you believe that that will have any impact on the health of the manufacturing sector in Wales. I have a few other questions, but they are not directly linked, Chair.

9.40 a.m.

[17] **Mr Evans:** Predominantly, the delay was a result of the economic summit meetings and the focus on those rather than the manufacturing strategy as one document or strategy. That is the feedback that I have received. I attended nearly all of the economic summit meetings, so perhaps it was a case of their being held in its place rather than being in addition to it. That is the main reason for the delay in the strategy being accepted. From my point of view, I was not looking for the Government's approval for the strategy. I wanted it to agree that what we were doing was correct. As far as I was concerned, it was one of the partner organisations in the manufacturing forum. We only wanted to know that it was happy with what we had done; like all the other stakeholders in the manufacturing forum, we were already signed up to the strategy.

[18] **Jenny Randerson:** So, at which end did the delay occur? Was it at your end in producing it or at the Assembly Government's end in assessing it?

[19] **Mr Evans:** It definitely took too long, for my liking, for us to come up with the final document, but because we are such disparate organisations, we could not meet very often—we had to do it remotely and virtually, and that took longer than I would have liked. However, like all these things, when you are trying to come to a consensus and there are different views, it takes a bit longer. I think that the delay on the Government side was as a result of the economic crisis and the economic summits.

[20] **Gareth Jones:** Before we move on to the next question, do you wish to come in on this point, Andrew?

[21] **Andrew Davies:** Yes. This is an important point. I would like to explore this, because it is not just about the manufacturing strategy. The ministerial advisory group reported in the spring of 2007, and the commercialisation of knowledge report came out at the same time—Simon Gibson will be appearing before the committee after you. It strikes me that these are several major pieces of work, and yet a department that was one of the biggest in the Assembly Government has spent three years failing to deliver on those. My understanding is that, following the reorganisation, the department essentially has the same senior management. So, do you have confidence that the economic renewal programme will be delivered by the same management team?

[22] **Mr Evans:** I go back to the previous question. My answer is the same, really. We were delayed; we took longer than I would have liked because we were trying to create a strategy for the very first time for manufacturing in Wales. We did not have anything to start with, and we did not want to copy anybody else. I wanted a solution for Wales—a Welsh solution for our manufacturers. We obviously had an eye on the global aspect of it all, but I wanted a particularly Welsh solution, so it took a little bit longer. I really do not know what the changes in Government are. I do not know who is going to be responsible for what. It is not clear in the ERP what the new structures will look like, so I cannot really comment, Andrew, on whether that will improve, to be honest.

[23] **Andrew Davies:** With regard to adding value, which, as you said, is obviously what the role of manufacturing is about, what do you think the role of Government should be in supporting companies like yours and other manufacturing companies? What will add value from your point of view?

[24] **Mr Evans:** We need to restructure the manufacturing forum for the future. We have an ERP document, which we do not have many issues with. The general thrust of what is going on is okay. We now need a reconstituted manufacturing forum that can support that—and perhaps not just support it, but lead on it, create a vision for manufacturing and then put an action plan in place that will achieve that vision. To do that, we need some sort of funding. At the moment, there are question marks over the funding for the automotive forum, the aerospace forum and the electronics forum. I am not sure, but I do not think that those are mentioned in the ERP; the manufacturing forum is mentioned. So, I would like to see a stronger manufacturing forum, correctly supported, working closely with the sector panel for advanced materials and manufacturing. That would allow action plans to be created that could make a difference.

[25] We should stop talking about strategy and move to the deployment phase. There are many ‘whats’ in the ERP, but very little about how things are going to be done. It is the deployment that I want to get to grips with. We need to start getting a deployment programme together and asking what we will do that will make a difference in the first or second year. We should stop talking about short terms and look instead at five, 10, 15 or 20-year programmes, so that we are really investing in the future, starting today. We cannot get there straight away, but we need to start putting the building blocks in place now for a sustainable future.

[26] **Jenny Randerson:** That was an interesting analysis, Roger. Moving on to a different issue, you have referred to the ERP and the changes that it has brought—the ‘hows’ and the ‘whats’—and those changes are beginning to be rolled out. One of them has been the closure of the single investment fund, and I wondered whether you and your colleagues, as people on the receiving end, had an opinion on the way in which the Government has communicated the details and the purpose of that closure, and the future arrangements for financial support. Has it been clear, has it been a smooth process, and is business in general—or manufacturing in general—aware of the new direction?

[27] **Mr Evans:** I cannot answer for all manufacturing or all businesses, but it is well known that the investment fund is finished. That has been clear, and people have picked up on that because it is such a big announcement. It is because it has such negative connotations, I guess, that people got to hear about that. What is not so clear is what will replace it. We were talking about the move to an investment culture instead of a grant-funding culture, and it is not yet clear how that will work. I go back to the ‘what’, which is perhaps in place, but the ‘how’ is not; we are still waiting for that. I made some bullet points for today, and that was one of them. We know that the fund will not be available anymore, but it is not so clear how the new system will work.

[28] **David Melding:** Could I go back to the publication of the manufacturing strategy? We have not seen it yet. It sits there, and you have seen it, and it has been worked on, and it was ready to be signed off two-and-a-half years ago. It has been amended in the light of the economic crisis, which to some extent one can understand, because the strategy presumably deals, as you say, with a far-off horizon, and we need to be looking at five, 10 or 20 years’ distance. Has the policy confusion been unhelpful given that the Westminster Government published its strategy in the autumn of 2008—or was it 2007? I cannot remember now, but it was a good while ago.

[29] **Mr Evans:** I think that it was 2007.

[30] **David Melding:** That is even longer ago.

[31] **Mr Evans:** We did publish a strategy in 2008, but we more than amended it—severe changes were made—

[32] **David Melding:** You produced a strategy, but you did not publish it.

[33] **Mr Evans:** That is right. We have now produced another, which we have asked all stakeholders in manufacturing to sign up to. We are in the process of turning that into a glossy document for circulation, but the important thing is the action plan. Once that strategy was fixed, and we had agreement from everyone, I wanted to move into the action plan as soon as possible, to get into—

[34] **David Melding:** I just wanted to clarify this for the record. Anyone watching this, I think, will be trying to work out, ‘Has a strategy actually been published?’ It has been produced by you, but not published. Incidentally, I imply no criticism of your involvement, because, as you indicated, you do not have a large secretariat, and it was a ministerial decision that delayed the publication of the strategy. We were told by officials that it was technically ready for publication in August 2007, and that was the publication date, and then they wanted to modify it as a result of events. Anyway, we still await it, and we need to note that the position has been somewhat confusing.

[35] I want to get to my substantive point, because you are right that we cannot obsess about this. However, do you just want to come back on that?

[36] **Mr Evans:** Yes, I just wanted to add that the Government did give us some funding to produce the strategy in published form so that we could send it out. The delay there is ours, because we have not done that. We asked for financial support to do that, and that is what we have had. However, it is more or less my fault, because I wanted to jump ahead and get to the part that would make a difference.

9.50 a.m.

[37] **David Melding:** Let us move on to some of the substantive points. Would you say that the economic renewal programme contains most of the strategic new directions that you would want and that they have perhaps been encapsulated and summarised in the manufacturing strategy? Clearly, you could extract much of what is in here that would have direct or indirect implications for manufacturing. Do you look at the economic renewal programme and say, ‘Ah, yes; we have clearly influenced the thinking’?

[38] **Mr Evans:** Yes, I think that that is definitely the case. In the majority of the papers that various stakeholders have submitted to me, there is a lot of alignment between that and the ERP, and in some cases there is an overlap. What is missing, which I keep coming back to, is the deployment of what that would look like.

[39] **David Melding:** In which case, let us move on to what it will look like. Let us be balanced: the Deputy First Minister has said that we will have more of an indication of what it will look like in detail during the autumn. You make an interesting point in that we need timescales that are not annual or even three yearly—they can be, but that is only part of it. We need much longer-term targets and effective monitoring and evaluation. We in this committee sometimes say that the tools for evaluation and monitoring—particularly monitoring as we go along—could be improved. Could you give us an idea of what you would like to see on the longer-term horizons, say in 10 or 20 years? Just to give you a flavour, yesterday, we had a

Government-led debate on innovation, research and development. There is a huge impact on manufacturing, because most private sector research and development is in the manufacturing sector. Again, I was pushing the Government to tell us things such as what its vision is for the university sector, when Cardiff University does not even make the top 200 world universities now—at least, not according to the *Times Higher Education* supplement list. It seems to me that, if we are to have an effective manufacturing strategy with clear goals, there are ramifications for skills, education and several other sectors.

[40] **Mr Evans:** Absolutely. We have some major themes in manufacturing, skills being one of them; innovation and added value are others. I have a bit of a bee in my bonnet about what I call ‘innovation to commercialisation’, because that process is not completed or done well in Wales, and perhaps not in the UK or anywhere else. It is an area that we need to look at, to capitalise on and to give us something extra compared to other countries. What we have to our advantage, you would think, is that we are quite small and well-connected. We like networking and, as Welsh people, we like to be nosy, we like to know what everybody else is doing, and that should work to our advantage in creating a joined-up network to maximise the tremendous ideas that we have, and not just in universities, but among individuals and businesses as well. It is awfully difficult, however, to commercialise those ideas, so that they make money. Whether that is because the ideas are not well thought-out in the first place I do not know, but predominantly, the more I look at it, the more it appears that, whichever way you cut it, it is about funding. It is about money being available at the right time and in the right place to support these projects. I am not saying that that should be Government money, but there should be some way to have a landscape in which the money is available.

[41] If you remember, I asked at one of the economic summit meetings for our own business community bank. That would not be a bank of last resort—which is what some people throw back at me. It would be a bank that would be prepared to take the right risks for the right reasons. That is, it would be aligned with innovation to commercialisation, rather than solely aligned with returns, as a normal bank would be. That is a different argument, and we could be here all day talking about that. Actually, we could talk about innovation to commercialisation all day, too, because I do not think that we maximise what is happening in universities. There are too many silos within the flow line of innovation to commercialisation—there is nothing going on across the piece, and we need to improve the situation.

[42] A lot of people are trying very hard to make this happen. Some good people, on the private side and on the Government side, are trying desperately hard to improve that to make it work, but it is an easy one. If we can maximise that, turn it into commercialisation and make it better, we can leap forward quickly. However, we are not focusing on that. Innovation is a big part of the manufacturing side, and it is also in the ERP. I forget what else you asked about.

[43] **David Melding:** Could you give us a 10-year goal for manufacturing that you would like to see in whatever the Government is about to produce in terms of the detail of implementation of the ERP?

[44] **Mr Evans:** The simple one is the proportion of gross domestic product that manufacturing contributes, which has been reducing. When you speak to economists, you realise that it has been reducing throughout the world’s developed countries. My answer to that is ‘That’s fine, but let’s do something different in Wales’. We need to rebalance the economy in the direction of manufacturing and adding value—not just recirculating money within the economy, but creating new money. The way to do that is by exporting goods and bringing money into the country, whether we are exporting to England or wherever. We need to export, add value and bring that money back into Wales. That is one of the simple long-term goals.

[45] **David Melding:** We are up 13 or 14 per cent of export at the moment. What would you set as a 10-year target? We are not going to hold you exactly to it; give us a scale of magnitude.

[46] **Mr Evans:** The target would be between a 10 and 15 per cent improvement on that.

[47] **David Melding:** So, you would say that we need to plan for higher figures but certainly stop the decline that you mentioned earlier.

[48] **Mr Evans:** I will qualify that by saying that it may decline in certain parts of manufacturing, but improve disproportionately in others. So, we have to be a bit clever about how we set the targets, rather than just set them willy-nilly, generally across the board.

[49] **Gareth Jones:** Before I turn to Brian, I have a question. You mentioned that you had attended most economic summits, and you made a very basic, but important, point in terms of accessing that kind of funding for commercialisation. I take it that you presented that idea at the summits. Do you identify anything like that in this new programme, or do you feel that it should be revisited and incorporated?

[50] **Mr Evans:** I cannot remember seeing anything along those lines, but the feedback that I have had is that it is being worked on. Andrew might remember, but I think that it was Colyn Gardner from Bangor University who was asked to look at this and produce a paper on it, looking at the feasibility of having such an establishment. So, I believe that that is going on in the background.

[51] **Andrew Davies:** From memory—I attended every summit—Roger is right about Colyn Gardner from Bangor University. However, it was more about looking at the failures of the banking system and business generally—including, importantly, the manufacturing sector. I do not know what has happened since, and I do not know if there were any specific proposals about something for manufacturing, as Roger outlined.

[52] **Gareth Jones:** I asked that question because, throughout the development of this plan, there has been talk about consultation, or the lack of it. Some people maintain that even the document at this stage should be out there for consultation, rather than wait for the finished product. You make an interesting point, and I am sure that the committee would want to look at it in some detail later on.

[53] **Mr Evans:** To add to that, part of my request was made from a sense of frustration, very early on in the economic crisis, regarding the position that the banks were taking, with funding and finance very difficult to obtain.

[54] **Gareth Jones:** I understand.

[55] **Brian Gibbons:** On your direction for the meeting, Chair, do you intend to go through the questions in a structured way?

[56] **Gareth Jones:** It is up to you, Brian.

[57] **Brian Gibbons:** I have general questions about Roger's opening remarks, but then I would like to deal with issues around the single investment fund, techniums, broadband and so on. Do you want me to do them all now?

[58] **Gareth Jones:** Yes, by all means, and other Members can come in as they wish.

10.00 a.m.

[59] **Brian Gibbons:** Hello, Roger. In your opening remarks you were quite positive about manufacturing, particularly your own sector. Obviously, Ford, GM and so on are turning things around. In my constituency, there is a bit more caution about the next three to six months in the steel industry. I am wondering where the mean position is with regard to where we are likely to be, economically, in six months. If it is a good news story for the automotive sector, where are the markets that you are able to export to that are proving to be so attractive? Why is that not being reflected further down the supply chain?

[60] **Mr Evans:** The markets that are growing for us are Asia and South America, particularly Brazil. Those are absolutely brilliant markets at the moment. Even in Europe, Ford is doing very well and has done throughout the whole recession. I know that steel plays a major part in your constituency. One of the biggest problems that we have at the moment is getting steel—we have dire problems in that regard at the moment. We buy steel from all around the world, and we have big problems. It is limiting our ability to meet customer demand at the moment.

[61] **Brian Gibbons:** You are talking about strip steel are you?

[62] **Mr Evans:** Yes, we are talking about different steels. You are talking about engineering steel in your constituency, and we need low-carbon steel.

[63] **Brian Gibbons:** That was the sort of answer that I anticipated, but does the bulk of Welsh manufacturing export to Asia and Latin America or to Europe? You said that there was good news for Ford in Europe. What is the picture with regard to selling destinations for Welsh manufacturing?

[64] **Mr Evans:** I think that we all know that Europe is our biggest customer by far. The majority of Welsh businesses probably do not export to Asia. However, you would be surprised by what is happening in manufacturing—particularly in some of the smaller businesses—and by how well they are getting their acts together and identifying markets. Another issue with regard to the ERP for me is International Business Wales. A few people I have spoken to have talked about what will happen with regard to export support in future. They want to know how they will access that if IBW does not exist. Perhaps a system or structure will replace it; perhaps it will be even more effective—I do not know. However, at the moment, it is not clear how export support and help from the Government will be made available, given the IBW situation.

[65] **Brian Gibbons:** We will be taking evidence on that next week. The message that I am getting is that there are companies that can export to further afield, but that more local markets are more problematic and less buoyant than Asia and Latin America and that, with regard to developing manufacturing, that is a concern. I do not want to put words into your mouth.

[66] **Mr Evans:** There are internal markets that are doing quite well, I imagine, and it is very difficult to generalise for the whole manufacturing sector. As I said earlier, there will be some areas where we may see a decline in the GVA and some where we will see an increase. Again, a great deal of success depends on management and leadership. That is another issue with regard to the skills and knowledge aspect of the ERP and the manufacturing strategy. It is very important to ensure that we have the right managers and leaders as well.

[67] **Brian Gibbons:** Is that picture sectoral as well? Obviously, the individual leadership of individual companies will have a big impact on that, but, presumably, the automotive sector will have a different profile to other manufacturing sectors.

[68] **Mr Evans:** Absolutely. If you think of pharmaceutical or biomedical manufacturing, there are markets there that could grow very quickly. The Institute of Life Science in Swansea is generating a lot of wonderful ideas that we perhaps need to commercialise.

[69] **Brian Gibbons:** The point that you make about where Welsh businesses end up is well made. I visited a rather unprepossessing factory in the Port Talbot area—I shall leave it anonymous—and that company has visited Vietnam, where it has been trying to develop a customer base. It had gone there from Malaysia—with support from IBW, as it turned out. A visit to Malaysia gave it a lead in Vietnam, which it was then able to follow. So, a lot is going on of which we are probably not aware.

[70] **Mr Evans:** Absolutely. To add to that, the important thing for me is the trajectory, and the direction in which we are moving. As far as the manufacturing strategy action plan is concerned, that is the journey to excellence. Every company will start the journey at a different point on that trajectory. The important thing is to make sure that we support those companies in the right way and at the right time for them. So, it is not a one-size-fits-all type of support. I would argue that, as businesses, we probably know best what we need. That is not a universal truth but, generally speaking, it is true. The level of support needs to match the position of businesses on the trajectory. We are currently trying to map out what that trajectory looks like, what qualifies you to be at what position on the trajectory, and, therefore, what level of support, information or knowledge transfer you need in order to capitalise on that and either move up to the next stage or leapfrog one or two stages. So, it is a complicated picture, but is it something that, as an engineer, I can see.

[71] **Gareth Jones:** You talked earlier about steel and so on and pointed out how difficult it is to acquire products. You have also mentioned supply and demand and identifying markets. Obviously, individual companies can go about that in their own way, but I think that you are making the point that it could be easier and could be facilitated somehow in Wales. The key question is: how? Who would have the expertise to be able to be involved in these questions on trajectories and trying to find a way forward? Andrew mentioned earlier that we are not quite sure about the restructuring in WAG in respect of the various departments and so on, but what would be your ideal situation? What body could you work with and have confidence in so that there would be benefits and a clear identification of needs, and, of course, something to be done about them?

[72] **Mr Evans:** I would say this, but—and I am narrowing my answer down to what I am here to answer about, namely manufacturing—I see restructuring or reconstituting the manufacturing forum as being the way forward. We are also now talking to Cardiff University, because it has some funding to create the Welsh manufacturing institute. I see the manufacturing institute as being the research and development body for the manufacturing forum. It would make sure that we have the tools, techniques, analyses and data to be able to make an informed decision about the trajectory, and whether we are on the right trajectory—or starting from the right point, to be honest. So, there is a lot of work to go on, and I am excited about how we can work together with the institute to make that happen.

[73] On the connection with the forum, I would imagine that that will have been fixed, because of the sector panels that are yet to be created. Again, I see them as having an important role to play, and we have to have the right people on board in the panels. They have to understand what we are doing and have the mindset to create the landscape to make it easier for Welsh companies to succeed than other companies.

[74] **Gareth Jones:** Precisely. Jenny, David or Andrew, do you want to come in on any of those points?

[75] **Jenny Randerson:** Yes, please. You mentioned skills and the importance of leadership skills. Do you think that the Assembly Government has the right policy on skills and is developing skills at the right level? Yesterday, we had a debate in the Assembly on innovation and research. One of the points that I made, which had been made to me by the higher education sector, was that it believed that there is not enough emphasis on above level 4 skills, namely the post-degree level of research skills. So, do you believe that the right suite of skills is being promoted and provided for and is the spread of skills coming in at the right levels for your sector?

10.10 a.m.

[76] **Mr Evans:** If you are talking about leadership skills and manufacturing or creating leaders, then we are into a discussion about whether you can create leaders or whether they are born, and that is another question. My answer to that is that I do not know, but we must have a good go at creating our own leaders. Therefore, we need a system that supports and grows them. If you look at the education system in total, I do not think that you will see it fully supporting the sort of leaders that we need for the future. That is not to say that it does not try, but that is a whole other discussion. I look at the education system as part of the supply chain. I do not mean to demean the education system or the young people who come through it, but we rate our suppliers, so how would we rate the education system if we were comparing it with other suppliers? We primarily need people who are ready for work and we also need people whom we can build, support and develop. It is important that we get them from the education system.

[77] We could improve our leadership and we need to improve our leaders. A tremendous amount of initiatives and support mechanisms is out there. We have to corral them, test them for value for money, see which ones are best and implement them. I know that some work is already going on in leadership and management. I know that the University of Glamorgan and Cardiff University are working together on that. Lots of things are happening, but part of the problem is that that is sometimes confusing. I get confused and I think that I am pretty well-informed—you may think otherwise. I have always said that. Andrew and I had discussions about clarity and the need for a single thread so that I can see my way through to getting what I want, rather than a disarray of support and different mechanisms.

[78] **Jenny Randerson:** What about the other skills? You have been clear about leadership, but what about the skills that manufacturing needs? I imagine that they would be engineering skills above all.

[79] **Mr Evans:** Over the last I do not know how many years, engineering has not been in vogue as an occupation. We have been trying hard to improve the image of engineering through offering support for schools and all sorts of activities. That, again, is an area in which support was quite disparate and is still a little disparate. There is a lot of goodwill and people are trying to do the right thing. We are also desperately trying to pull all that together to improve that situation. Engineering has maybe not been the first choice as an occupation. The careers advice given by certain people has been, 'If you can't do anything else, you may want to consider engineering'. We are seeing that change. The tide is changing a little, and I hope that that continues, because there is a shortage of the right type of engineers. We find that we have to spend a lot of time training and teaching the people whom we have employed in what we want. We would expect that to an extent, because each business and industry, even though they are in manufacturing, has its own needs and requirements, and they are special in some cases.

[80] **Gareth Jones:** Thank you for that, Jenny. We will be looking at the whole issue of science, technology, engineering, mathematics subjects, and we may lean on you again on that, Roger, in our particular review. We will return to Brian.

[81] **Brian Gibbons:** Two thirds of the way down on the second page of your paper, you say that:

[82] ‘The Manufacturing sector in Wales has reduced from 18.4% GDP in 2005 to 13.4% in 2009. Although evidence obtained by the WAG indicates that they should reduce the level of support to businesses and that the private sector should take the lead.’

[83] You then go on to say that:

[84] ‘Many businesses rely on this intervention and cascade the knowledge through the company and supply chain hence transferring skills.’

[85] When you see that many businesses rely on this intervention, what are you referring to? What are the individual interventions or the suite of interventions?

[86] **Mr Evans:** Many businesses generally find it difficult to access information and knowledge because they are smaller businesses—and I will return to this point again—and therefore they rely on their relationship with their account managers to help them out, because it should be a one-point call for them to get these things. The concern is that on the one hand we are talking about potentially anchor companies—whatever that means, because how you qualify for that is not currently clear—and small and medium-sized enterprises on the other, and it seems from the document that there will be support for anchor companies that will more or less be the same as it has always been, but it is unclear what the support will be for SMEs. The fear is that there will be less active direct support for SMEs, and that is what we were trying to encapsulate there. It is about this difference between anchor companies and SMEs. People have been wondering whether, if we get inward investment, and the company is deemed to be an anchor company or an anchor-like company, that company will get the full benefit of support that anchor companies have always had, while SMEs have the worst end of the deal. It is not clear how that will work.

[87] **David Melding:** Most innovation in research and development, surprisingly, comes from SMEs. The volume is with the larger suppliers, because their products are well developed and because they keep up with research and development to advance those products. However, the new innovation where we are likely to score more success comes more from the SME sector, and there is a potential contradiction here between having an anchor approach and creating a generally friendly business environment. The Government seems to want to do both, which we commend, but can both be a priority at the same time?

[88] **Mr Evans:** You cannot ignore either one because anchor companies are important, whatever is meant by that term, but so are SMEs. It is a difficult task, but we have to try to square that circle somehow.

[89] **Andrew Davies:** You referred to both the manufacturing forum and the individual sector fora. I am struggling with the idea that it is either anchor companies or SMEs, because if you take your sector, which is quite mature and has collaborated, you could say that Ford is an example of an anchor company in Wales with regard to its investment and employment, but Ford works with lots of other companies in the sector supply chain, which would be SMEs. So, with regard to the support that you and others in the sector get—and you referred to the supply chain—what should the Government be doing to add value to what you and others in your sector are doing?

[90] **Mr Evans:** It should be listening to what the demands, the needs and the requirements are and acting upon those. As I said, it is difficult to say, ‘This is what we want’. There is no generic solution, so we should move away from generic solutions to trying to find

tailor-made solutions for the business requirements, because they are different, even from within the same sector—for example, the requirements of businesses within the automotive sector are quite different. Therefore, there is no single answer, and thereby lies the problem for Government. It is difficult for it to say, ‘Take this pill and it will sort out all of your problems’. It is not that easy. So while the Government stands to be criticised, that is in unfair in many ways. Businesses must also improve the way that they articulate what it is that they need and want.

10.20 a.m.

[91] It is incumbent upon us to enter into this; it is a two-way thing. I am not saying that the Government has to solve all these problems. That is far from the truth; it is a two-way thing and we have to support each other in this. The important thing is to work together across all boundaries to make Wales the richest country in the world. That is my vision—and why not, Andrew? If we do not have big visions, we are never going to get there.

[92] **Gareth Jones:** Brian, we have about 10 minutes left.

[93] **Brian Gibbons:** We are not going to get through all the questions. Following on from what you have said, I understand the analogy of the pill. One pill is not going to cure everything and there needs to be a range of pills on the shelf—

[94] **Andrew Davies:** So says the doctor—

[95] **Brian Gibbons:** Yes, I declare an interest, Chair. [*Laughter.*]

[96] There needs to be a range of tools in the toolbox, to use a more traditional analogy. With regard to what should be available, accepting that it needs to be tailored for individual companies and sectors, what needs to be on the shelf? To me, there is a great deal of text between the lines in that paragraph, and I am trying to tease out what that hidden text is and what it is trying to say. You said, in passing, that the anchor companies or big foreign direct investment companies can or should expect a full panoply of support, but that you are concerned that one of the subliminal messages is that indigenous SMEs are going to get a different package of support to FDIs. You made reference to account managers and so on. A while back, account managers seemed to be very active, making the connections on the ground for lots of companies in the past three or four years. I may be totally wrong, but the work that they were doing on the ground seems to have just evaporated. So, with regard to the tools that should be in the toolbox, what is that particular paragraph trying to tell us about what you want?

[97] **Mr Evans:** There are a couple of things, I guess. We talked about skills earlier; that provision needs to be supported and continued to be supported, where possible, by Government. One of the other things that we have not spoken about is the speed of delivery and decision making and the clarity of communication between Government and businesses. In business, you have to make decisions quite quickly in order to capitalise on what is happening or to prevent something happening. We need the same sense of urgency when dealing with Government departments, so that we are getting decisions, whether positive or negative, because, if you are not getting the decision that you expected, you can move on and perhaps do something differently. That is not mentioned here, and it is very important if we are to move forward. We need to respond more quickly and be more flexible. Again, that would give us an advantage.

[98] **Brian Gibbons:** As I said, we will not be able to get through all of my questions and I do not want to monopolise the last 10 minutes, but I just wish to ask about International Business Wales. Obviously, it has been argued that the Welsh Development Agency was at

least a brand. Okay, perhaps it did not perform very well, and my colleague, Andrew Davies, would have a definite view on that. IBW, slowly but surely, began to develop as a brand. People were becoming aware of it as a brand, and now it is gone, and it seems that we are going to have a sectoral approach to promote the outward-facing part of Welsh business. What is your view and the view of the manufacturing forum on that? Developing a brand is important. Do you think that IBW should be kept as a brand, but with different things underneath?

[99] **Mr Evans:** My experience is that IBW did quite well in certain areas. I cannot answer for its overall performance because I have not been close enough to it, but I have been aware of some of the projects that it was involved in and those have done very well. You are right; it did create an image, if not a proper brand. The important thing for me is that change happens; it always does. However, what is going to happen now? That is what I cannot see at the moment. I am not sure how it works, so for me to comment on that I need to know what IBW is being replaced with, because it may be even better.

[100] **Brian Gibbons:** What are you looking for?

[101] **Mr Evans:** We are looking for some sort of support for export, to help the country's export to get into new markets. It is a global business, so we need that support. We also need to keep looking at inward investment. There is nothing wrong with inward investment. It has worked well for us, so we still need that type of organisation trying to encourage people to invest here. We have benefited quite well from it; there is no two ways about that. There is nothing wrong with it, so we should look at that as well.

[102] **Brian Gibbons:** I will ask another question if there are no others.

[103] **Gareth Jones:** Jeff, did you want to ask a question?

[104] **Jeff Cuthbert:** No, and I apologise for being late.

[105] **Andrew Davies:** I will just make one point on this idea that it is either large or small companies. My view is that it is both. For the record, 1.8 per cent of the companies in Wales—many of them will be in manufacturing, which is about 3,500 companies out of the 190,000 in Wales—produce 54 per cent of the private sector employment and 70 per cent of the turnover. There is a lot of rhetoric around the role of SMEs and the bulk and size of the companies, but the foundation of the Welsh economy is a small base of large companies.

[106] **David Melding:** There are subtle points here, though, Andrew. Businesses that are chained to an anchor company will not have the same potential for growth and innovation as some SMEs that are really forging new sectors.

[107] **Andrew Davies:** I am not arguing with that; I am saying that we need both.

[108] **Gareth Jones:** Brian, do you have one final question?

[109] **Brian Gibbons:** I have a question on broadband. Fifty per cent of current support to business will go to developing broadband, and we will have a national specification. Coincidentally, we have had a blitz of semi-promotional emails from BT in the last couple of days outlining its particular plans to upgrade broadband in the UK and Wales. Where do you see the balance between the public and private sector in promoting this? It has been put to me that the private sector—by definition, BT and the other companies—will go to where the business is already, so the 50 per cent of the money that was meant to promote business could potentially be spent on providing broadband to less economically attractive parts of Wales. In other words, the private sector will go where the action is, and we will spend 50 per cent of

our business support money where the action is not. In terms of national justice, you can see an argument for that. As a business case, does that create problems or is it really that the private sector will not come to Wales to supply sufficient broadband? As a corollary of that, how needed is that minimum standard of 30 MB? It is all well and good, but the thing that is holding us back is not the 30 MB, but the many other, much more pressing and urgent things for which we need support and help.

10.30 a.m.

[110] **Mr Evans:** That is a fair question, Brian, and quite a wide-ranging one.

[111] **Brian Gibbons:** You have 30 seconds to answer. [*Laughter.*]

[112] **Mr Evans:** With my Wales spatial plan hat on, I have tried to push for broadband improvement, writing letters and trying to encourage the extension of broadband. Again, there is a balance to be struck. As far as business is concerned, you fundamentally have to have some broadband connectivity to be part of the world. I keep coming back to this: it is a global situation, not a west-Wales or a north-west-Wales situation. You need to be part of the world wherever you are. From a priority point of view, I would say that we should ensure that our businesses and growing businesses have access to it, so that they can be part of that world. The whole issue has to be fair for everyone. Broadband for the private user is outside my remit, I would say, but it is a bit of a no-brainer, really—we need connectivity. It is about the timing of that and how we get it into place without sacrificing some of the other things that we need to work on as well. However, I cannot give you a definitive answer now.

[113] **Andrew Davies:** The role of the Government and the public sector in providing broadband is not straightforward, because it is caught up in European state aid rules, and public intervention in the market is problematic. In a previous session, we took evidence from colleagues in Cornwall; I do not know if they supplied the information on this, but I remember asking the question. The way that they procure broadband in that area is a model that we might want to look at.

[114] **Gareth Jones:** On that point, Roger, I thank you for coming along this morning. I hope that it has not been too much of a trial. You have been sat there answering all these questions, but it has been interesting and useful for the committee. You have raised key points with us and they will certainly inform our review.

[115] Dymuniadau gorau i chi, a diolch yn fawr. Best wishes, and thank you.

[116] Symudwn ymlaen yn awr i'r ail ran o eitem 2 ar weithredu'r rhaglen adnewyddu'r economi. Fy mhleser y bore yma yw croesawu Simon Gibson, prif swyddog gweithredol y Wesley Clover Corporation. We move on now to the second part of item 2 on the implementation of the economic renewal programme. It is my pleasure this morning to welcome Simon Gibson, the chief executive officer of the Wesley Clover Corporation.

[117] A warm welcome to you, Simon. We are delighted that you could join us. I am tempted to ask you to give us a short presentation on the Ryder Cup, but I do not think that it would be allowed. However, congratulations on that event: it was quite remarkable, and quite an achievement all round. We did not receive any written evidence from you—

[118] **Mr Gibson:** I am sorry about that.

[119] **Gareth Jones:** We understand why that was the case.

[120] **Mr Gibson:** There was a game of golf to put on. [*Laughter.*]

[121] **Gareth Jones:** If you wish, you may make a brief presentation on your feelings about the programme, and then we can turn to individual Members for questions. Over to you.

[122] **Mr Gibson:** I suppose that, if I were to sum up what I want to say today in one word, it would be 'velocity'. We are in unprecedented times with regard to the macroeconomic condition of the country, and we are in unprecedented times with regard to global competition. If we really understand what is going on in the far east with regard to the emergence of China and India as economic powers, that has enormous consequences for us as a nation. We could perhaps talk about that when you ask me questions. The world will never be the same again, and there will be an enormous power shift as well as a cost base shift. I would be grateful if the UK were to just maintain its standard of living and not necessarily grow it, in view of what has happened.

[123] In previous periods of low-cost manufacturing, people have produced low-cost goods—and Wales benefited from that at one time—but you could argue that in some of those jurisdictions the economies were not particularly smart. We now face something unprecedented, namely countries that have billions of people, many of whom are highly educated and continue to be better educated, who can produce goods at one tenth of the price at which we can produce them in Wales and the UK. To succeed in the new global economy, there is one thing that we have that you could perhaps argue that they do not have, which is the ability to innovate. However, we need to do that with velocity in Wales, and we need to have confidence in our decision making, which, by the way, I think applies to the private sector as much as it does to the public sector. Unless we speed up what we are doing across the board, we will be massacred. You do not want to get goods and services into the marketplace at the same time as the Chinese. I could sit here and wax lyrical for a long time about different examples, but typically technology suppliers in China are providing tenders at one tenth of the price of their European competitors. They have billions of pounds of credit, which has been extended to them by their Governments. So, if two products are being produced, you do not want them to arrive in the market at the same time; you want to be able to get to the market before they ever get there, establish a standard and then you have a chance of winning.

[124] For the record, Wesley Clover started 80 companies, and we have lost five. We have the established methodology for creating companies: get a dream team, apply venture capital, try to get a product out to the market and win. We do not do that anymore; everything has changed. Now, we match demand with supply up-front, and we have turned to a graduate entrepreneurship programme. We use graduates because of the resulting time to market. We can get frighteningly bright young people together and we put them in a boot camp, which we operate for a 12-month period, which is post-university, business school or engineering school. In that year, we teach them all the things that you hope that they would have been taught but were not. We can talk about that if you want to. In that year, we align them with very large companies. In Britain, we have formal alliances with Fujitsu and Vodafone. The Wesley Clover guys work with these huge companies to look for the opportunities. When we uncover an opportunity that we think is good, we bring it back to the boot camp, align it with a group of students and say to them 'You have one year to produce a product'. If they do not produce a product within one year, they have a problem. However, are they married? No. Do they have kids to run to ballet school and rugby practice in the evening? No. They will work around the clock if necessary to get the product out the door. When they do that, they are delivering something to pent-up demand.

[125] The classic venture model is for someone to say 'We will invent this thing', and they huddle behind screens for a year or two, building the product. They then launch it in the

marketplace, and everyone says ‘That’s really interesting. It’s not what we would buy, but I am sure that you will do well with it’—we have no time for that. So, the whole model is demand-driven. I am glad to say that we are about to launch that programme here in Wales. We will start to pump out technology companies with a demand-driven model. Why do most companies fail? It is because they do not have a product, customers or revenue. With this model, they do not graduate from the boot camp unless they have a product, a customer and a pent-up revenue stream. It is all about speed.

10.40 a.m.

[126] We have been running this in Canada for five years and the results have been spectacular. It is about quick decisions, pent-up demand and speed to market, because that is everything. When I read the report, I agreed with many of its findings. There is not much that I would argue with. I think that the devil is in the detail and the implementation, but I think that the report is really on the target. However, I am very concerned about implementation and speed.

[127] **Gareth Jones:** Thank you for that. The relationship between the IP and demand is a critical one, as you have mentioned. Andrew wishes to come in on a specific point, and then I will call on David, if that is acceptable.

[128] **Andrew Davies:** Again, I echo the Chair’s comments and congratulate you, Terry and the team on delivering a fantastic event at the weekend. Simon, you said that, as a company, you are responding to demand. You chaired the commercialisation review, which I established when I was a Minister, and which reported just before the last election in 2007. In terms of velocity, speed and demand, what confidence do you have that the Government and the public sector will be able to respond not just to the renewal programme but also to companies like yours and others in Wales, given the record of commercialisation? The review was held three years ago, yet it has not been implemented.

[129] **Mr Gibson:** Without reform, I do not have much hope at all, but we are in a unique situation now, which you could identify as a difficulty, but you can also identify it as an opportunity to streamline the vessel so that it will move faster through the water. I think that we suffer a little bit from this, and the Assembly is a relatively new entity. As a new civil service, people are scared of making a mistake; no-one wants to be accused of doing something that went wrong. We live in interesting times. In the last five years, risk aversion, compliance, the Sarbanes-Oxley Act and all of these things have been put in place. By the way, you can understand all of the reasons why they have been done, but they are enemies of innovation. If you go to a large corporate customer—and I talk to them all the time, as does Terry—they tell you that they cannot get anything out of the door. Where have the greatest innovations of the last decade come from? Google came from two young graduates; Facebook came from young graduates. You would never get those out of a large corporation anymore because there are so many committees and management teams that are there to manage risk that they will kill innovation. What we need, perhaps, is a streamlined department with people who are prepared not so much to take reckless risks but to be brave enough to make some hard decisions.

[130] **Gareth Jones:** Thank you for that. I now call on David Melding.

[131] **David Melding:** It was a very powerful introduction. The emphasis of velocity is something that we bear in mind. I am not quite as pessimistic as you. There is a hint of eighteenth-century mercantilism to your analysis, which I do not entirely share. However, innovation is absolutely the right emphasis; it is more important than the initial discoveries. Getting ideas into a marketable product is what really drives economic growth. I think that we would agree with that.

[132] **Mr Gibson:** Do you think that the Chinese are not doing that?

[133] **David Melding:** They are, indeed, but I think that the world economy grows. We get a smaller slice of a fixed economy in global terms.

[134] **Mr Gibson:** We could debate that all day.

[135] **David Melding:** If we look at the Government's new direction in the economic renewal programme, we find that it is emphasising: six sectors for anchor companies, into which it hopes to integrate innovative SMEs, but, obviously, in the supply chains; the shift of resources from fairly generic SME-type support to invest in infrastructure that would create an environment for everyone; and allowing packages to be put together to attract anchor companies or to keep them competitive—that is part of the Government's attempt, anyway. Is this the right model, if we are really looking for innovation? You gave the powerful example of Google; you could also say that, in the 1970s, IBM did not come up with the new generation of personal computers, and I believe that Microsoft started in a garage in California. That model is very much an SME model that is not really linked to anchor companies; it is spontaneous—it pops out of business schools and universities or through the ideas of very intelligent people in the broader community. Do you feel that the Government's approach has a whiff of the 1970s about it, or do you think that it is forward looking?

[136] **Mr Gibson:** To take our model, I believe that larger companies are integral to that solution. Our start-ups do not have large sales and marketing infrastructures at all. The whole idea of having the Fujitsus, the Vodafones and others out there is that when we commit to build a product, they commit to sell it. Vodafone has 388 million customers around the world; it is the largest mobile phone supplier in the world. We should be so lucky to get a product through those channels. The issue is the leverage of the SME working together with the large player in the market. There is one thing for sure: if you want to innovate, you need to liberate the idea from a death star. Whether that death star is a large Fortune 500 corporate or whether it is Welsh Assembly Government, the idea needs to be liberated, because the death star will kill it. So, the optimum way is to get the best of both worlds—liberate the idea and then push it through the larger entity.

[137] **David Melding:** I suppose that I am trying to drive at a deeper point. Do these anchor companies have to be in Wales, or can they be in other parts of the UK or Europe?

[138] **Mr Gibson:** They can be anywhere in the world.

[139] **David Melding:** So, are those the sorts of targets that you would want in an effective policy for the SME sector, particularly new SMEs and businesses?

[140] **Mr Gibson:** We bounce between supporting large companies and supporting start-ups; you must have support across the board. I will give you a classic example: if you focus on SMEs or on start-ups, they will reach a point where they fall off the cliff. Venture capital is dead. You try getting venture capital—I live in the real world, working with companies trying to raise venture capital. It is dead because the pension funds and the large banks that have been the traditional limited partners driving the industry have pulled out of the business. So, when the supply of funds to venture capitals dries up, they may still be out there, but their coffers will be getting very low and they tend to move up the scale, because you can argue that the further up you go, the less risk you face.

[141] Another thing that bothers me is sectors, which we have bounced back and forth in Wales for two decades now. We have to pick winners, but who does the picking? As a venture capitalist, I had the dean of Harvard Business School asking me once how we did

what we did. He wanted to quantify it, but I do not know whether I disappointed him when I told him that it was a sensory perception. When a young person between the ages of 18 and 22 years walks into my office, what do I have to go on? How can I quantify that into a spreadsheet model? It is about head, heart and gut. My head will tell me about the idea, my heart will tell me about the person, and my gut will tell me about the marketplace, and if those three things align, then it is probably worth keeping on talking. Ironically, the only one that I have found from experience that could be out of alignment is the head, because we have often had talented people looking at a good market with a slightly wonky idea. So, if we can reorientate that idea and give it some focus, it is a winner.

10.50 a.m.

[142] **David Melding:** This is fascinating, but these 21 or 22-year-olds will probably pop out of the university sector—not always, but more often than not—often after doing some postgraduate study. Are you worried by the performance of our higher education institutions? You may have seen the latest *Times Higher Education* supplement world university guide, and we do not have a university in the top 200. It should be said that there are other guides, but our institutions have been slipping in all of them. How worried about that should we be and how much should we focus on providing more opportunities for STEM postgraduates and for part-time postgraduates, more scholarships and connections to business, bringing in more business people to our universities to mix everything up and see where ideas can lead to innovative products?

[143] **Mr Gibson:** Those were very much the recommendations of our commercialisation report, which was commissioned by Andrew. The more advisers from the private sector that you get in to universities to work with them to identify great opportunities and help them in the commercialisation process, the better. Many universities in Wales have implemented a lot of those recommendations, and there is quite an improvement.

[144] In our programme, we do not recruit by advertising. We work inside universities. We are not necessarily looking for the guy with the first-class degree, but we are looking for the lad or lass who is highly motivated and highly intelligent, who can communicate and has a mixture of skills. To get them to play in our pond, we must have a scout in the universities. In some universities, that scout is the vice-chancellor himself, while in others it might be the head of school, but they make the recommendations to us. Although we had not run the programme in the UK until this year, we have recruited Welsh students and taken them to Canada. The poor souls have had to live with Terry. Can you imagine that? You do not want to get home at night before he gets home.

[145] The quality of those graduates is superb. I returned from Canada 20 years ago to start a software company, and it was the first software company in Wales that undertook research and development in a big commercial way. I was slightly concerned when I arrived. Could the universities here punch out the right quality of graduate? They have been fantastic. They were so good that, as many of you probably know, the company was acquired by Avaya, which used to be AT&T, which is connected to Bell Labs. Bell Labs and IBM are probably the two biggest foundries of patents in the world. When it decided to downsize the company, you would think that it would have taken a distant satellite office somewhere out in the empire and killed it. However, it grew the operation in Wales, because of the quality of the engineering. We sometimes talk down the quality of our young people. They are superb.

[146] They sometimes need a bit of help, beyond what they get at university. I always laugh when someone comes to us—they have been through an undergraduate programme, or many come to us with MBAs, and they have been taught how to make a business plan, but no-one ever teaches them how to pitch it. They spend an extraordinary amount of time learning marketing skills, but no-one teaches them how to sell. It is quite peculiar. So, that year of boot

camp for undergraduates or graduates is to teach them all that is currently deficient in business programmes. We work in conjunction with universities. In the boot camp in British Columbia—we hope to adopt this with one of the university business schools in Wales—we pick graduates and give them to a business school for nine months and they can cross over; if they are engineers, they can study business, and if they have studied business, they can do some project management and engineering practices. We then get them and they go through the boot camp experience. However, at the end of the programme, they do not get a job, but they get a company—that is the big difference—and they get significant ownership of that company, and they will also get a Master's degree. What a fantastic opportunity. Typically, a university will supply a dozen people for us to interview, and I have to tell you that we could pick any one of them—they are superb. We are looking at the elite, so I cannot comment on the quality of the big tail underneath, but if you are looking for capable, fit-for-purpose people to build companies, they are there.

[147] **Jenny Randerson:** Thank you for your evidence. There is a tendency here for us to have confirmed to us things that we have already been told, but I can safely say that much of your evidence is new and interesting, so, thank you.

[148] I found what you said about picking the sectors and the winners interesting. Earlier on, you said that you thought that the new ERP programme was just about right, insofar as it goes. Can I, therefore, conclude that you think that the sectors that have been chosen are the right ones? I would not necessarily argue with any of them, but I wonder whether the spread is too broad, despite it being narrowed down from 14 to six. Should we be concentrating more on very specific areas of expertise, or is it better to keep it broad because you never know where the next good idea is going to come from?

[149] **Mr Gibson:** Thank you for that question. Andrew, I do not know if you remember, but about 10 years ago, I gave a speech at Cardiff University in which I talked about the three Os: 'bio', 'nano' and 'info'; now you could perhaps add a new O—'enviro'. When I look at the list, my reaction is probably the same as yours, Jenny. It seems to cover all the bases. However, the problem is that, if you go to any other regional development agency in the world that has any sort of smarts, the list will be exactly the same. How do we provide differentiation? I think that it requires a further drill down, because you can have a list of aspirations versus a list based in reality. Perhaps some work has to be done post-report to identify whether we have the skills bases in our universities and in industry and whether people in the private sector have the desire to fund that list. If the funding mechanisms are not there to trigger the investment, it will never happen, and the public sector will certainly not be in a position to fund all those sectors independently. My thought is, 'Yes, but...'—I would put in those caveats.

[150] **Jenny Randerson:** In terms of the role of Government, the key thing about this programme is the implementation. The world that you describe, however, is not one in which Governments are likely to have a key role in being able to spark the ideas, although they can, of course, create the right circumstances through research, funding and so on. What should the Assembly Government do now to ensure that those sectors and the Government's key priorities are pursued effectively?

[151] **Mr Gibson:** How long do we have? [*Laughter.*] What industry needs is a level playing field, and that can come in a whole array of different forms. Let us take an issue. Without broadband—the inclusion of which I welcome—we will have difficulty. We could simply take a block grant, give it to BT or some other supplier, and think that we had done our job, and that would be a mistake.

11.00 a.m.

[152] I travel extensively and I see some really interesting examples of where the private sector has been clever and created a spark that has set off a fire. I will give you one example from the most unlikely place in the United States. It is a network called the Utah Telecommunication Open Infrastructure Agency—or UTOPIA—and it was born out of Utah, where there is one large city and lots of small provincial towns. There was no competition whatsoever in the towns and rural areas, but there was loads of competition in the city. Utah has a concentration of software companies spawned out of companies such as Novel, WordPerfect, Iomega and others. A company there built a fibre network to connect libraries, universities and hospitals as part of a trial network for its own use. The company got into trouble, but the council realised how dependent the city had become upon the network, so it bought the network. It was immediately challenged by the telephone operator, just as would happen here, and they went to court. By this time, other local councils thought that it was a good idea, and 16 of them ended up joining together to create a consortium to deliver fibre-optic cables to businesses and homes. The court case was won on the ‘airport’ argument, in that it was decided that there is nothing wrong with a local government or regional government in America owning an airport, as they do not operate airlines, do not get involved in freight, do not operate food and beverage services and concessions—it is not their business; they simply own the airport, because the airport is an essential part of the modern economy.

[153] To cut a long story short, they won the case, but they were appropriately restricted from dealing with customers, so they became a wholesale supplier. What happens now is that they deliver fibre-optic cables to the kerbside, they offer a 35 MB service as an average to consumers, and 101 GB services to businesses. Sixteen service providers operate the network—all the council does is provide the feed, and it is a completely transparent and open network. If you are a service-provider business and you have the relevant quality, you can deliver a service over the network, and there are 16 services.

[154] The other interesting thing—the twist at the end—is that the homeowner owns the fibre-optic cable from the kerbside to their home or multiple dwelling unit. So, it is a completely independent and open network, where you do not have one supplier pushing. Could such a thing be done in Wales, where there are 22 local authorities? If we were to do so, we would need to get a protocol in place that would allow planners to have a common set of protocols, because you do not need service providers having to do business with 22 different council planning departments with 22 different attitudes to broadband. However, that is as an example of clever implementation. Customers have gone from having a rubbish service or no service to a service level that we aspire to and mention in this report, namely 30 MB. The average speed of the network is 35 MB, and because there are 16 providers the cost is very keen. That was a local authority intervention, but it was done collectively by 16 authorities.

[155] By the way, do you think that the former provider, Qwest, which is the equivalent of BT in Wales, offers a rubbish service now? It offers a competitive service, because it has a reason to do so—there is a decent competitor on the block. In Stockholm, Amsterdam or Seattle, there are many instances of this clever thinking going on, where the private sector and public sector get together to deliver a service. In Wales, the argument should be: do not spend the money by giving it to an operator—spend the money on owning ducting, masts and access points.

[156] **Jeff Cuthbert:** My questions follow on from the points that David made, although I indicated that I wanted to ask a question or two before David spoke, which might have modified things if I had got in first. I very much agree that our young people are excellent, and, given the right environment and support, they can make a huge difference. However, it is that environment and support that we are trying to achieve. Do you think that we can teach innovation, or is it something that is inherent in individuals that needs to be drawn out? I am sure that you are aware that, in the Welsh baccalaureate, for example, there is a work-related

project designed to get young people to think innovatively, not just in terms of developing new products, but a better way of doing something—whether it is in the public service or the private sector—to improve the mind. Do you think that we can teach that, or is it something that is just either there or not? I was very interested in the boot camp for graduates, as you described it. Is it open only to graduates or do you take young people who are doing well in industry, for example, but who may like a different experience? What sorts of skills are delivered in that way? You mentioned that you then place them with companies—

[157] **Mr Gibson:** No, they start a company. It is not a placement.

[158] **Jeff Cuthbert:** Right, okay. In general terms, the issue of higher level skills is something that occupies our minds greatly, and will do so for the foreseeable future. Higher education certainly has a key role to play in that. Is there a major problem with skills, particularly high-level skills? Are we going about this the right way?

[159] **Mr Gibson:** Thanks for that. There were lots of questions there, so I will start at the top. On whether I believe that entrepreneurship and innovation are things that are injected into people's DNA, the answer is 'no'. It is a complete fallacy; you can teach innovation, and that is what we do in our programme. Innovation is simply a series of the right things being done in the right order. With regard to risk taking, there is perhaps some DNA involved in people's propensity to take risks, but innovation is a process that you can absolutely teach, and we do that. We do not take non-graduates into our programme. That is not to say that, as the company grows, we will not employ non-graduates or, say, gentleman with grey hair—fortunately, for some of us. Or no hair at all. [*Laughter.*]

[160] **Jeff Cuthbert:** Yes, some of us might need another occupation after May.

[161] **Mr Gibson:** I need to emphasise to you the level of mentoring that goes on in that entrepreneurship programme. It is not that we meet with them once a week, throw in some pizza and some Coke and expect something to come out the other end. Every minute of every day they are mentored and worked with, internally and externally. Here is something to note: I have gone out to ask top-notch business people across the UK to donate to the foundation one day a year to come to mentor these young people. These people are investment bankers, lawyers, patent experts, design experts and so on. I am not messing around; I might as well ask the very top people in the country. I ask them to donate a day to the foundation, because it is designed to help the economy, and I have to tell you that I have never had anyone say 'no'. When you load that sort of expertise on to these people it is intense. We joke when we say 'boot camp', but there is a reason for that expression, because it is intense and it is hard.

[162] The partnerships are not managed by the students either. The Alacrity Foundation programme with Vodafone is administered at the global board level in Vodafone. The chap who is effectively the main sponsor is the global chief technology officer. Would I let a 21-year-old manage that relationship? Of course not. That is the job of people like Terry and me. However, obviously, as the company grows, it is interesting to see these things come out of the chutes; it is like a rodeo, and sometimes they are riding a bull. It is like watching a young guy trying to stay on the back of a rabid bull, because the opportunity has gone off like a rocket, and it is a big challenge.

11.10 a.m.

[163] We teach the young men and women that if we bring someone in to the programme to help them out, they should not think of that as failure, but as a sign of success. Often, we will bring in a more mature executive to help them to stabilise the ship, because when the rocket takes off and you are 21 or 22 years old, it is a scary ride. However, if you have someone calming the ship and giving it balance, then you get the projected growth. We only accept

graduates onto the programme, but once the company is formed, we take interns from further and higher education colleges; we take employees in and we bring in senior executives as required. It is always demand driven.

[164] I have an interesting interaction with the university when I go there, because the universities cannot help themselves. They always show me their portfolio of ideas and ask me to commercialise them. It is an uncomfortable discussion for five or 10 minutes because I say to them that they can take their ideas and stick them in the shredder, because the prospect of them being successful is about one in 1,000. If they do not believe me, I ask them to look at their spin-out record. If they are that brilliant, why do they have only a handful of spin-outs? I ask them to give me their best DNA and tell them that we will turn them into companies. It will not be supply driven, but demand driven.

[165] Our companies are built to order, based on an existing real-world need in the marketplace. I will not name the corporation, but one of our partners does not carry out engineering projects worth less than £40 million. So, if its sales channel comes up with an idea that a government, agency or company needs something, but it is worth £30 million, it cannot even put that opportunity through its committees because it is not at the threshold of £40 million. Could you do a good start-up on a promise of £30 million in revenue? Pinch me. To some extent, the foundation sits at the table and scoops those opportunities up, because it is not that they are not big opportunities, it is just that they are not worth £40 million, so it does not trigger the corporation to develop them. It is insanity that we have corporations not developing products under that level when every one of those would provide a company, not only with a significant workforce, but with a stock market listing.

[166] **Gareth Jones:** It was interesting that you mentioned the list of innovations and so on and said that they could keep them. Would they, in any way, indicate something about the demand? Does the fact that they have come up with that mean that there is promise there and that we could divert the talent to the demand? I am still intrigued about how you ascertain and identify demand, because that seems to be the driving force here. I can understand the intellectual property side, with clever people coming through and so on, but I am a bit lost as to how that translates into identifying demand and that is the strong point.

[167] **Mr Gibson:** During the Ryder Cup, we had some of the world's biggest business people at the resort, either visiting the golf or as our guests. A couple of them represented the world's largest phone companies and ran the biggest networks in the world. Terry and I just sit down with those gentlemen, ask them if they have a wish list and ask them to give us their top 10. There are follow-up meetings and we run a toolkit process with those corporations and try to identify the top 50. We then drill them down to 10, and then to three, and then we look at whether any of our companies can fulfil that requirement. If you take the pain away from those companies, they will give you business. So, the demand is dealt with by us travelling around the world constantly, not the students. All we are doing is bringing back everything that we hear, and we let the students analyse it. If you were to look at whose responsibility it is, we define the work ethic when they come into the boot camp, but it is their job to reach that work ethic, or there will be a problem. We will help them to identify the ideas and the demand, and it is their job to analyse it. It is our job then to help them to create functional specifications for a product, and their job to build the product. We handle the commercials, because obviously you would not send those kids in to do a commercial deal with these big multinationals, and it is their job then to deliver to the expectations of that contract. Everyone wins.

[168] **Brian Gibbons:** I think that time will beat us here.

[169] **Gareth Jones:** Again.

[170] **Brian Gibbons:** Just to be clear, you would not have to read too many copies of *The Economist* or the *Financial Times* to get the message that you cannot pick winners; you can pick individual companies and maybe individual business leaders, but that is about as good as it gets. I may be wrong, but part of the message that I am getting from you is that you do not quite agree with that, and that you think it is possible to be more broad-brush than just picking successful individual companies, or a successful individual per se—that you can pick sectors, and so on. I wonder where you stand on that debate.

[171] The second question, if I may, is on capital and business, and where you get the capital. If you or Sir Terry Matthews pick up the phone, you are more likely to get a response than Dai Jones down the road, who is trying to start up a new business. Is the money out there generally? Is it available for the right ideas, or is it just too tight, end of story? Does the Government, or someone else, need to do something to address that particular issue?

[172] My last question, if I may, Chair, is about this idea of the graduate start-up. I certainly buy into that, but my experience in Port Talbot, which is obviously an industrialised area, is that the scenario that Jeff touched on is more typical: that of the innovative, imaginative apprentice.

[173] **Mr Gibson:** Exactly. I was just about to say that.

[174] **Brian Gibbons:** I did not want to use that as an example.

[175] **Mr Gibson:** Terry is a bit of a cheat, though, because although he left school at 15, he did end up as a graduate of Swansea University—if, nonetheless, an apprentice.

[176] **David Melding:** Terry Matthew is worth dozens of PhDs; we can all agree on that.

[177] **Mr Gibson:** Exactly.

[178] **Brian Gibbons:** The typical picture of a dynamic economy is the apprentice trying to break out of the pack, very often leaving relatively safe employment to do so. You are right that what motivates them is that they identify a demand that is not being met, so what allows them to break free is that they see a market opportunity. The apprentice breaking free from their existing employment with an idea of supplying a product to an identified market niche that does not seem to be supplied from elsewhere is the final driver for the setting up of businesses. I wonder whether you think that that model is accurate, particularly in the Welsh context, and if it is, then maybe Jeff is right that concentrating on graduates might be missing a trick.

11.20 a.m.

[179] **Mr Gibson:** I will take those one at a time, starting with the first one about picking winners, and the sectors, and everything else. I will tell you an anecdote. In 1992, I was serving on the board of the Welsh Development Agency, and I had not been on the board for very long because I had only just arrived back from Canada. I was asked to go to a meeting about a mile from here at a hotel in the bay—I am not sure what it is called; it is the hotel that is located just after the bridge at the end of Atlantic wharf. At the meeting was Drew Nelson, who is the chief executive officer of IQE, which is another great Welsh success. It is a company that builds compound semiconductors all over the world, and it is the largest outsource supplier in the world—many people would not know that that is going on in St Mellons. Most of the wafers that most of the great innovators around the world are using are made by that company.

[180] So, Drew and I were sitting there and we were asked to talk to a young man from

Chicago, who did not have a business, but had a business plan. He asked us why he should come to Wales, and we said, 'Listen, wherever you go, if you are lucky, someone will give you some cash. If you go to the north-east—I knew that he was talking to people there—you will probably get a cheque; come to Wales and the Welsh Office will give you some cash, and if you go to Ireland, the Irish will give you some cash. You should not just go for the highest bidder. Come here because of the people and the quality of the workforce. They are loyal, they work hard and they are smart.' By the way, I heard recently that more kids graduate into Russell group universities from Monmouthshire than from any other county in Britain. That is an interesting statistic. We should not be surprised, given the quality of the schools in the county.

[181] **Jeff Cuthbert:** Do you mean per head?

[182] **Mr Gibson:** That is per capita, yes. We should be proud of that.

[183] That guy was at the Ryder Cup on Sunday. He is Henry Engelhardt. The Welsh Development Agency and the Welsh Office gave him £1 million, and he has delivered £500 million of value back to the public sector in terms of taxation. I suppose that what I am asking, Brian, is would you have picked that if you were 'sectorising' what you were going to support and what you would not support? Thank heavens for Admiral insurance, which is our only *The Times 100* company.

[184] **Brian Gibbons:** I think that your answer in relation to picking sectors is 'no', then, is it?

[185] **Mr Gibson:** I think that it needs some caution. Financial services is on the list—

[186] **Brian Gibbons:** Yes, but I think that the message that you are giving is that you do not think that—

[187] **Mr Gibson:** The message that I am giving you is that Henry did not exist as a company; he just had a business plan. He was a start-up. That is quite unusual, but thank goodness that he selected us and that we supported him, because what a company that is.

[188] The next question was about capital and access to capital. It is very tight out there. It is almost the case that the only companies that can get away now are those that have access to friends-and-family-type funding. So, I would plead with the Assembly Government not to cut off the idea of using grants to trigger venture capital or private equity funding. That is very important. If that happens, if you go down your list of identifiable markets, most of them will not even get off the ground, because you cannot start companies with five shillings any more. You have to start companies with significant amounts of money, which typically comes from an institution and public funding. In this economic climate you do not give money away without asking for a return. I absolutely agree with that, so there is peace on that front. However, it should also be used as a trigger to lever other capital into the area.

[189] There has been discussion about having a stock market for Wales. I am not a big supporter of that and I will tell you why. You could probably get one away, but it would die because of its inability to create liquidity for the shares that would be traded. You do not want to end up with a market where no-one ever trades shares and they just sit there forever. The alternative investment market is suffering from that at the moment, and it has terrible liquidity problems because no-one wants to trade the shares. It would be a much better idea for the Welsh economy to have a bond market, where you issue the opportunity to trade debt, so that people could raise money in debentures in the form of bonds on a Welsh market. When you consider the low interest rates that are being paid on people's savings, if people have the opportunity to invest in Welsh corporate bonds, that would be quite exciting for both the

investor and the saver.

[190] **Brian Gibbons:** That is an important point. Who would you envisage selling the bonds? Would it be the private sector—

[191] **Mr Gibson:** No, a market. You could establish a bonds market.

[192] **Brian Gibbons:** I see; it would just be a bond market.

[193] **Mr Gibson:** On the issue of apprenticeships, I am a huge supporter of them. I think that they are fantastic. I think that they were cheapened by successive federal Governments. You could argue that, in the old apprenticeship scheme, many of the apprentices ended up doing HNDs. They had huge industrial experience. They either took a year out as an internship as part of the HND, or they were on sandwich courses. The quality of the engineers that we produced in this country as a result of those engineering schemes was second to none.

[194] **Brian Gibbons:** On that basis, do you think that you need a boot camp for apprentices, which, I think, was Jeff's point?

[195] **Mr Gibson:** You could either create a boot camp for apprentices or hire the apprentices into the start-ups that are produced from a graduate start-up. It is difficult to comment; I have my hands full enough trying to do a graduate one. I certainly would not be averse to the prospect of doing it for apprentices. They have applied skills that the economy needs.

[196] **Gareth Jones:** Thank you for that. I will ask the final question, which pertains to techniums, which the programme mentions—

[197] **Mr Gibson:** The last time that I mentioned techniums, someone hid a report for nine months. [*Laughter.*]

[198] You missed that one, Andrew; you were not listening. I was asked a question on techniums and I said that the last time I mentioned that, someone hid a report for nine months.

[199] **Gareth Jones:** This question is about a critical review of techniums by the Government. In fact, it would cease to fund those that are not providing a good return overall. I am sure that we would welcome your views on that.

[200] **Mr Gibson:** I will cite what I quoted in the report originally, which was that techniums started out as a very good idea around the exploitation of intellectual property, and they ended up being a bad idea focused on property.

[201] **David Melding:** That has to be one of the clearest answers ever.

[202] **Andrew Davies:** For correction—[*Inaudible.*]—and I probably share similar views, but this was a WDA programme; it was not an Assembly Government programme. It was inherited by the Assembly Government.

[203] **Mr Gibson:** It was a good idea to begin with.

[204] **Andrew Davies:** Absolutely.

[205] **Mr Gibson:** It just lost its way. We should not be surprised that the WDA was full of people who got property, but did not quite get intellectual property.

[206] **Gareth Jones:** That was the last question. On behalf of the Members, I thank you for sharing your vision and the practical approach that you have deployed over the past years. It has been very informative and helpful. You have brought a new dimension, or a new dynamism, into the nature of our inquiry. Therefore, all that I can say is thank you. I wish you all the very best with the corporation.

[207] **Mr Gibson:** In return, I just want you to know that both Sir Terry and I are absolutely committed to Wales and to seeing us reach our potential, which we have not done to date. If there is anything that either of us can do to assist in that process, do not hesitate to call on us.

[208] **Gareth Jones:** Thank you for that. Diolch yn fawr iawn.

[209] Mae gennym un papur i'w nodi, sef We have one paper to note, which is the
cofnodion y cyfarfod blaenorol. minutes of the previous meeting.

11.30 a.m.

Cynnig Trefniadol Procedural Motion

[210] **Gareth Jones:** At this point, we need to bring the public part of the meeting to an end. I ask a Member to move the appropriate motion.

[211] **Jeff Cuthbert:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37(vi).

[212] **Gareth Jones:** I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11.30 a.m.
The public part of the meeting ended at 11.30 a.m.*