

## ECONOMIC DEVELOPMENT COMMITTEE

WEDNESDAY 28 NOVEMBER 2001

### Minister for Economic Development's report

In addition to my Written Report, I also raised the following items under Agenda Item 2.

#### Chancellor's Pre-Budget Report

- Stamp Duty – property transfers below £150,000 being exempt in 42% of Electoral Division in Wales (or 47% of Welsh population). Similar figure to North East England. Full list of Electoral Divisions are on Inland Revenue's website. Only first stage. Intention is to raise threshold significantly for non-domestic property or abolish altogether for non-residential properties in these areas. Need to get through ED State Aid rules.
- Community Investment Tax Credit – now no overall cash limit on this incentive. Also available to wholesale Community Finance Development Institutions – those which use investors' funds to support CFDIs which support local businesses. Welsh Assembly Government working closely with the DTI on how scheme to be implemented in 2002/03. Improved design of scheme will allow for leveraging in of private sector funds to support proposals for Community Investment Authority – important element of Partnership Document's pledges to social economy. Have set up a Task & Finish Group to examine this – and report back to be next February. I will circulate all EDC members with Terms of Reference. Group will include private, public and voluntary sector, led by Strategic Policy Unit. First meeting to take place next week.
- Training – Have argued strongly for tax incentives to encourage training in small firms, same as CBI and TUC. Chancellor undertook to look closely at ways of stimulating training, whereby employers/employees/Government all shoulder responsibility. Have a strong case for a pilot scheme in Wales. Action Plan of Fiscal Variations has a paper on this ready to go to Treasury.
- R&D and Urban Regeneration Companies – door left open to make case to Chancellor for enhanced tax incentives. Extension to small firms. We will make our case to Treasury clear.

#### Stories in the media

- Delighted at Bluebird Automotive article in today's Western Mail – company has new contract to supply Express Dairies – 350 new jobs over 5 years (150 at Bluebird; remainder in supply chain)
- Welcome announcement by Creditsafe to create £1.8 million telesales centre in Caerphilly, creating 60 new jobs
- Pleased to inform members that Ian Maxwell has been appointed by the WDA to spearhead the optronics sector in Wales. Will be based in St Asaph, and work closely with Optronics Technology and Incubator Centre (OpTIC)

### **Update of items in Written Report**

- Para 1.5 IQE – could just possibly be the new "Welsh Nokia". Epitaxial wafers much cheaper when combined with silicon wafers – a major advance in this field. These combined wafers give you 90 % of the advantages of full epitaxial wafers at less than half the price.
- Para 1.8 Airbus, Broughton – I will be visiting the company on the afternoon of Friday 30 November.