

**Date:** 31 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. "Wales4innovation", the Assembly Government's Action Plan for Innovation, will be debated in Plenary on Tuesday 5 November. The 3-month period of consultation on the Plan will begin on that day and Members have been sent an advance copy. I understand a discussion has been scheduled for 14 November, when we can go into the detail of this tactical document, which implements the innovation elements in "A Winning Wales". This will allow Members an early opportunity to comment on the draft.
2. On 6 November, I shall be officially launching the Manufacturing Advisory Service and associated Regional Centre for Manufacturing Excellence in Port Talbot, major new initiatives to provide practical support for the hard-pressed manufacturing sector in Wales.
3. The decision of Delta Microelectronics to locate a significant R&D facility on the Tredomen Business Park, Caerphilly, is an endorsement by the company that Wales has the skills and support to drive forward new technologies. I welcome this indication of the continuing success of the Tredomen Objective 1 project, showing how the programme is delivering high quality jobs in West Wales and the Valleys. This bodes well in our quest to attract high quality jobs to the South Wales valleys, and it is to be hoped that it will act as a catalyst to encourage similar projects to follow in its wake.
4. General Electric (GE) has joined with Swansea University on a major 2 year research project to evaluate the metallurgical properties of materials used in modern gas-fired power plants. This partnership has very exciting potential, at the very cutting edge of new technology, and the outcomes could conceivably have application in new advanced power-generation designs such as the Baglan Bay Power Station.
5. I have announced the re-launch of "Inside Welsh industry", the highly regarded Assembly programme of best practice visits to exemplar Welsh based companies. A new 3-year contract to deliver the programme has been awarded to the Wales Quality Centre, based at Treforest. The Wales Management Council will monitor the programme on behalf of the Assembly Government.
6. The former Swansea University spinout, Rockfield Software, continues to be successful and gain accolades its field. The company was recently presented with their Queens Award for Innovation for developing the ELFEN analysis software package for two other

Queens Award for Innovation winners based in Newport and Southampton.

7. Henry Engelhardt (chief executive) and David Stevens (pricing and claims director) of Cardiff-based motor insurance company Admiral, were nominated in the entrepreneur of the year category, at The National Business Awards 2002 in London on Tuesday. Along with National Britannia mentioned below, which also reached the finals, this is a significant achievement considering that over 1,900 nominations were received by the organisers.
8. The half-year report on the Entrepreneurship Action Plan is on the agenda for discussion at the next Economic Development Committee meeting on 14 November 2002.

## **Promoting ICT**

9. I launched the satellite broadband subsidy scheme on Monday 28 October, the first action point of the 'Broadband Wales' programme. It was gratifying to see the large turnout and the media interest shown in the scheme. No doubt this interest will increase as a result of the 'Broadband Wales' Information Days currently being undertaken by my officials and those of the WDA.
10. National Britannia, the Caerphilly based environmental risk management company, was shortlisted for the e-business strategy category in the National Business Awards, which were held in London on 29 October. The Assembly Government has supported the company on a number of occasions as it has developed and expanded.

## **Supporting Business**

11. The report in the Western Mail Business News last week was very misleading and misunderstood the situation with regard to the Assembly Investment Grant. Wales is an SME based economy and by definition our programmes are based around assisting smaller companies. I expect end year expenditure for AIG to be significantly higher than the provisional indicative provision, as it was for RSA last year. Expenditure is demand led and the Finance Minister has said all eligible claims will be funded in-year should demand exceed existing provision.
12. The Assembly Investment Grant was only launched in April but has generated nearly 900 registrations of interest and 250 full applications. Over 110 offers worth just under £4m have been made in first half of year. These are expected to lever in over £16m of private sector investment.
13. Following the discussion at the last meeting, I have received a number of representations about the impact that the year's sharp increase in insurance premiums and the impact this is having on Welsh businesses. I have written to the Secretary of State for Work and Pensions and other UK cabinet Ministers to express my serious concern about the current situation and the effect on Welsh businesses and other

interested groups. My officials are keeping me up to date on the urgent interdepartmental discussions that are taking place.

14. Despite the difficulties they may face, I would still urge companies to ensure that they secure adequate cover, especially Employers' Liability Insurance which is mandatory for the protection of the workforce. Where there are real problems in securing cover, we have encouraged the Associations of British Insurers to ensure that affordable cover is available and it is working with trade associations to find ways forward.
15. The support given by the Welsh Assembly Government and Team Wales to save 100 jobs at KTH in Llandiloes has borne further fruit, as the company last week announced the creation of a further 20 jobs on the site.
16. The St Merryn Meats plant in Merthyr, developed with the aid of Regional Selective Assistance, was in the headlines once again last week when beef was shipped to France for the first time since the Foot and Mouth outbreak.
17. The next meeting of the Business Partnership Council is on 29th November. In addition to the state of trade, the agenda will include discussion of skills and workforce development; the Innovation Action Plan; and improving business competitiveness; the arrangements for the mid term reviews of the Structural Fund programmes; business rates and transitional relief; and the progress of Communities First programme.
18. A small Task and Finish Group has been established under the chairmanship of Bill Edwards, UK Employee Relations Manager at 3M, to develop an action plan for taking forward the commitment in *A Winning Wales* to encourage the development of workplace partnerships. The Group will also be preparing a Wales bid to the DTI Partnership at Work fund.
19. A £1.33m expansion project at Euro Foods in Newport was opened last Friday. The project, which was supported by RSA from the Assembly will create 50 new jobs.

### **Setting a fresh direction**

20. On 21 October, the Environment Minister visited Green Waste Recycling in Merthyr Tydfil to present the company with the Assembly's 'Green Dragon Award'. During the visit she took the opportunity to open the company's expanded facility, which was supported by RSA and has created 20 new jobs.
21. A unique £5 Million Geoenvironmental Research Park is to be based at Baglan Bay. Over the course of the next three years, it will develop new technologies to help regenerate brownfield sites across the whole of Objective 1 Wales, whilst also developing sustainable methods of industrial waste management and industrial material reprocessing. Cardiff University's Geoenvironmental Research Centre is leading the project, which is part funded by Objective 1 and involves a number of private and public sector partners.

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

22. In my report on 17 October, I briefly mentioned visiting the stand of the Merthyr based firm Tectonic at the Labelexpo trade fair in Chicago. It announced last week that it had signed up Doyle as their US distributor. This is strategically important for the company as the US market is historically very difficult to enter for smaller companies.
23. The Wales Tourist Board is looking to take advantage of the introduction by bmibaby of low cost flights to Cardiff. At the Malaga launch of the new service, Wales's increasing reputation for golf was used as a ploy to attract Spanish Visitors to the principality on holiday.

## **Improving Transport**

24. On 24 October, I unveiled the name of bmibaby's first aircraft to begin services from Cardiff International Airport. Despite the atrocious weather on Sunday, I was pleased that almost all the flights got away on the first day of the service.
25. Bringing bmibaby to Cardiff was a major success in delivery for 'Team Wales' and was the culmination of a great deal of work. I believe it signals a period of growing prosperity for the airport, and the impact of these services on Wales can be seen in the 70,000 in advanced ticket sales prior to launch. This is ahead of estimates for advance sales and bmibaby have in the light of these figures committed to introducing a third aircraft to Cardiff in the New Year. I congratulate the airline and applaud its strong commitment to Wales.
26. Cardiff airport management is now extremely confident that these services will reach their target of an extra million passengers using Cardiff International Airport.

## **Creating Strong Communities**

27. The European Commission's Competition Directorate has recently given the go ahead to the Chancellor's Community Investment Tax Credit scheme, which was announced in the Pre-Budget Report last November. This is a major geographically focused tax incentive that will be of great benefit to Wales and was achieved only after lengthy negotiations with the Treasury.
28. A Task and Finish Group was set up to consider how we could take best advantage of the scheme. Now that the Commission has agreed the Treasury proposals, the way is clear for us to implement the recommendations of that Group. Copies of the two reports produced by the Group, are attached for information (see papers 1a and 1b).
29. The reports make two recommendations.
30. That we set up, as part of Finance Wales, a wholesale Community Development Financial Institution (CDFI) to encourage the creation of local CDFIs. A working group, comprising representatives of the social economy, Finance Wales and Assembly Government officials, is working out the fine details prior to making an application for

accreditation under the CITC scheme.

31. That we conduct research into the business support needs of social economy enterprises. Tenders for this work will be evaluated next month.

## Research

32. The Economic Research Advisory Panel met on 18 October and discussed the development of a rolling three year programme of research and evaluation. The Panel was updated on the implementation of the ongoing research agenda and discussed the role of economic modelling in the Welsh context. The need to develop Welsh economic research capacity was also addressed. The Economic Research Unit, which is responsible for implementing the research programme, will publish a report on progress shortly. The Committee is due to discuss the work of the Panel at its meeting on 28 November.

## OTHER NEWS

33. I welcome the significant decision made by EasyJet last week in announcing its intention to purchase up to 120 A319 aircraft from Airbus Industries. This, along with an order from Silkair for 6 A320 aircraft, represents excellent news for the workforce of Broughton and North Wales.
34. The Assembly Government held a seminar on the future of the structural funds on 18 October 2002. I was sorry not to be able to be there but Members of the Committee were invited. Speaking at the event, the First Minister set the debate firmly in the context of the forthcoming enlargement of the EU, and raised a number of key issues for consideration by partners in Wales.
35. Speakers from the DTI highlighted a forthcoming UK-wide consultation on the future of the structural funds. The Welsh Local Government Association submitted an informal paper and its European Officer gave a short presentation. Other speakers were from ELWa and the WCVA. A further speaker, Jack Malan, put forward various ideas for consideration in Wales as the debate progresses. EDC members might wish to discuss the findings of the seminar and the UK-wide consultation at a future meeting.

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

- **Neal Soils – Cardiff:** Cardiff-based land reclamation specialists Neal Soils is looking for increased growth after buying two companies. The company has acquired Cardiff Demolition and Acorn Environmental both based in Cardiff. Some **50** new jobs will be created as a result of the takeovers, taking the numbers employed to 180.

- **Sainsbury's – Cardiff:** Sainsbury's newly refurbished and extended store in Colchester Avenue re-opened its doors on 18 October after a £7.8m makeover that has created **68** new jobs.
- **Grampian Prepared Meats Company – Llangefni:** The Grampian Prepared Meats Company is to create **150** jobs at a new 5,500sqft chicken processing plant to be built next to their current facility in Llangefni (133 jobs in processing, 17 in Administration).
- **ATL Telecom – Cardiff:** A newly acquired telecommunications equipment company, Cardiff-based ATL Telecom (formerly Ascom), is enjoying rapid global sales growth. With support from Regional Selective Assistance, it plans to nearly double its workforce. As part of its growth strategy a further **160** jobs will be created taking the workforce to 400 over the next few years.

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

- None noted so far since 17 October