

Date: 12 December 2001
Time: 14:00 to 17:30
Venue: Committee Room 1, National Assembly, Cardiff Bay
Title : ECONOMIC DEVELOPMENT MINISTER'S REPORT

1. GOVERNMENT BUSINESS

Transport Framework

On 23 November, the Minister for Environment launched the Welsh Assembly Government's Transport Framework document, which provides a set of aims and objectives to create a better co-ordinated and sustainable transport system. A trunk road programme is being developed in accordance with these objectives, and it is intended to publish the programme before the end of the year.

Skills

The Basic Skills Agency in partnership with the Institute for Welsh Affairs has launched the report 'Tools for the Learning Country'. Dr Tom Sticht, a leading international expert in adult basic skills, spoke about the economic benefits of investing in programmes to improve adult literacy and numeracy, as well as the less tangible benefits to the individual such as improved self-confidence; better psychological health; and greater participation in the community.

Dr Sticht also emphasised the 'knock-on' effects within families of improving the basic skills of parents, who are subsequently more likely to read to their children and help them with their homework thereby improving their skills levels.

Dr Alan Wells OBE, Director of the Basic Skills Agency, outlined the aims of the all-age National Basic Skills Strategy for Wales. He expressed the hope that the media in Wales would support the Welsh Assembly Government and the Basic Skills Agency in their quest to ensure Wales has the best literacy and numeracy rates in the world.

Media reactions were positive and encouraging. The Agency is working closely with the media in Wales to develop and disseminate a national basic skills promotional campaign beginning in the New Year.

Airbus

Delighted to hear that Lufthansa will proceed with its order for 15 A380's, a decision postponed

in the aftermath of the events of September 11. Although the wings will not be in production until 2004 this is good news for the future of the Broughton site.

Finance Wales successes

Ambiensis : set up to provide the best early stage development support service for new technologies aimed at a more sustainable agri-environmental sector. Employs 6 graduates from operational base in Cardiff and seeks to commercialise business opportunities from businesses, individuals and academia within Wales. Two early examples of this are Oceanbait and Bioponix.

Wesley Clover Venture Capital Fund: This represents another notable success for the WDA's **Technium** initiative which provides the environment and infrastructure to enable start-up high technology companies to flourish, prosper, and ultimately expand. A recipient of the Wesley Clover funding, Enfis, was co founded by Ken Board, the WDA Chair in Entrepreneurship at Swansea, and Prof. Marc Clement, also from Swansea, both of whom have a proven track record of establishing spin out companies commercialising the outcomes of academic research.

Call Centre conference

The 5th annual Welsh Call Centre Conference and Exhibition organised by the Cardiff and Newport Call Centre Initiative and the South East Wales Contact Centre Employers Forum took place in Cardiff on 6 Dec, last week. The Conference addressed high staff turnover, with delegates looking at ways in which the issue is being tackled in Wales, ranging from continuous training to greater promotion opportunities. Call centre analyst Simon Roncoroni noted Wales had a lower level of staff turnover and could be an example of good management, but is also influenced by the local economic climate.

Wrexham URBAN programme

The West Wrexham URBAN II Programme was launched on 5 December. This is the responsibility of the Minister for Local Government and Housing and will bring around £6 million in European funding (with matchfunding this will rise to around £13 million) support to the area for community development. Karen Sinclair AM is chair of the programme monitoring committee.

RECENT ENGAGEMENTS

Visit of the European Affairs Committee to Brussels, 5 December

As chair of the EAC, I visited Brussels on 5 December, both to chair a meeting of the Committee and to attend a series of briefing meetings with, amongst others, the United

Kingdom's Ambassador to Belgium and Commissioner Michel Barnier.

The Committee found the visit informative, and the EAC meeting benefited from the presence of 4 of Wales' MEPs, who are usually prevented by EP business from attending in Cardiff. Whilst in Brussels, I was delighted to sign, on the Assembly Government's behalf, a letter confirming approval by the Commission of the West Wrexham URBAN II community initiative.

Lunch with Chairs of Team Wales

I will update Members on discussions at this lunch on Friday 7 December at the meeting.

CBI Council Meeting

On Friday I also had the opportunity to address the Council of the CBI at its meeting in Cardiff and to take part in a two-way question and answer session. I will inform the Committee of any matters arising from this.

2. MAJOR ISSUES UPDATE

2.1 Corus/Steel

I will update on progress made at the Steel Task Force meeting on Friday 7 December at the meeting.

3. JOB NEWS

3.1 Pace Telecom

Pace Telecom a provider of fixed line, mobile and Internet services has recently (27/11/01) announced its plans to expand. The company currently employs 30 staff at its base in Gresford near Wrexham. It plans to increase this to 50 and to float on the London Stock Exchange by the first quarter of 2002.

The company has received support from Wrexham County Borough Council and the WDA, including a grant through the Agency's Technology Exploitation Programme that helps SME's to implement new technology. This enabled the company to launch 'At One' a customer account management system that allows clients to access their accounts with the company via

the Internet and provides a one-stop shop to all of the company's services.

3.1 Job Gains since the previous EDC

Creditsafe UK: financial services company, investing £1,8 million at new on-line telesales base on Caerphilly Business Park. Company has been offered RSA and will create 60 jobs.

Halo Foods has purchased the plant, machinery and other equipment from G F Lovell Ltd of Newport. Capital expenditure for the project is £3.36 million, with support of RSA, safeguarding over 70 jobs

Eriez Magnetics Europe: has received RSA of £84,000 to implement and manufacture superconducting magnets and sampling equipment at site at Caerphilly. Project involved total capital expenditure of £500k and the creation of 28 permanent and 1 part time job.

Welsh Assembly Government issued a press notice on 6 December informing that grants totalling £88.4million have been offered to support 131 RSA projects in the current financial year. The grants should trigger capital expenditure of £407 million, create 4,800 new jobs and safeguard more than 3,000 jobs.

3.2 Job losses (over 50) since the previous EDC

Alcan, Rogerstone – the plant is forecast to lose £14 million this year. The announcement means around 310 redundancies, phased during 2002, and results from the company's need to focus on a reduced product base to secure plant's long term future. Welsh Assembly Government, its Agencies and other Government Departments have met the company to discuss how we can best assist those affected. ELWa have deemed the redundancies as significant, enabling affected staff to gain immediate access to the package of ELWa programmes to retrain and quickly re-enter alternative employment.

Impress Metal Packaging, Rhymney – the plant is to close, resulting in 160 redundancies. The decision came despite Assembly/ASPB officials visiting the company to discuss possible assistance. The relevant agencies have now met the company to discuss the best way of supporting those affected.

4. ACTION OUSTANDING FROM PREVIOUS MEETINGS

Match Funding

Full details of the specific match funding pots available to applicants for Structural Funds was

given in a paper to the Objective 1 Programme Monitoring Committee on 22 June this year (PMC(01)50). This shows the amounts available in each area for this year and for the next 2 years.

Match funding is also available within existing Assembly budgets and partners must make full use of this before trying to access the specific match funding pots. In some cases, such as the WDA, much of this match funding is currently committed to old Structural Funds programmes that are drawing to a close. Once these existing projects are completed, the funding will then be available to support the current Structural Funds programmes.

A new system to be installed shortly in WEFO will be able to identify overall public sector match funding commitment and expenditure. Once the funding from the specific match funding pots has been deducted, it will be possible to determine the level of funding from within existing public sector budgets. This information will be available by late Spring 2002 and will be reported to the Committee. At present, it would be a major exercise to determine either the amount committed or actual expenditure for match funding within existing budgets.

For the Pathway to Prosperity Match Funding pot in the Economic Development MEG, approval for match funding has been given to a series of projects sponsored by the WDA, the WTB and WalesTrade International (WTI). All of these are Objective 1 projects and have been approved by WEFO. We are now finalising arrangements for the payment of match funding and expect expenditure from the budget to begin immediately. We have also given approval in principle to a small private sector project that is still being appraised by WEFO. Expenditure in this financial year from the match funding pot is likely to be over £10m.

We have undertaken a data collection exercise for WDA, WTB and WTI. Match funding expenditure this year from their existing budgets is likely to be £11.9m:

	Existing Projects	New Projects
WDA	£8.9m	£2.3m
WTB	£0.4m	-
WTI	£0.3m	-