

**MINUTES**

**Date** 14<sup>th</sup> November 01  
**Time** 2.00-5.30pm  
**Venue** Committee Room 1, National Assembly for Wales Building.

**Attendance**

**Members**

**Constituency**

Alun Cairns	South Wales West
Chris Chapman	Cynon Valley
Glyn Davies	Mid and West Wales
Ron Davies	Caerphilly
Mike German	South Wales East
Christine Gwyther (Chair)	Carmarthen West and South Pembrokeshire
Alison Halford	Delyn
Rhodri Morgan (as ED Minister)	Cardiff West
Dafydd Wigley	Caernarfon
Phil Williams	South Wales East
Janet Davies	South Wales West

**Officials**

David Pritchard	Director, Economic Development Department
Emyr Roberts	EPD
Damien O'Brien	EPD
Cathy Presland	EPD
Dennis Turner	Chief Executive WTI
Gerry Hallett	WTI
Rob Thomas	WTI
Ron Loveland	ISG
Janine Woods	ISG
Nick Batey	ICT Strategy Unit
Roger Bonehill	OCG

**In Attendance**

Jake Chapman

Expert Adviser on Review of Energy Policy

## Secretariat

John Grimes

Clerk

Sian Wilkins

Deputy Clerk

**Apologies:** Janet Davies substituted for Brian Hancock.

### Item 1: Chair's opening remarks.

1. Declarations of interest were made by Christine Gwyther and Dafydd Wigley.

### Item 2: Minister's report.

1. The Minister introduced his report with a brief verbal update, a copy of which is attached to his written report.
2. The launch of Finance Wales was welcomed by Members but there was some concern that the procedures for small businesses to make applications was too bureaucratic and involved the need for costly business plans to be produced. The Minister responded that any business seeking finance would be subject to due diligence at an appropriate level and that an element of supervision was necessary. Officials added that they would ensure Finance Wales were aware of Members concerns in this regard. It was suggested that possibly Finance Wales could provide assistance with business plans. The Minister said that he hoped that Local Authorities and Enterprise Agencies would provide assistance with business plans as it was an area that would generate a higher success rate for small businesses.
3. Concern was expressed that the new passenger terminal at Mostyn would have a detrimental effect on Holyhead. The Minister said that it was more likely to have an adverse effect on Liverpool due to the shorter travelling time.
4. Several Members urged the Minister to carry out further investigations in respect of the accident at the Port Talbot steelworks. The Minister said that he had spoken to Corus again on the subject of breakouts and they had confirmed that there had been no previous break outs in Blast Furnace number 5. Members asked him to pursue Corus' definition of breakouts and he asked that Members provide him with more detailed information to allow him to do this. He advised Members that he expected the papers relating to meetings he had held with Corus in the past to be requested as part of the police and HSE investigations.
5. Members welcomed the police investigation but said that it needed to be remembered that workers were raising safety issues in a climate dominated by job losses.

6. There was concern that in his speech to Plenary the previous day the Minister had said that Corus may rebuild the furnace and his use of the word 'may' raised concerns over the long-term future of the works. This had implications for the steel industry in the UK. Some Members asked the Minister to consider whether in the last resort he should ask the UK government to intervene as steel was seen as a strategic industry in the UK.
7. The Minister responded that he had used the word 'may' as it was too soon for Corus to assess the damage and make decisions concerning the re-building of the blast furnace. He added that Port Talbot would continue to operate as a finishing works in the meantime and he urged Members not to speculate on the future of the works at this time.
8. On the subject of the proposed development at Aberporth the Minister said that the WDA were now pressing ahead with a business park in the area, with an emphasis on science based businesses. He agreed to keep the Committee informed of developments.

### **Item 3: Economic Research, Monitoring and Evaluation**

1. The Minister opened the discussion by referring to the Cabinet's decision not to create an Economic Policy Board. He said that the Cabinet had not ruled out the possibility, but that it was premature to do this at the present time. He said that ELWa had been established now for 6-8months and the WDA had recently been given additional functions. Time was needed to allow these bodies to settle down and evolve before considering whether to set an 'overlord' body in their place.
2. Referring to the Cabinet's plans to establish an Economic Research Advisory Panel and Economic Research Unit, Damien O'Brien referred to a study undertaken by officials into current economic research and future needs. This had confirmed the need to improve understanding of economic issues affecting Wales and the impact of policies and programmes. There was also a need to strengthen the strategic co-ordination of research activity and to address capacity weaknesses both within the Assembly and amongst higher education institutions in Wales. The Assembly had very limited internal resources to support economic analysis. Expertise in higher education in Wales was spread rather thinly and there was only a very limited focus on the Welsh economy and associated public policy questions. Outside of Wales, public policy research was of general relevance but did not necessarily focus on policy solutions that were appropriate in the Welsh context. The Cabinet's plans were intended to address these issues. The Economic Research Advisory Panel would advise on research needs and promote collaboration. It would also advise on how best to develop the capacity and expertise of higher education in Wales to contribute to the research agenda.
3. Members expressed deep disappointment with the decision not to establish a Policy Board. They said the Committee's proposals in its Report had cross-party, and largely unanimous, support from the Committee. The Review had established

a need to improve the co-ordination of business support activities and to remove duplication. The functions specified in paragraph 2 of the Minister's paper would have fallen to the Policy Board and the effect of his proposals was simply to leave the duplication in place.

4. Members pointed out that this was the Committee's first and most important recommendation and that research and evaluation was only one element of the Policy Board's role. In addition, it would "ensure coherence in policies and programmes both from the Assembly and other organisations". They had considered this to be a key requirement for the successful development of the Welsh economy and it was a model which had worked in Sweden since the 1930s and in Ireland for 20 years. It was difficult to accept the argument that the WDA needed time to bed down when, despite some recent changes, it had been undertaking its key economic role for 25 years.
5. Members were concerned also that the Minister's proposals ignored the Committee's strongly expressed wish to promote partnership with bodies outside government including the CBI, WTUC, FSB and others.
6. Members did not understand the argument that the change was premature. The Committee had formulated its recommendations as a cohesive set of actions but if the Minister accepted that establishing this body would have no value then it was difficult to see how he might come to a different view when recent changes had bedded down. If the Minister's objection was one in principle to the concept of an overriding structure then he should say so.
7. Members also expressed concerns that this decision was symptomatic of a broader rejection of partnership within the Assembly and reflected a view, by Cabinet, that decisions on major issues such as these would be taken by them without regard to wider views. There seemed no desire to adopt policies that commanded the support of the wider assembly.
8. Responding, the Minister stressed that the decision not to establish the Policy Board had been taken by the Cabinet. In the Cabinet's view the proposals were the best way to organise the gathering and commissioning of economic information and research and would ensure that this provided a clear 'value added'. He reiterated that ELWa had not yet settled down as a new organisation and that the WDA should not be seen as a body that had been unchanged for the last 25 years. Significant additional functions had been given to it since 1997.
9. The 2 agencies had signed a concordat to work together and it was their, and the Assembly's, job to make sure this happened. He did not consider it right to put an overarching body on top of them. Moreover, he did not see that such a body could be established without it becoming an ASPB, which was inappropriate at a time when the Assembly had reduced the number of such bodies. He did not accept the comparison with Ireland because that body did not have the broad range of functions that ELWa had.
10. There was some discussion about whether the Policy Board would be an ASPB with members arguing that its function would be to recommend rather than decide

on the development of policy.

11. The Minister rejected the claim that Cabinet refused to accept advice from Committees and other bodies and pointed out that in this, and other cases, they had accepted a major part of the recommendations made to it. However, in focusing on the aspects that had been rejected, critics lost sight of the recommendations that were accepted.

#### **Item 4: WalesTrade International**

1. Dennis Turner introduced the item, thanking the Committee for giving WTI time to explain their progress. He summarised the work that had been carried out during their first 18 months and highlighted the need for the International Trade Strategy on which they were currently consulting with partners. The draft Strategy would be due to go out to public consultation in the New Year with the aim of publishing the final Strategy in April or May next year.
2. In answer to questions from Members he said that they had close operational links with the WTB but recognised that the tourist board knew their own business best. He said that the WTB considered the BTA to be their key partners overseas, however, WTI were trying to strengthen their overseas representation and of the six new overseas offices proposed, two or three would be branded as Wales World Nation involving representation from WTI, WTB, WDA and others.
3. WTI had established four regional focus groups with the majority of their members coming from the private sector. They did involve, however, representatives from the WDA and local chambers of commerce and these groups fed directly into the WTI and the International Trade Forums.
4. In reference to the Export Association he confirmed that the Association was a contractor to WalesTrade International. Funding from WalesTrade International amounted to 86% of the Association's turnover. The contract was due to end in March 2002 and they were reviewing the best way to proceed after that time. Concern was expressed that WTI was considering bringing this function in-house but WTI said that they were considering a number of options and any decision would be made in the context of best value for money.
5. He referred to the strong links that WTI had with the WDA both inside and outside Wales. As well as links overseas the WDA referred companies wishing to form international links to them.
6. WTI were currently trying to raise awareness amongst Welsh companies about EU enlargement and the Euro through a number of local events and a seminar held at the International Trade Day. It was important that Welsh companies understood that to maintain a competitive advantage they would need to be able to deal in the Euro. They were also currently active in a number of pre-accession countries.
7. In conclusion WTI made reference to the strong links being forged with the USA and said they had recently received delegations from the Pentagon and Boeing.

They were also currently seeing better opportunities in the Middle East for Welsh companies.

## Item 5: Energy Review

1. The Chair introduced Jake Chapman, the Assembly's recently appointed expert adviser for the Energy Policy Review. She outlined the key issues in the paper and flagged up the question of amending the Review's Terms of Reference to focus on 2020 rather than 2010. She said that following the meeting of the Reference Group, it had been suggested that the Committee should first discuss global warming as this was fundamental to the development of an energy policy. It was also suggested that the Committee should address the subject as a series of topics to enable it to make recommendations early on. The first subject for study should be renewable energy.
2. Emphasising the importance of looking first at global warming, Jake Chapman said that this was generally considered the principal driver of energy policy and that the Committee should take the opportunity to satisfy itself of this. He mentioned also the requirement for 10% of total energy to be met from renewable sources both within the UK and within NEDS.
3. Members noted the priorities in paragraph 3 of the paper and agreed the broad strategy of addressing the issue as a series of topics and that Renewable Energy and Energy Efficiency should be the first topics. They also agreed the revised time frame and to extend the membership of the Reference Group to include representation from the voluntary sector. **[Action: Clerk]**
4. Members indicated a clear preference for all evidence sessions to be held in public and agreed that in view of the workload an approach should be made to Business Committee to seek authority to use the 10<sup>th</sup> Jan and 7<sup>th</sup> Feb 'additional' sessions for formal Committee meetings. It was also agreed to consider whether meetings might be held in North Wales and whether it might be possible and permitted to hold 'video conference' sessions in order to reduce members' travelling. **[Action: Clerk]**
5. Members agreed that Sir John Houghton should be invited to talk to the Committee about global warming and that members of EPT should be invited to this meeting.
6. Members indicated a wish to undertake further visits, particularly to facilities involved with renewable energy. Mention was also made of the ELF oil refinery and the Baglan Energy Park. The Clerk was asked to draw up a list of possible visits and to circulate it to members for them to consider and add to. **[Action: Clerk]**
7. There was some discussion about whether the Review should be extended to include transport since it was a major source of carbon emissions. Some Members considered that the Review should focus on economic issues relating to energy policy and should be looking to ensure clear business and economic

benefits. If the study were too wide it risked losing focus. It was concluded, on balance, that the inclusion of transport energy would broaden the scale and scope of the Review to an unworkable level.

## **Item 6: ICT Economic Issues**

1. Janine Woods introduced the paper saying that it was intended to update the Committee on work in this area since the paper provided previously by Andrew Davies, e-business minister.
2. Phil Williams confirmed that his paper on the subject of IT that had been promised for EDC members would be available shortly.
3. Members agreed that IT was an area of Economic Development policy that probably needed to be given greater priority than it had previously. It was considered critical to the competitiveness of Welsh businesses.
4. There were concerns that the provision of Broadband outlined by the Minister at the last meeting would cost substantially more than the current Assembly budget allocation, due to technical constraints.
5. Reference was made to by a member the recent publication of a paper from OECD on the subject of broadband and it was requested that this be circulated to all Members. **[Action: Clerk]**
6. Members agreed that private sector involvement in the provision of broadband was crucial. Whilst the provision of broadband for the public sector would increase demand it was felt that the use of existing private sector networks was important. Care was needed to ensure that a closed public sector network was not created that excluded the private sector.
7. Concern was also expressed that there should not be duplication of ICT support services and programmes, with particular reference to Support Centres. Officials confirmed that a mapping exercise of all Support Centres was currently underway.
8. Members welcomed the news that the Analysis Action Plan would be ready in January 2002 and said it was important for Wales to be ahead of the game. The provision of broadband was seen as being at least as significant as road and rail links were in the last century.
9. There was general agreement that it was important not to concentrate on only one area of technology and also that what was provided now would also suit the needs of users in 5 or 10 years time.
10. In conclusion, officials identified that Cymru Arlein had been set up to address crosscutting issues. They agreed that there was a need to compare costs at an international level but this information was not available at present. They also agreed that the public sector use of broadband would create demand thus making the costs more viable for communities and businesses.

## **Item 7: Minutes of previous meeting.**

Members agreed that the minutes were a true record of the meeting.

## **Committee Secretariat**