

**Date:** Wednesday 6 March 2002  
**Time:** 14:00 to 17:30  
**Venue:** Committee Room 1, National Assembly, Cardiff Bay  
**Title :** ECONOMIC DEVELOPMENT MINISTER'S REPORT

## **1.1 GOVERNMENT BUSINESS**

### BT price reductions

BT unveiled on 26 February their plans to target one million asymmetric digital subscriber line (ADSL) broadband connections over its UK network by summer 2003. The new target will be achieved by making substantial cuts to the wholesale price, the amount which BT charges Internet Service Providers (ISP's). This will enable ISP's to drop the retail prices they charge their residential and business customers.

As part of this package BT will, from 1 April, cut the cost of its wholesale line rental for customer connections from £25 to £14.75 per month. It is hoped that this will help the UK break out of the vicious circle of high prices leading to the low uptake of services and lack of competition which in turn leads to high prices. As part of this announcement BT also revealed its intention to expand its existing broadband availability beyond the 1,010 largely urban exchanges already enabled in the UK where clear demand indicates commercial viability or in partnership with others.

### Economic Research Advisory Panel

Work is currently underway to recruit a chair and five members from the social partner and academic communities to join the Panel. Other members will be drawn from key public sector organisations. The appointments will be made by the end of April and it is anticipated that the Panel will meet for the first time in May. A new Economic Research Unit is being set up within the Assembly's Research and Development Department to support the work of the Panel. The Head of the Unit is due to be appointed by the end of March, with economists and other research staff all in place by the end of April.

### Airbus, Broughton

I was delighted to hear that Virgin Atlantic has announced a £1.35bn (\$1.9bn) order for 10 Airbus A340-600 jets and 50 Rolls Royce engines which will replace Virgin's current A340-300 fleet used on longhaul flights to the US and Asia, and also that Iran wishes to modernise its national airline and purchase \$500 million of new passenger airplanes. In addition, I have

noted that Airbus Industries has announced it expects to build 300 aircraft next year, and hopefully the same amount the following year. This will give a major boost to the company's Deeside factory, and is excellent news for the workforce.

### British Tourist Authority (BTA) £40 million marketing campaign

Culture Minister Tessa Jowell announced this campaign on 25 February. DCMS is providing £20 million, to be matched by £5 million cash and £15 million in kind (promotional work and use of logo's etc) from the private sector. Together, this makes it the largest ever promotion of British Tourism.

The campaign will be run by a Partnership (including P&O, BA, American Express, Stena Links etc) led by the BTA. It will be launched in April covering seven key overseas markets, and run until September 2002. The Wales Tourist Board is very much part of this Partnership and has contributed £100,000 towards the campaign.

### Wales Gene Park

I am delighted that formal confirmation has now been received from Department of Health that our bid to establish a Wales Gene Park in Cardiff has been endorsed as being worthy of funding.

### BBC on-line sites – "Where I live"

It is excellent news that BBC Wales announced last week that they are making £2 million available for an 18-month programme to develop five local online sites across Wales (one already operational in Wrexham, the other four to be operational by early 2003). These sites will be called 'Where I Live', and will be in the north-east, south-west, north-west, south-east and the middle of Wales.

They will include local news, information on events in the area and stories about local history – with local people contributing directly to the sites, giving them the sense of ownership. Each site will also be able to webcast short films made by members of the public, called digital stories because they would use the latest digital technology. I was delighted to see the BBC's exciting plans when I visited Broadcasting House last year as eMinister.

### Materials Physics Research Laboratory, University Of Wales, Aberystwyth

This new Laboratory opened on 22 February. Research undertaken here will focus on the way in which atomic-scale processes influence real-life properties such as fracture, melting, conducting electricity and light emission. Research activity is being housed in a custom-built laboratory constructed over the last two years by the University. Over this short time it has

attracted research equipment awards amounting to £2,000,000 from the research councils, the EU, industry and HEFCW. This new facility is currently home to three state-of-the-art spectrometers, a class 1000 clean room and a ceramics laboratory. A £1,700,000 Virtual Reality Visualisation facility will be installed in 2003.

## **1.2 RECENT ENGAGEMENTS**

### Biotrace, Bridgend

I saw for myself the work done by this pioneering, global leader in the development and manufacture of rapid hygiene testing equipment on 27 February. Since its inception at the Bridgend Science Park, the company has been awarded some £750,000 in RSA and SPUR grants to help with establishment, expansion, development and research costs. The company's achievements have been recognised by being shortlisted for the Best Technology Award in the UK PLC Awards 2001 – the 3 other shortlisted companies are also Welsh: IQE, Gyrus and Provalis.

### Swansea Business Club

I took the opportunity to initiate discussions with the new Chair of the WDA, Roger Jones, who was the guest speaker at the Club's Breakfast meeting last Friday (1<sup>st</sup> March). I also further developed very useful working relationships with several key industrialists in Swansea .

### Knowledge Summit

33 influential, high profile individuals with close Welsh connections, drawn from industry and academia, attended a Knowledge Summit hosted by the First Minister at the Celtic Manor Hotel, Newport on 20 February. I attended in my previous role as eMinister.

The event proved to be a resounding success, and we received some very useful first hand feedback on the priority areas the Assembly government should be addressing, after the publication of "A Winning Wales", to enhance Wales' prospects of achieving success in the demanding and volatile global knowledge economy.

### ICT02 Wales Cymru

I attended the ICT02 Dinner Awards ceremony, on 28 February, at the Celtic Manor Resort Hotel in Newport. The event, organised by Assetz Communications Ltd., and sponsored by the Welsh Development Agency, the Wales Information Society (both Platinum sponsors) and the Assembly (Gold sponsor) was aimed at improving the competitiveness of businesses and

public life in Wales.

### Trade Mission to India

The WalesTrade International-led mission to India (Delhi, Bombay and Calcutta) is due back tomorrow. Representatives from nine Welsh companies have made the trip and feedback has been positive. The delegation has been well received and the companies are making useful contacts. The companies will be monitored, and further assisted, on their return so that we can ascertain the full benefits of the mission on their businesses.

### Milia Multimedia Exhibition, Cannes

Eleven companies and organisations exhibited at this key international event as part of the WalesTrade International trade fair support programme. By providing the opportunity for the companies to show their products and services to key contacts in the industry, some very promising leads were forged, and the companies are actively pursuing them. Progress will be monitored.

## **1.3 FORTHCOMING ENGAGEMENTS**

### Business Partnership Council

The next meeting of the Business Partnership Council is tomorrow (7 March). In addition to considering the current state of trade in Welsh business, the Council will discuss planning (including spatial policy), public sector procurement and business rates.

### Agilent Test and Measurement Laboratory

Following my recent appointment I have been invited by Professor Bob Cryan to open the new Test and Measurement Laboratory in the Dept of Electrical Engineering at University of Wales, Swansea. Agilent Technologies have forged strong links with the University since they located their R & D facility in the Technium Centre, with which I have been closely involved.

### Wolfson Laboratory

I have been invited to open the new Wolfson Biodiversity Laboratory at University of Wales Aberystwyth.

## **2. MAJOR ISSUES UPDATE**

## Corus pay freeze

Corus workers in Holland will receive a 2.3% rise over the next 12 months followed by a 2.5% rise over the following 14 months, not 7% as has been reported. Reasons given are that the Dutch operations are more profitable than the UK ones and the inflation rate is higher at around 4%. ISTC and Amicus officials appear to accept the reasons for the pay freeze. At this time it seems unlikely that Union members will be balloting for industrial action because their members reluctantly accept the reasons behind the Corus decision.

## **3. EMPLOYMENT**

### Snowdonia Ski Trac Ltd, Llanberis

I am delighted that Llanberis is being considered for this tourism and sports development, which promises investment of some £130 million and the creation of up to 700 full time jobs if it proceeds. The development is, of course, dependent on several factors, the first being a decision on the planning application.

### BT Call Centres

BT is currently in discussions with its Unions and is unable to comment on the possible impact in Wales until these discussions have been completed. This is not expected before the end of March.

### mm02

Again BT is unable to comment on the potential impact in Wales. BT has now entered into a formal 90 day consultation with the relevant Unions, and further details are likely to emerge after this time. Officials will remain in close contact with BT to monitor the situation.

### **3.1 Job Gains since the previous EDC**

Fire and Safety Solutions, Ferndale – is to invest £500,000 and create 40 new jobs, with the assistance of RSA, following the development of its computer based risk assessment tool, Firemonitor

West Wales area specifically - since the beginning of February, 5 companies have accepted

grant offers totalling £0.392 million, helping create 32 new jobs and safeguard 6 jobs. Our West Wales office is waiting confirmation of another 6 offers of grant, totalling a further £0.359 million, which promise to create another 57 jobs and safeguard 11 jobs.

NTL, Swansea – to create 90 new jobs at its flagship customer contact centre in Matrix Court, creating a new department to deal with general enquiries from its 370,000 London customers

Bannatyne Fitness, Newport – to invest £3.5 million in a new venture on Newport riverside, creating 30 new jobs

Selonda Fisheries Anglesey - plans by this Yorkshire based company to develop a fish farm at Penmon to produce 1,000 tonnes of halibut per year could create 30 new jobs. An Objective 1 grant offer will shortly be issued. Further jobs are possible if fish processing is also undertaken in Anglesey. Small high tech spin-off businesses could also arise from links between the farm and marine researchers at the University of Bangor.

Sweetmans Bakeries, Cardiff – this Swansea based Bakery is expanding, and creating 25 new jobs and opening four new shops.

K D Products, Wrexham – company to hold an open day to try and solve problem of recruiting 20 new employees to deal with company's increasing order book

Brecon Carreg, Llandeilo – set to create 19 new jobs and invest £1.5 million when it upgrades its production facilities. Assembly has been in discussion with the company and been supportive of company's expansion proposals.

Eversheds, Cardiff – 15 new jobs to arise from expansion of this Solicitors firm

Protherics Llandysul – 10 new jobs are being created at this high tech snake venom company

### **3.2 Job losses since the previous EDC**

IQE, St Mellons, Cardiff – 30 jobs to be lost due to a general downturn in demand but we are confident that the longterm position is good

Beaver Utility Services, Newport – company to close with the loss of 80 jobs, after failing to regain its contract to remove trees and branches near Western Power Distribution's high voltage power lines

## **4. ACTION OUSTANDING FROM PREVIOUS MEETINGS**

### Arthur Andersen

The records of the former Welsh Office have now passed to the Office of the Secretary of State for Wales. Anyone having queries on this matter should put their concerns in writing to that office, copied to the Cabinet Office.

### WTB Section 4 grants

The Committee is aware that questions have been raised about the status of the WTB's Section 4 grants. These questions were satisfactorily resolved last week and the WTB is operating the grants under the 1982 notification. The operators who would have been affected by any changes have been notified and their grant applications are being processed as usual.

### Vale of Glamorgan Council representation on Cardiff Harbour Authority

I have considered the Committee's recommendation that the Minister should write to the Harbour Authority urging them to look at the matter of Vale of Glamorgan Council representation. Whilst I share the view that the Vale Council does need to be involved, this is a matter for the two authorities to resolve. My predecessor has previously written to this effect to the Leader of the Vale Council. More recently, my predecessor has been in correspondence with an Assembly member on this matter and has taken the same line in his response. He did, however, copy his reply to the Leaders of both Councils.

The Vale Council is recognised by Cardiff Harbour Authority as a key stakeholder in Cardiff Bay, as such the Vale Council is consulted by the Harbour Authority on plans which impact on the Council's area. The Vale Council is also an appointed member of the Cardiff Bay Advisory Committee where it has a say in matters affecting the environment and amenities of the inland bay or navigational issues.

### Quasi-judicial issues

Undertaking an exercise to identify those quasi-judicial functions which are currently exercisable by a Minister of the UK Government (as opposed to those functions which have been devolved to the National Assembly for Wales/Welsh Assembly Government) would be extremely time consuming and, in view of the range of statutory and non-statutory functions which would need to be examined, difficult to do accurately and expansively.

The Assembly's officials have a detailed knowledge and experience of functions exercised by

the Assembly, but less so, in non-devolved functions of the UK Government. The situations in which the Assembly may be asked to respond to a request for views on whether a UK Minister should hold a public inquiry are likely to be rare. It is thought an ineffective use of the Assembly's resources to identify quasi-judicial functions of UK Ministers.

## Business Connect

Progress in implementing the recommendations following the review of business support services.

Since making their presentation to the Committee last October on how it proposed to manage its new responsibility for the management of business support services from 1 April, the WDA has been putting its plans in place.

The review highlighted the need for the services to be more customer- focussed and more easily accessible through a quality controlled gateway. The review, also concluded that the name 'Business Connect' should be used, at least in the short term, to label the new gateway service. Key to making any arrangements work would be securing the support and confidence of the main providers in both the public and private sector.

Reshaping the gateway to meet these requirements has been the WDA's starting point. Throughout the autumn and winter, the Agency has undertaken extensive consultations with all the key partners. These discussions reinforced the conclusions of the review that the gateway should operate as an impartial sign-posting service directing the customer to whichever service or provider is best placed to meet their particular need. That need could be identified as finance-related, land and property, expertise in legal work, accountancy, training or marketing; and the most appropriate referral could be to a bank, solicitor, accountant, a local authority service, an ELWa programme, a WDA funded scheme or Finance Wales.

It was also agreed that the gateway should have a national identity with national standards to ensure consistency of service and that local access was essential to complement electronic, telephone and website connections. The WDA therefore published in early February an invitation to tender for the new local gateway services to start operation as early as possible in 2002-03. The specification for the new local gateways include the following key criteria

- An accessible, quality customer focused service
- Transparency for both the user and the service providers
- Effective links with all providers, other local gateways and the national gateway
- Customer tracking and monitoring and evaluation of the service provided
- Value for money

Bids will be accepted up until 25 March.

The review also found that the coverage of the various products on offer currently was inconsistent and did not always provide what was required. In some areas there was a wide selection of different schemes – possibly too many in some instances – and in other parts of Wales, apparent gaps. The WDA has started the rationalisation process by undertaking a mapping exercise of the products it offers currently both at the national and regional level. Once complete, this will enable a start to be made on reviewing where changes are needed and to engage with the other key providers about their products and the overall fit. This will run into 2002-03.

### Royal Mint

Members asked for clarification of the Royal Mint's contract to produce Euros. I can now tell you that the Mint had a contract to produce blank Euros for 9 out of the 12 member states adopting the Euro on 1 January 2001. This contract has now been completed. The Royal Mint is not currently producing any more Euros. The question of whether the Euro's were manufactured at either a profit or a loss is a commercially confidential matter for the Mint.