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Date: 12 December 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. **Financing Growth(Venture Capital)Conference, 5 December:** More than 400 delegates attended this first ever Venture Capital Conference in Wales based at the Celtic Manor and spearheaded by Finance Wales. This was a very pleasing turnout and I received much positive feedback; delegates commenting on the right balance between a high quality, well organised event, excellent speakers with hard-hitting messages on business funding and good opportunities for networking.

Promoting ICT

2. **Broadband Wales:** There was a significant turn out and good press and media interest at the Broadband Wales Lunch I hosted in London on 2 December. The event was an opportunity to show what Wales is doing on broadband to a UK audience. Since the event I have received a number of comments from those present who recognise that Wales really is at the UK forefront on the broadband agenda. Also, I am pleased to see that demand for broadband in Wales is rising and that BT is upgrading both the Buckley and Merthyr exchanges.

I welcome the recently published Welsh Affairs Select Committee Report on Broadband in Wales. It reiterates what my colleague Jenny Randerson and I have said all along about the need for OFCOM to consult us on issues that affect Wales. It also raises a number of other important points for the UK Government that need to be addressed.

3. **OFTEL's International Benchmarking Study:** I noted with interest the OFTEL's International Benchmarking Study of Internet Access , which was published on 6 December. It identifies that demand for broadband in the UK is increasing and that prices are dropping. That said, it also shows that the UK still lags behind countries such as Sweden, Germany and France in broadband penetration terms so there is still some way to go. In Wales, the Broadband Wales Action Plan will be very important in addressing these issues.

Supporting Business

4. **Financial Services Sector:** I met a cross section of businesses in the financial and legal sectors on 3 December. The discussions were productive and the industry has agreed to consider setting up its own Forum in Wales. The previous day I met Maarten van Den Bergh the chairman of Lloyds TSB. We discussed a range of issues on financial services as well as his bank's operations in Wales.
5. **Welsh Call-Centre Conference:** I opened the 6th Annual Welsh Call-Centre Conference last Wednesday, 4 December. The Call-Centre operations make a positive contribution to the Welsh economy. With the success of this conference, the Cardiff and Newport Call Centre Initiative and the creation of the South East Wales Contact Centre Employers Forum we have a solid foundation on which to build. There are currently 24,000 people employed in this sector which plays a significant role in getting the economically inactive back into the workplace.
6. **Business Partnership Council:** On 29 November I attended the Business Partnership Council meeting, the agenda for which included an item on Skills and Workforce Development. The discussions centred on an historic paper prepared jointly by the Wales TUC and CBI Wales. This provided the opportunity to consider skills issues and the needs of business and will be followed up with a further meeting.
7. **Support to save jobs** – On many occasions when questioned about job loss announcements, I am prevented from disclosing Team Wales' work on saving jobs because of commercial confidentiality. I am therefore delighted to be able to note the launch of Aberystwyth Bakery, safeguarding 120 jobs at the former Elisabeth the Chef. I would like to pay tribute to those who continue to work behind the scenes to achieve successes like this.

And, although I can't name the company, it is important that the Committee appreciates that activity like this is grist to the mill for Team Wales, e.g following a nine hour meeting with the companies involved, Finance Wales, the WDA and RSA officials, 250 jobs were successfully saved recently without the commitment of further public funding.

8. **Fast Growth 50:** At the last EDC Professor Dylan Jones-Evans mentioned the Fast Growth 50 project. I was pleased to see that the Welsh Assembly Government had supported projects at five of the companies in the latest publication released this month.

Setting a Fresh Direction

9. **DTI Consultation on Future Offshore Renewable Energy- Final Consultation Document:** I welcome and am strongly supportive of this important consultation which was launched on 22 November. It will provide a clear direction to the fledgling offshore industry. This consultation will form part of the future UK energy policies that will emerge

from the UK Government Energy White Paper.

10. **Energy Summit:** On 28 November the FM and I hosted an energy summit with 30 leading players from the Wales and UK energy industries. Great concern was expressed that current policies (White Paper due early in the New Year), could decrease the pressures to quickly move to a low carbon economy, leading to severe energy shortages in 2008 or earlier. By this time aging coal and nuclear fired plants will be at, or nearing, the end of their operational life.

Concerns were also expressed that low electricity prices, under the New Electricity Trading Arrangements (NETA), are discouraging investment in new plant and the more competitive market is distorted by UK Government support for British Energy.

Establishing Wales in the World

11. **ExportAssist:** On 3 December I launched a new EU Objective One programme, ExportAssist, to enhance the support package for Welsh Exporters in Objective One areas. The programme is specifically designed to provide dedicated support to businesses that are keen to become global players. WalesTrade International will operate ExportAssist.
12. **WTI Trade Mission to Poland & the Czech Republic:** I participated in the Czech leg of this mission and undertook a full programme of high profile engagements, including the signing of a Memorandum of Understanding (MOU) between WTI and Czech Trade. Prior to signing the MOU, I met my Czech counterpart, Mr Rusnok (Czech Minister of Industry and Trade). The MOU sets out a framework for close co-operation in a range of trade and business initiatives. Mr Rusnok has indicated that he is interested in a visit to Wales as a result of this mission.

The mission has been well publicised, including a BBC Radio Wales ('Wales@Work') recording that was broadcast on 10 December.

13. **WalesTrade International trade mission to India 10–21 November:** Nine companies participated in this recent trade mission, which visited Mumbai, Chennai and New Delhi. Companies returned feeling optimistic about future prospects and so far potential orders are approximately £1 million.

Tourism

14. **International Golf Travel Market, Biarritz:** As part of Wales' successful bid to host the Ryder Cup in 2010, the Wales Tourist Board has launched a major new drive to boost golf tourism. This has been supported through additional funding from the Assembly Government.

The campaign – "Wales: Golf, as it should be" is being unveiled at the International Golf Travel Market in Biarritz, France, 8 – 11 December. The Celtic Manor Resort and Vale Hotel, Golf and Country Club are supporting the WTB at this major golfing exhibition.

Improving Transport

15. **Swansea Airport:** On 29 November I held a meeting with the new owners of Swansea Airport to ascertain their future plans for the airport and its potential in opening up the west Wales region to business. We were able to discuss a number of issues including the expansion of operations and the delivery and scope of training for staff.
16. **Bmibaby:** The introduction of three new international destinations from Cardiff will give an extra boost to Wales' profile abroad. From summer 2003, bmibaby will operate flights to Cork, Munich and Palma. In addition, frequencies on existing routes to Malaga and Milan will be increased, meaning that bmibaby will operate nearly 40 international flights a week from Cardiff.

Creating Strong Communities

17. **Chwarae Teg:** As the Committee is aware, many people have responsibilities for child, elder or dependent care, and this often presents a barrier to participation in the workforce. Moreover, the provision of caring services offers economic opportunities to individuals, community groups and businesses.

I was pleased that Jane Davidson, Jane Hutt and I were able to announce at the Chwarae Teg 10th Anniversary National Conference on 27 November that we had commissioned Chwarae Teg to undertake a scoping study on the economic aspects of care provision. The study will conclude with the production of an action plan next Spring. I shall keep the Committee informed of developments.

OTHER NEWS

18. **Dragon International Studios Ltd** - the local authority has now approved the planning application for a £350m film studio to be built at former opencast mine at Llanilid. The project includes film and television studios, media centre, screen academy and film theme park which could eventually involve investment in the region of £1bn. I look forward to seeing this project develop. I understand that should the project reach its full potential, up to 1000 workers would be employed during the construction period, with a further 1,700 posts when complex is fully open.
19. **Afan Valley Holiday Village** – I welcome the news that plans for a holiday village and leisure complex in the Afan Valley were approved by councillors in Neath Port Talbot on

- 3 December. The 500-acre project by F and P developments will form a major basis for the regeneration of the valley and the surrounding area. The attraction will include a 100-bedroom hotel, golf course, ski slope and a central glass dome with an artificial sub-tropical climate. The phased development of the site will mean the first guests could arrive by 2005, although construction would still be ongoing. Alongside the holiday village, 140 quality houses will be built and roads near the site will be improved.
20. **Remploy** - Remploy has secured a contract that could be worth £1m over next the 3 years, from ArvinMeritor of Cwmbran to assemble brake systems for heavy vehicles. This is a significant boost for the company, reinforcing its presence as a key supplier to the automotive industry in Wales.
 21. **Port Tawe Housing, Business and Innovation Village** – Swansea Council has now approved plans for this £200m development, which is a seafront extension to the successful Swansea Marina development. The plan includes hundreds of riverside and seafront homes on unused dockland. The WDA say that this has triggered a tremendous reaction from developers and occupiers alike. I wish the development every success.
 22. **Vertex (United Utilities)** - 7C has sold its UK and Indian businesses to customer management outsourcer, Vertex, a United Utilities company. Vertex will take control of all operations in 7C's five contact centres, including the Cleddau Bridge contact centre in Pembroke Dock. All of 7C's 360 existing Pembroke Dock employees will transfer to Vertex.
 23. **Dewhirst (Fishguard)** – On the 29 November Dewhirst closed its doors for the last time at its Fishguard facility. I am monitoring the position on workers seeking alternative employment and I am doing all I can to create new employment in the area. I visited Pembrokeshire on 21 November, as I mentioned in my previous report, to discuss the current situation and see what further help could be given.
 24. **RF Brookes** – RF Brookes one of the world's biggest chilled and frozen meal production plants sited at Rogerstone, Newport, and which has been supported during its development by the Welsh Assembly Government - has increased its annual turnover by £30m.

Job Gains/Safeguarded (50 and over) since the previous EDC

25. **Irvin-GQ:** The company, which is the world's largest parachute supplier, is relocating its main manufacturing base from premises at Blackmill to a much larger site at nearby Llangeinor and creating **200 jobs** in Bridgend. All 220 current members of staff are making the move, and the 200 new jobs will be created over the next two years. The £5m expansion is being supported by RSA and the WDA.
26. **Elisabeth the Chef** – **As mentioned earlier in the report, 120 jobs** are being safeguarded following a management buy out. The deal was secured with an RSA grant, a WDA marketing grant and a loan from Finance Wales.

Job losses (50 and over) since the previous EDC

27. **Owens Corning, Wrexham** - I was very disappointed to hear of the loss of **230 jobs** last week. I understand the decision followed a comprehensive review of Owen Corning's global businesses. The review determined that manufacturing costs were simply too high to allow the company to compete in its major European markets. The company stated that no amount of financial support from the UK or Welsh Assembly Governments would have altered the fundamental cost-competitive position of operating the Wrexham facility.

I am encouraged that Team Wales is already tackling the implications with the WDA in discussion with Wrexham County Borough Council to identify support for those affected. JobCentre plus and Careers Wales have set up staff sessions this week to discuss future employment opportunities and retraining needs. I can give an assurance that Team Wales will do all that is possible to help those workers affected to gain alternative employment/retrain.

ACTION OUTSTANDING FROM PREVIOUS MEETINGS

EDC Minutes 28 November 2002 (para 2.2) – Proposed new Enterprise Areas.

I would like to refer members to the paper that accompanies this report on Fiscal Variations (p 7) where the issues previously raised by members are addressed.

EDC Minutes 28 November 2002 (para 2.5) – DTI Business Support.

The Cross Cutting Review of Business Support in England found that, as is the case in Wales, there were too many business support schemes in existence (there are over 400 in the East Midlands area alone). Too many of these schemes had overlapping objectives making it confusing for business. Standards of schemes also varied across the regions and strategic objectives were often unclear. From now on no more schemes are to be approved by DTI and even the ones that are in existence will need to be rebid for

Very few schemes run by DTI are available in Wales, with notable exception of Small Firms Loan Guarantee Scheme, which Committee was advised at the last meeting has been recently reviewed and expanded. This change in England will therefore have a very little effect directly on the situation in Wales. We will monitor the situation closely.

EDC Minutes 28 November 2002 (para 2.15) – Insurance Premiums.

The terms of reference of the review are currently still under discussion, I will keep the committee informed of developments.

