

**Date:** 17 October 2002  
**Time:** 09:00 to 12:30  
**Venue:** Committee Room 1, National Assembly, Cardiff Bay  
**Title :** ECONOMIC DEVELOPMENT MINISTER'S REPORT

**GOVERNMENT BUSINESS****Encouraging Innovation & Entrepreneurship**

1. I am committed to rolling out the Technium concept across Wales. I welcome the appointment of Dr Steve Davies as the all-Wales Technium Director to co-ordinate and manage the process. He was the chief executive at the first flagship Technium in Swansea and the experience he gained there will equip him to deliver the strategic and operational objectives for the benefit of Wales.
2. In September I announced the launch of OpTIC Technium, the next in a set of Technium centres designed to develop the knowledge economy in Wales. The new £14.7m centre will be built at St Asaph and build on the existing cluster of excellence in hi-tech optic-electronics sector in this area.
3. UK Steel Enterprise, with the assistance of the WDA and Blaenau Gwent Council, has secured £1.1m of Objective One funding for the development of a new Business innovation Centre in Ebbw Vale. The facility will create 220 jobs and act as a catalyst for the growth of spin-off companies with the accent on sustainable technology and innovation.
4. A £2.89m Valleys Information, Technology and Communication Centre (VITCC) at Tredegar has been granted planning permission. The partners on the project Blaenau Gwent Council, WDA, ELWa, University of Wales College Newport and Coleg Gwent have applied for Objective 1 funding to support the project. This will be the first such facility in the Valleys and will be the platform for future developments.
5. In March, the Department of Health agreed to provide funding towards a "virtual genetics park" in Wales. I am pleased to announce that the recruitment process has begun for the first 16 positions. These will initially be based at the Institute of Medical Genetics at the University of Wales College of Medicine in Cardiff.
6. Work is now nearing completion on an Innovation Action Plan to ensure best use is made of existing resources and those new resources being made available in 2003-04 and future years. I hope to make an announcement on this shortly.

**Promoting ICT**

7. In July I launched 'Broadband Wales', the £100m programme which will bring

broadband to 310,000 extra homes and 67,000 extra businesses in Wales. This is the biggest investment of its kind by government at any level in the UK. In the summer I was pleased to note that BT launched a number of initiatives which complement this Welsh Assembly Government programme.

8. The most notable of these was the launch of joint partnerships to spread the cost of opening up this technology to sparsely populated or lower demand areas of the country. The first two strands of the Broadband Wales Action Plan ie the satellite subsidy and the try before you buy schemes are already operational. Work is under way to establish the Broadband Unit with some staff already recruited and recruitment of a Director to begin shortly.
9. I was delighted that 'Forum for the Future' considered Cymru Arlein (Online for a Better Wales) to be excellent both in terms of its visibility and its importance in terms of the Sustainable Development agenda. Cymru Arlein was also highly commended, for similar reasons, by the Sustainable Development Commission.
10. The Welsh Lifelong Learning Network core national broadband network was completed on time at the end of July. Further Contracts will be completed over the next few weeks to provide a comprehensive network management service, Internet service provision and connection agreements with local authorities.
11. In keeping with the objectives of 'a Winning Wales' I was pleased to launch two innovative broadband wireless projects recently:
  - ARWAIN a broadband Internet access project that uses wireless technology to allow people to connect to the Internet and share bandwidth, and
  - [www.e-fro.cd](http://www.e-fro.cd) - a new website that is to be used as a central focus for a scheme being developed by Wales Digital College. The scheme will demonstrate the value of broadband using 802.11b wireless technology, stimulate the demand for broadband, create on-line communities, and trial innovative technologies in Wales.

## **Supporting Business**

12. In early August, at a meeting with the Armed Forces Minister I confirmed the plans that secured the future of DARA at St Athan and with it, some 2,000 jobs in North and South Wales. This is just the first step. Full development of the whole 1,000 acre site will result in a world class centre of aviation excellence, consolidating the existing aerospace industry in the area and capable of attracting new investment from Europe, the US and beyond.

13. Latest figures from the DTI showed that Wales topped the UK league when it came to the number and total value of RSA offers accepted last financial year. More than £109 million of RSA offers were accepted by 235 businesses in Wales. As well as leveraging in £430 million of private sector investment, these projects should create 7,700 new jobs and safeguard 4,000 others. This was achieved despite Wales' smaller population and business base.

14. RSA could see another outstanding year. Between 1 April and 30 September, over 100 grants with a total value of £60 million were offered. These projects promise to attract over £450 million of private sector investment and are expected to create almost 3,900 new jobs as well as safeguarding 1,400 existing jobs.

15. Following its launch in April, interest in the new Assembly Investment Grant - aimed specifically at SMEs throughout Wales - has been extremely encouraging. Well over 100 grants with a total value of some £4 million were offered during the first six months of the scheme's existence and these projects are expected to lever in over £16 million of private sector investment. Although AIG is primarily intended to stimulate investment, indications are that this will also create over 200 new jobs.

16. A fuller analysis of the first six months' activity will be provided in November's RSA Progress Report to EDC. RSA projects announced over the summer recess included:

- Visual Designs Ltd, Brynmawr - 40 jobs to be created.
- Portico Software Ltd, Caerphilly - £1.7 million investment that will create 50 highly skilled jobs.
- Afon Tinplate, Swansea - opened a new four colour print line.
- Décor Frame in Bridgend. £6 million expansion project that will create 100 jobs.
- Magstim Ltd, Whitland - officially opens new £1m premises
- Unilever Bestfoods, Crumlin - newly refurbished plant.
- Addis Plant, Swansea - £800k expansion project.
- Tillery Foods, Cwmtillery - £5 million expansion programme. creating an extra 100 jobs.

17. I was also pleased to note the progress made by the WDA at the half year stage, a report on which is on the agenda for today's meeting. This shows the Agency's ongoing commitment to increasing economic prosperity in Wales. The Agency is on target to meet or exceed the majority of targets, for example:

- General Business Support - the forecast output *for new businesses established and the value of new business opportunities* exceed the set targets
- Supply Chain Development - the actual output to date against the target set for *the value*

*of new business opportunities secured* is already double.

- Technology reviews carried out, output significantly above target.
- Specialist premises, Bespoke premises floor space output greatly exceeds target.

18. With support from RSA and the WDA, St Merryn Meats have developed a state-of-the-art meat processing facility in Merthyr that employs 120 staff. So, at the end of September, I was delighted to see the first consignment of beef since the foot-and-mouth crisis leaving the UK from their plant.

### **Setting a Fresh Direction**

19. On the 2 October, I launched the consultation of 'Sustainable Business Wales', an action plan designed to promote and develop the environmental goods and services sector, help businesses become more competitive through adopting 'greener' practices and increase access to advice on what sustainable business means. The covering letter and the consultation document can be accessed on [www.businessenvironment.wales.gov.uk](http://www.businessenvironment.wales.gov.uk) and the deadline for responses is the 26<sup>th</sup> November.

### **Establishing Wales in the World**

20. Wales was the host nation at the recent Inter-Celtic festival at L'Orient in the northwest of France. I was delighted to support the Welsh presence at the Wales World Nation Pavilion, designed to promote a modern image to a European audience. It was important to have a presence at such a showcase event as culture is a very tradable commodity in tourism and the aim is to raise the profile of Wales' cultural contribution to the world.

21. During September I visited the US and Canada in support of Welsh business and to raise the profile of Wales in North America. It was a very intensive visit covering 12 cities in 17 days. The following are just some of the meetings and visits I made.

22. In Chicago I was able to give my support to Merthyr-based company, 'Tectonic' which was exhibiting at the Labelexpo trade fair. While in Chicago I met the economic development director of the city and with the technology transfer and knowledge commercialisation departments of both Chicago University and the University of Illinois at Chicago. I also recorded a piece for the WTB to be broadcast as part of a £1.5m "Visit Wales" campaign.

23. I met with truck manufacturer, Oshkosh of Wisconsin, which already has a presence in Wales at Llantrisant but is hoping to win a significant MoD contract and expand their operation here. The visit continued with various opportunities to promote Wales to businesses and trade organisations in Minneapolis and Cleveland in advance of a Welsh medical industry trade

mission to 'Medical Alley' next year.

24. In Washington DC I had discussions with Dr Sam Bodman, Deputy Secretary of the US Department of Commerce on how we develop Wales-US trade links, and also with Tom Pickering Senior vice-president of Boeing. In Philadelphia I met 'Innovation Philadelphia', where we discussed the business support it provides, and with city officials explored a possible inward trade mission to Wales from the City of Philadelphia as well as developing economic and higher education links between Wales and Philadelphia

25. While in New York I was delighted to sign the lease for the new 'Wales International Centre', which will be situated in the Chrysler Building.

26. Last week I visited Ireland with senior Wales Tourist Board officials, and met with John O'Donoghue, Minister for Arts, Sport and Tourism, and with leading tourism industry operators. During our meetings we discussed how Ireland had developed its tourism strategy and what Wales could learn particularly with a view to maximising opportunities leading up to the Ryder Cup in 2010.

27. During the summer I received a report from Wales Tourist Board on proposals for a statutory registration scheme for businesses providing tourism accommodation. There is a great deal of detail in the WTB's proposals, which we will need to consider carefully. As part of this, I intend to consult EDC and the WTB will be making a presentation on their proposals at the 12 December meeting.

### **Improving Transport**

28. As members will recall, at the last committee meeting on 11 July I welcomed the announcement from low-cost airline BMIbaby to adopt Cardiff International Airport as one of its two operational bases. Since then the airline has announced that it is to fly to nine destinations throughout the UK and Europe from Cardiff. In appointing Aviance as its handling agent it has also secured 47 jobs that were due to be lost following the withdrawal of British Airways from Cardiff.

### **Creating Strong Communities**

29. In July I was pleased to announce two developments in Merthyr, at Station Yard and Waterglade, worth £55m in private sector investment that will help establish Merthyr as a prime commercial centre of the South Wales Valleys.

30. Also welcome is the news that developers are to put before planners in Newport later this month their plans for a £750m regeneration of the redundant half of Llanwern steelworks. The plans, which include new housing, a primary school, industrial and commercial buildings along

with sports and leisure facilities will effectively create a new community.

## **Supporting Rural Wales**

31. The Ministry of Defence signalled its commitment to Wales by making the Dering Lines army base at Brecon a centre of excellence for officer training in the British Army. The move from Warminster to Brecon will result in 100 new military posts in the town as well as new civilian support jobs.

## **Research**

32. At the end of July the Economic Research Advisory Panel (ERAP) announced details of its programme of work for 2002/03. Procurement is underway for the first five of the ten projects:

- Identifying barriers to economic activity
- Dynamic smaller towns - identification of critical success factors
- Effects of improvements to adult basic skills
- Comparisons of the cost-effectiveness of job-creating activities
- Economic effects of road transport infrastructure improvements.

33. Procurement of the other projects will follow in due course. The focus of the next meeting, tomorrow Friday 18 October, will be on the overall research strategy, and on steps to build research capacity within Wales.

34. A discussion on the work of the Panel is scheduled for the meeting on 28 November.

## **OTHER NEWS**

35. At the beginning of September I was pleased to note that once again Wales was showing its world beating credentials with the news that the Toyota engine plant on Deeside is smashing records as it looks to double its output of engines this year to 333,000 units. With the commitment to the new diesel line at Deeside to be commissioned next year Toyota will be looking to produce half a million units in 2003.

36. On 1 October Sue Essex, the Minister for the Environment announced that she had withdrawn her objections to the proposals for a film studio complex at Llanilid near Bridgend. The project is on a scale and of a kind that is rarely seen in Wales. Its strategic location along the M4, and the quality and range of jobs it would generate, could provide work for a broad catchment area.

37. Since ASW went into receivership, Team Wales has arranged for around 900 ex-ASW employees and contractors to benefit from one-to-one advice. I can also report that, following

our successful securing of an extension to the new ISERBS scheme, over 600 eligible ex-ASW employees and contractors have now been helped by a lump sum payment of £2,480. The Receivers are continuing to negotiate with possible buyers of ASW's assets with a view to ensuring a steel making future on the Cardiff Site.

38. I understand the MoD jobs at Aberporth and Llanbedr will be phased out over two years. The WDA is working with a range of partners to look at employment generating activities at Aberporth. It is also proceeding with its proposals for the Aberporth Technology Park, which in the longer term offers the opportunity for high quality jobs to be created in the area. At Llanbedr, the WDA is working closely with the local authority to assess the likely impact on the local economy of the job losses. Local action plans are in place and everything possible is being done to minimise the impact of these job losses.

## **JOB NEWS**

39. Last Friday 11 October, I was pleased to see reports in the media about the possible creation of some 2000 jobs in the retail sector in Wales. I particularly welcome the £6m retail and leisure development proposed for the edge of Cardigan. This is expected to generate several hundred jobs in an area hard hit by recent closures. Also, the proposed Ikea store has overcome its first hurdle by getting outline planning permission. And with Tesco taking on 300 permanent staff and 850 seasonal staff in the lead up to Christmas across Wales, the news was encouraging. I now look forward to these projects reaching fruition and generating the new jobs that the developers and companies are predicting.

## **Job Gains (50 and over) since the previous EDC**

- **British Gas - Wales:** Around **100** engineers will be recruited in Wales by British Gas, as part of a major move to tackle an expected national shortage.
- **BRAMA - RAF Valley, Ynys Mon:** Defence company Brama is to create around **100** new jobs servicing aircraft at RAF Valley on Anglesey. Brama already provides servicing facilities for the Hawk jets stationed at the airfield. Now the company is set to increase its workforce, servicing more planes, and allowing an increase in the number of flights made from the base.
- **Manpower/7C - Pembroke Dock:** **50** new jobs are being created at the Cleddau Bridge contact centre at Pembroke Dock after it secured a new Freeview television contract.
- **Dawn Meats - Cross Hands:** The Company has unveiled plans to build a new factory reinstating **180** jobs lost as a result of a serious fire in June and raising employee numbers to 320. The company have also said a further 200 jobs could be created as part of a second phase of development.

- **Pizza Hut - Swansea:** Pizza Hut are to open a new restaurant at Parc Fforestfach creating **50** new jobs as part of the firm's 75 outlet expansion programme.
- **Fujitsu Services and PwC Consulting - Swansea:** After being awarded the 10-year IT and Electronic Services contract at the DVLA, formerly supported by EDS, Fujitsu Services and PwC Consulting are to create **100** new jobs locally to support the operation.
- **Morgan's Hotel - Swansea:** The former Harbour Authority building in Swansea's maritime quarter has undergone a £2.5m conversion into the luxury 'Morgan's Hotel' employing **50** people.
- **The Number (INFONXX) - Cardiff:** **700** jobs are being created at a call centre in Cardiff. American phone firm INFONXX, has set up the centre to compete in the directory enquiries market which will be opened to competition in December.
- **Dragon Baits - Pendine:** Carmarthenshire County Council has approved plans from Port Talbot-based Dragon Baits for the development of a £4.5m fishing bait farm at Little Burrows near Pendine, which would create **127** jobs over the next three years.
- **Cymad - Porthmadog:** Gwynedd Council has announced that European Union organisation Cymad is planning to create **70** jobs at a bilingual call centre at the Penamser Business Park in Porthmadog.
- **Argos - Swansea:** Argos have opened up a new store at Fforestfach in Swansea creating **50** new jobs.
- **Creation Nightclub - Cardiff:** **150** jobs were created when a new £5m nightclub, Creation on Park Place, opened its doors for the first time on 20 September.
- **Technical Product Solutions - Rhymney:** Manufacturer of fabricated metal products firm TPS are to create **50** new jobs thanks to a £485k RSA grant based on a capex of £1.15m.
- **Matalan - Carmarthen and Rhyl:** Matalan is creating over 2,200 jobs this year across the UK. The group is opening 20 new stores, including one at Rhyl creating **100 jobs** and another at Carmarthen creating **88** jobs.
- **Big 'W' - Newport:** More than **280** jobs are to be created in Newport with the opening of a new Woolworth's store. The £7 million "Big W" store, the first in Wales, opened this month.

- **FirstPlus – Cardiff:** Cardiff-based secured personal loan specialist Firstplus, are looking to recruit a further **50** staff this year. The firm currently employs 170 staff.
- **Dunelm – Swansea:** Yorkshire-based soft furnishing company Dunelm is creating around **120** jobs in Swansea, which has recently been hit by job losses in the clothing industry.

### **Job losses (50 and over) since the previous EDC**

- **Ken Thorne Group - Cardiff/Neath and Swansea:** The Ken Thorne Group, one of Wales' largest car dealerships went into receivership with the loss of **230** jobs.
- **Dewhirst Ladieswear - Fishguard:** Marks and Spencer clothing manufacturer Dewhirst has confirmed it is to close its last remaining factory in Wales.
- **MoD - Aberporth and Llanbedr:** As part of an MoD review of defence facilities, the airfield at Llanbedr, near Harlech, will close, with 164 job losses and a further 147 will be lost as the role of the Aberporth facility changes.
- **Allied Steel and Wire – Cardiff:** Despite exhaustive efforts by both Assembly and UK Government Ministers, ASW went into receivership on 10 July with loss of around 900 jobs.

## **Annex**

### **ACTION OUTSTANDING FROM PREVIOUS MEETINGS**

#### **Item 6.7 - FARMING CONNECT – REPORT FOR EDC**

##### **Background**

The Farming Connect programme was launched in September/October 2001. It was put together by the Welsh Assembly Government and the Welsh Development Agency in consultation with other key public sector partners and interested bodies including the WLGA, Wales Tourist Board, Environment Agency, Countryside Council for Wales, Forestry Commission, NFU Wales and FUW. The services are managed and delivered by the WDA (other than the capital grants).

The purpose of Farming Connect is to help farmers improve the viability of their businesses by reconsidering their current working practices, making improvements or modernising where appropriate or by diversifying into new enterprises. A range of comprehensive specialist advice

and practical support to farming families is provided.

## **Progress**

Farming Connect has generally been very well received and the service has established a high profile and recognition within the industry. That said, the aims of the programme were innovative and wide-ranging and there have been some teething problems, largely due to the popularity of the scheme and the numbers of farmers registering, which has resulted in lengthy waiting lists. These problems are being tackled and the service is being streamlined to deliver as effectively as possible.

The key to unlocking the opportunities within Farming Connect is contained in the free business planning advice that culminates in the completion of a Farm Business Development Plan (FBDP). The farmer selects a consultant (from a choice of around 100 trained and accredited consultants) who will review the farm business and explores all avenues for improving the farm income.

The FBDP process has evolved as the Farming Connect service has developed, and new arrangements have been introduced to speed things up. These new arrangements include provision of an initial 1.5-day diagnostic visit that allows viable businesses to progress their plans more quickly and, for more complex cases, enables specialist advice to be brought in at an earlier point in the procedure. In the first year of the scheme almost 4,700 applications for FBDPs were received, with over 2,100 plans initiated and 662 completed.

The Farming Connect Programme currently comprises

- A Farming Connect telephone helpline and Service Centre
- A network of around 30 locally-based Farming Connect facilitators
- Free, on-farm business planning advice
- 3 Development Centres (Beef & Sheep, Dairy and Organic) linked to a network of 30 Demonstration Farms
- 3 Machinery Rings
- Bespoke training in ICT
- Capital grants

The capital grants are Farm Improvement Grant (FIG) and Farm Enterprise Grant (FEG); Timber processing Grant; Farm Tourism Grant and the Small Processing and Marketing grant. All these grants can only be accessed once a Farm Business Development Plan has been completed and shows support for an application.

The main grants are FIG and FEG. The Farm Improvement Grant is aimed at improving the farm whilst the Farm Enterprise Grant is available to encourage on-farm diversification. The

grant rates are 30% (40% young farmers) and 35% (45% young farmers) respectively with maximum grants available over a 2 year period of £16,000 (£20,000 young farmers) FIG and £75,000 FEG. To date (as at 04 October) the position is as follows:

- Number of applications received 425
- Number of applications approved 237
- Approved expenditure over £8.5M
- Amount of grant committed on approved expenditure over £3m
- Total grant paid £396,290

Farmers have 2 years to complete their work and claim grant therefore the initial payments are low but it is anticipated that take up will rise substantially over the coming months.

## **Item 6.2 -**

This issue is being dealt with in direct correspondence between WDA and the Member concerned. For other Members information, I will attach a copy of the letter to a future written report.