

MINUTES

Date 31 October 02
Time 9.00 – 12.30am
Venue Committee Room, 1 National Assembly for Wales, Cardiff Bay

Attendance**Members**

Mick Bates
Alun Cairns
Christine Chapman
Andrew Davies (Minister for Economic Development)
Ron Davies
Christine Gwyther (Chair)
Alison Halford
David Ian Jones
Elin Jones
Dafydd Wigley
Phil Williams

Constituency

Montgomeryshire
South Wales West
Cynon Valley
Swansea West

Caerphilly
Carmarthen West and South Pembrokeshire
Delyn
North Wales
Ceredigion
Caernarfon
South Wales East

Officials

David Pritchard	Director, Economic Development Department
Emyr Roberts	EPD
Mike Phelps	EcAD
Julian Revell	SD
Mike Clancy	ICM
Julie Hanley	ICM

Secretariat

John Grimes	Clerk
Sian Wilkins	Deputy Clerk

Item 1: Introduction, apologies, substitutions and declarations of interest.

1. Declarations of interest were made by Christine Gwyther whose partner owns a consultancy business; Dafydd Wigley who is a director of a small company, President of Carmarthenshire Creamery and Chair of SBARD; Mick Bates who is the Director of a farming business and partner in a farming co-operative and Phil Williams who is currently involved with an Objective 1 application.

Item 2: Economic Development Minister's report.

EDC 14-02 (p1) (p1a) (p1b)

EDC 14-02 (p2)

EDC 14-02 (p3)

1. The Minister introduced his report with a brief oral update a copy of which is attached to his report.
2. In discussion the Minister confirmed that recent press reports regarding possible job losses relating to the Red Dragon Project at St. Athan and at Sealand had been robustly refuted by the UK Defence Minister. As far as the Assembly Government was aware Red Dragon remained on track and subject to the planning application progressing it was hoped that construction of the new hangar would start in January.
3. Some members expressed concern about the number of unsubstantiated and unsourced claims in the Minister's report. The Minister agreed that in future, where a reference was made in his report to a source such as a newspaper article, he would provide a copy of the story or a more specific reference. He also agreed to provide information to support the claim that the 'Inside Welsh Industry' programme was highly regarded. **[Action: ED Minister]**
4. Members expressed concern that papers 1a and 1b concerning CITC had been issued too late for them to give them consideration at the meeting. The Minister said he had provided these primarily for information and he also confirmed, in answer to a question, that there were no structural funds involved.
5. The Minister said that he had spoken to Jon Horne at Cardiff International Airport about the increase of freight business at the airport and added that they had recently won freight contracts from other airports.
6. One member was concerned that the ED Minister had not made representations to the Minister for the Environment concerning the proposed increase in sand dredging in the Bristol Channel. The Minister said that the industry had made representations and that officials had been working closely with those in the Environment and Planning Department.
7. In response to a members concern the Minister said that officials were in discussion with Bentwood of Upper Bargoed concerning proposed cuts to the

workforce and it would not be appropriate for him to comment publicly on the results of those talks at present.

8. The impact of low interest rates and subsequently rising house prices on the retention of young people in parts of Wales was raised. The Minister said that he was continuing to work with other Cabinet Members to look at ways of addressing these issues.
9. On AIG the Minister said that of the 110 offers made so far there was a fairly even geographic spread and that a lot of Objective 1 areas had attracted support. He confirmed again the Finance Minister's statement that demand for AIG would be met in year through end year flexibility. Members were concerned that this would mean that other budgets would be affected. The Minister said that these concerns were misplaced as, although we would first look for underspends in the Economic Development MEG, additional funding would be found from reserves or from re-allocation of money that had not been spent elsewhere across the Assembly. The Chair agreed to write to the Finance Minister asking her to clarify the position.

[Action: Chair/Clerk]

10. The issue of increases in insurance premiums post September 11th and the effects particularly on small businesses was raised again. Members were concerned that this might result in businesses being underinsured. The Minister shared this concern and had recently written to UK Ministers on the subject.
11. Whilst the news concerning General Dynamics was welcomed a Member asked the Minister to review the difficulties that had arisen during negotiations with the Company. The Minister asked that the Member advise him of the specific concerns.
12. The Committee expressed concern that recently they had not been involved at an early enough stage in several recent key policy initiatives and that this showed a disregard by the Minister for their role in policy making. In particular they questioned the timing of a plenary debate on the Innovation Action Plan before it had been to EDC. They were also concerned that the Minister did not appear to play an active role in the Committee and merely appeared to be reporting on executive decisions. The Minister responded saying that he did feel that EDC would have adequate time to make a contribution on the IAP and the timing of its debate in plenary was not meant to pre-empt the role of the Committee. The Chair said that she was disappointed that the IAP had not come to Committee sooner and she supported a request that the Minister advise the Committee of forthcoming policy decisions to allow adequate time for their consideration by the Committee. **[Action: ED Minister]**
13. A Member expressed concern at the plethora of Task and Finish Groups that now existed and, whilst welcoming the use of experts, asked that the Minister provide a list of all Task and Finish Groups, detailing their membership. The Minister also confirmed that he would provide regular reports on the recently formed group established to encourage the development of workplace partnerships. **[Action: ED Minister]**

14. The Minister confirmed that he was looking at how the whole of Wales could exploit to its full potential the Ryder Cup in 2010. During his recent visit to Ireland, the Minister had seen for himself the activities of the Irish Government and authorities in hosting the tournament in 2006.
15. In response to concerns over the problems concerning the electricity supply following the recent storms the Minister said that he had discussed the issue with the First Minister and whilst this was not a devolved matter they were due to meet some of the operators shortly.
16. The Minister was disappointed to hear reports from members that 'inventors' were not gaining the support they needed to develop ideas within Wales. He said that this demonstrated the need for greater exploitation of innovation through projects such as 'Help Wales'. He agreed that there was some considerable way to go in this area but that there were a lot of initiatives developing in the short term to address the issue.
17. The Committee then moved on to discuss the Quarterly Economic Report and Quarterly Economic Statistics. They thanked the authors of the papers for their objectivity which they had found very useful. However some members said that whilst there appeared to be no lack of ambition or hard work to develop the Welsh economy they questioned Wales' relative position to the UK and also whether there was any movement in reducing the differential between the various regions of Wales. All the available evidence seemed to suggest that the gap between Wales and the rest of the UK was widening and it was suggested that the Welsh Assembly Government was not prepared to review its policies in the light of this. Members also questioned the lack of available statistics for Wales and felt that it should have been possible by now to have more up to date GDP figures or at least a provisional estimate using what was available.
18. Responding, the Minister said that he accepted there was often a lack of robust information available and this was why the Economic Research Advisory Panel had been set up. There followed a general discussion on the available data. It was noted that a paper giving a progress report on the programme to develop economic statistics for Wales was scheduled for discussion at the EDC meeting on 14 November. Members asked that an informal seminar be arranged to explain in detail the information that was and was not available for Wales. **[Action: Clerk]**
19. Setting aside the availability of statistics, members said that it was a fact that in core valley areas there were high levels of unemployment and inactivity and it was difficult to see any evidence of strategies in place which would bring about changes of the order required to close the GDP gap by 2010.
20. The Minister said that Wales had been through a massive restructuring in recent years with the decline in coal, steel and heavy industry and it was a long term project to make Wales a more diverse and robust economy. He said that small downturns in the UK economy would not affect the policies that he had put in place to tackle this. Whatever the indications for GDP he said that he would continue with the strategies set out in AWW as he believed they were the right

ones and it would be a mistake to change them only one year into the ten year programme.

Item 3: Better Regulation

EDC 14-02(p4)

1. The Minister introduced his paper outlining the action being taken to reduce the burden of regulations on business.
2. In the discussion he said that there was very little need for secondary legislation in the economic development sector in Wales and in 2001 there was only one such Statutory Instrument. The majority fell in the areas of health, local government and housing. He confirmed there was scope for Wales to initiate Orders itself or to suggest the need for them to Whitehall Departments.
3. Concern was expressed that although the Minister had tried to establish local business partnerships as fora to discuss these issues, there were only 3 active ones in Wales. The Minister agreed that this was disappointing, despite an active campaign to promote them, but said that it was possible that some areas had not established them because there were already similar mechanisms in place.
4. The Minister stressed that he regularly lobbied Whitehall about the burdens imposed by regulation but noted that the UK had a generally low level of regulation compared with Europe and the rest of the World. Members pointed out that there was a need not only to scrutinise new legislation but also to keep existing ones under review. All legislation should have a review date set.
5. Members emphasised the need to take a balanced view on regulation. In many cases they imposed necessary and reasonable constraints on business in order to provide safety to people or protect the environment etc. The key issue was that in assessing the advantages and disadvantages of proposed legislation, regard was had not just to the safety or environmental considerations but also the cost to those who had to comply with them.
6. Reference was made to the need to support business in their efforts to comply. The Minister referred to discussions he had had with business organisations about ways to provide better support for business in this respect. He referred to the DTI's Small Business Service which operates throughout the UK to help minimise the burden of regulations on small businesses. Members asked to know more about this and how it linked to the new BusinessConnect Service. **[Action: ED Minister]**
7. The Minister also agreed to look again at the proposal, made in the past, that there should be a website established in Wales through which the public and business might make specific representations to the National Assembly. **[Action: ED Minister]**
8. Members expressed a wish to maintain a closer watch on regulations imposed on business. The Minister agreed to provide a list of regulations for which the

National Assembly had powers to make secondary legislation in Wales. He also agreed to provide regular reports to EDC on regulations inside or outside the economic field which had an impact on business. **[Action: ED Minister]**

9. The Chair agreed to a suggestion that the Committee should have a fuller discussion on this subject and should invite representative organisations to make submissions to the Committee and, perhaps, to attend a meeting to give evidence. **[Action: Clerk/Chair]**

Item 4: Report on US visit

EDC 14-02(p5)

1. Members thanked the clerks for the work they had done in organising the Committee's visit to the United States. They broadly endorsed the paper as the basis for a fuller report from the Committee and made the following comments on points of detail:

- While there was a strong sense of partnership between the public and the private sectors, the coordination between the various bodies was not always so clear.
- Members had been impressed by the strong commitment of the private sector to play its part in community and economic development – this was helped by the availability of 'old money' through various foundations.
- The Committee needed to prepare a fuller report on broadband after the visit to Sweden.
- Fuller reference should be made to the US experience in which optic fibre was emerging as the main communication channel to 'central stations' (equivalent to our 'exchanges') and from these to 'remote nodes', with copper carrying the signal the final stage to each subscriber until it can be replaced by fibre-to-the-home.
- The report needed to bring out much more strongly the US's commitment to infrastructure and, particularly, the critical importance of roads for every development. They appeared to have found an accord with those concerned about the environment.
- The power to vary local taxation was of major importance to development in the US - something which the Committee had pressed for in Wales on many occasions.
- It was important to strengthen and formalise the promotion of Wales within the US. The Committee had been told that the US 2000 census had identified 5 million people with Welsh ethnic origin - an increase from 2 million in 1990 (albeit they could not rule out a definition change). Members stressed the importance of targeting any effort to promote

Wales and that it would not be realistic, or sensible, to expect a Welsh presence in every major city or embassy. However, there might be value in an individual being designated in each embassy with responsibility for 'Welsh' issues.

- Close links between industry and the academic sector were of major importance.
- Cultural facilities were also a major factor important in attracting industry to an area.

2. The Minister commented that many of the Committee's conclusions were the same as those he had drawn in his visit to the US. He emphasised the importance of public-private partnerships and agreed about the need to raise Wales' profile abroad. He referred to the new Community Investment Tax Credit and said he would continue to develop the potential for local tax flexibility.

3. Summing up the discussion, the Chair said that the Clerk would revise the report taking account of Members' comments and would e-mail it around for clearance. She said that officials from the US Embassy were planning to come to Wales in due course and she hoped it would be possible for them to meet members at the time.

Item 5:A Winning Wales – progress report

EDC 14-02(p6)

1. The Minister introduced the paper, outlining the key initiatives within A Winning Wales and saying that considerable progress had been made on the 71 action points contained within it.
2. There was some concern from members that there were an increasing number of initiatives and that it was impossible to assess their impact on the economy. They seemed to be increasing the number of jobs in the public sector and a member quoted an apparent 81% increase in the number of staff at the WDA since 1998 as an example, but where was the evidence they were leading to job increases in the private sector – particularly in areas outside Cardiff.
3. The Minister said that it was important to maximise the use of objective 1 funds and that a large portion of the increase in staff at the WDA was in the management of programmes. He added that there was constant scrutiny of the WDA in respect of the level of resources that went into management and delivery of projects and whilst many of the jobs created were in Cardiff the projects were on an all Wales basis.
4. Members asked for further details on the Age Balance Communities Study and in particular whether it would feed into the rural housing policy. The Minister agreed to report on progress at the next meeting. **[Action: ED Minister]**
5. Members were concerned that there still appeared to be a huge number of

business support programmes and they had had no information from the WDA in response to several requests for detailed information on the mapping exercise that they had undertaken. The Minister said that the WDA were working on streamlining services to business and he would chase up a reply from them on business support programmes. **[Action: ED Minister]**

6. Members questioned why the first annual review of A Winning Wales was due to take place in summer 2003 and asked that this take place closer to the first anniversary of the plan in January. The Minister said that they could not carry out the review until the whole year's figures were available at the end of March.
7. There was some concern that the biotechnium which had been built at the National Botanic Garden still appeared to be empty. The Minister confirmed that the first tenant was about to take up occupation.
8. Reference was made to renewable energy and the need for the WDA to take a more active role in promotion. There was also concern regarding progress with TAN 8 and the Minister agreed to provide a note concerning timing. **[Action: ED Minister]**
9. It was noted that work life balance was extremely important and that affordable childcare, in particular, was crucial in determining entry to the labour market for many women. The Minister drew attention to the Work Life Balance Conference that had been held the previous day. The Minister also confirmed that the Welsh Assembly Government was taking part in the UK survey of SMEs co-ordinated by the Small Business Services and was paying an additional amount for more information on a Welsh basis.
10. Members questioned how activities had been re-focused to raise Wales' image abroad. The Minister said that raising the profile of Wales abroad was essential if we were to maximise exports and that inward investment generated by the WDA had been a significant factor in regenerating the Welsh economy in recent years. The WDA were currently working with consultants on identifying and establishing sectors and officials agreed to provide a note to members on this work. **[Action: ED Minister]**

Item 6: Structural Funds Quarterly Report

EDC 14-02(p7)

1. Due to the shortness of time, the Chair said she proposed deferring the discussion of the WEFO quarterly report on the structural funds until the next meeting. Members agreed to this although concern was expressed about the need for a full discussion on the apparent under-commitment of funds which, it is considered, could lead to de-commitment. It was suggested that the Audit Committee report might assist the Committee in its deliberations on this issue.

Item 7: Minutes of previous meeting

EDC 14-02 Minutes (Draft)

EDC 15-02 Action Outstanding

1. A Member said they had asked for the minutes of the previous meeting to record the fact that there would be job losses of 325 at Dewhirst in Cardigan and of 200 at Elizabeth the Chef in Aberystwyth. It was agreed to make the necessary amendments.

Minister's Announcement

At the end of the meeting the Minister said that the Secretary of State for Culture, Media and Sport was, at that moment, making an announcement about changes in the organisation of tourism support in the UK and, particularly, the BTA. The intention was to market the UK better and more efficiently overseas. Details of the changes would shortly be available on the Internet

In a brief discussion, Members broadly welcomed the move which on the face of it would allow the Assembly much greater involvement in decisions about the marketing of Wales abroad. Members noted though that many of the details had still to be finalised.

Committee Secretariat