

Enterprise and Business Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date:

30 April 2014

Meeting time:

09.15

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

Siân Phipps

Committee Clerk

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Agenda

Formal private meeting (09.15)

1 Introductions, apologies and substitutions

2 Inquiry into Tourism – consideration of the options for a visit

(09.15–09.30) (Pages 1 – 9)

Attached Documents:

Private paper (Options for a visit as part of the Inquiry into Tourism)

3 STEM Follow-up Inquiry – briefing for the webchats (09.30–10.00)

(Pages 10 – 35)

Attached Documents:

Private paper (Briefing for the Web-Chats)

Private paper (STEM gender choices briefing)

Break (10.00–10.15) (Move to Room 13 for the webchats)

4 STEM Follow-up Inquiry – webchat with Higher Education/Further Education students (10.15–11.00)

Mick Antoniw AM

Dafydd Elis-Thomas AM

William Graham AM

Eluned Parrott AM

De-Brief (11.00–11.10)

5 STEM Follow-up Inquiry – webchat on gender and STEM (11.10–11.55)

Keith Davies AM

Rhun ap Iorwerth AM

Julie James AM

Joyce Watson AM

6 Papers to note (Pages 36 – 53)

EBC(4)-11-14 (p.5) – Highlight summary report of the first wave of the Enterprise Zones Longitudinal Survey

<http://wales.gov.uk/topics/businessandconomy/help/enterprisezones/?lang=en>

De-brief (11.55–12.10)

Document is Restricted

Agenda Item 3

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

Agenda Item 6

Enterprise and Business Committee

Meeting Venue: **Committee Room 1 – Senedd**

Meeting date: **Thursday, 3 April 2014**

Meeting time: **09.00 – 15.20**

Cynulliad
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National
Assembly for
Wales



This meeting can be viewed on Senedd TV at:

http://www.senedd.tv/archiveplayer.jsf?v=en_200001_03_04_2014&t=0&l=en

Concise Minutes:

Assembly Members:

William Graham AM (Chair)
Keith Davies AM
Dafydd Elis-Thomas AM
Rhun ap Iorwerth AM
Julie James AM
Ann Jones AM
Eluned Parrott AM
Joyce Watson AM

Witnesses:

Carwyn Jones AM, First Minister
Edwina Hart AM, Minister for Economy, Science and Transport, Minister for Economy, Science and Transport
Matthew Brown, Communities Investment Fund Manager, WCVA
Professor Andrew Davies, Welsh Co-operative and Mutuals Commission
Gary Davies, Welsh Government
Phil Fiander, Director of Programmes, Welsh Council for Voluntary Action
James Price, Welsh Government
Professor Colin Riordan, Cardiff University
Anne-Marie Rogan, Swansea YMCA
Derek Walker, Wales Co-operative Centre

Committee Staff:

Siân Phipps (Clerk)
Claire Morris (Second Clerk)
Olga Lewis (Deputy Clerk)
Ben Stokes (Researcher)

TRANSCRIPT

View the [meeting transcript](#).

1 Introductions, apologies and substitutions

1.1 Apologies were received from David Rees AM, Byron Davies AM and Mick Antoniw AM. Ann Jones AM substituted for Mick Antoniw AM.

2 Inquiry into EU funding opportunities 2014–2020 (session 11) (09.15–09.45)

2.1. The Committee took evidence from Professor Colin Riordan, President and Vice Chancellor, Cardiff University.

3 Social Enterprises (10.00–11.00)

3.1. The Committee took evidence from Phil Fiander, WCVA, Director of Programmes; Matthew Brown, WCVA, Communities Investment Manager and Anne–Marie Rogan, Swansea YMCA, Chief Executive.

4 Social Enterprises (11.00–12.00)

4.1 The Committee took evidence from Edwina Hart AM, Minister for Economy, Science and Transport, Welsh Government; Professor Andrew Davies, Chair of the Welsh Co–operative and Mutuals Commission and Derek Walker, Chief Executive Officer of the Wales Co–operative Centre.

4.2 The Minister agreed to provide the performance indicators for the Welsh Government’s support for social enterprises in the six–month update to the Committee.

5 Inquiry into the Welsh Government's approach to the promotion of trade and inward investment (14.00–15.00)

5.1 The Committee took evidence from the Rt. Hon Carwyn Jones AM, The First Minister of Wales and the Minister for Economy, Science and Transport, Welsh Government. They were supported by James Price, Director General, Economy, Science and

Transport, Welsh Government and Gary Davies, Head of European and External Affairs Division, Welsh Government.

5.2 The Minister agreed to provide:

- Note on the overall numbers of the permanent UKTI staff based in Wales and how these numbers compare with the situation in Scotland;
- Note on the proportion of foreign owned companies operating in Wales that receive direct aftercare support from the Welsh Government as compared to those that receive support from UKTI. Also, an indication of those companies who are engaged with on a regular basis, i.e. at least once every six months, and those that are less regularly engaged with;
- Note on the Welsh Government's intended approach to recording and publishing inward investment figures in light of changes in the definition used by UKTI (i.e. 10 per cent foreign ownership, rather than 50 per cent) and how the threshold of percentage of foreign ownership used by UKTI compares with other European nations.

6 Papers to note

6.1 The Committee noted the following supporting documents:

Private paper (further information on the Technology Strategy Board)

7 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

Consideration of the options for a visit as part of the Inquiry into Tourism, webchat with Higher Education/Further Education students and webchat on gender and STEM.

Jane Hutt AC / AM
Y Gweinidog Cyllid
Minister for Finance



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

William Graham AM
Chair of the Enterprise and
Business Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

2 April 2014

Dear William

Further to my attendance at the Enterprise and Business Committee meeting on 20 March 2014, I am pleased to provide a response on the following:

- Action point for the Minister for Finance, Welsh Government (Agenda Item 7 – Inquiry into EU funding opportunities 2014-2020): “...7.2 The Minister agreed to provide: - Additional information on the performance of the European Investment Bank in Wales ...”

The formal response is provided as an attachment to this letter.

*Best wishes,
Jane*

Jane Hutt AC / AM
Y Gweinidog Cyllid
Minister for Finance

The Performance of the European Investment Bank in Wales

The EIB is an active investor in the Welsh economy. In September 2013, I visited the European Investment Bank in Luxembourg and met with Jonathan Taylor, Vice President of the Bank, to discuss investment opportunities. Jonathan Taylor visited Wales on 1-2 April to continue these discussions.

Just over EUR 1.2 billion of EIB funds have been invested in Welsh-specific projects over the past twenty years in a range of sectors, both public and private, including water, aviation, the motor industry, and housing stock. A table showing historic investment in Wales between 1994 and 2013 is included at Annex 1. A table showing the pipeline of EIB investment is included at Annex 2.

In addition, Wales has also benefited from a share of EUR 3.6bn of UK-wide investment. For example, educational establishments in Wales benefitted from EIB funding under the recent “UK Knowledge Economy Programme Loan”. There were three allocations via intermediary banks to two further education colleges in Wales, both in 2012, for a total value of £8.4m:

- Neath Port Talbot College received two allocations of around £2.7m each (totalling £5.4m). The project consisted of the expansion of the college operations, including new buildings and the refurbishment of the former Llandarcy Academy of Sport in Neath.
- Coleg Morgannwg, a further education college operating from three campuses in Pontypridd, Aberdare and Llwynypia received an allocation of £3m. The funding was dedicated to expand the college facilities in the new Nantgarw Campus at Coleg y Cymoedd following the result of a merger with Ystrad Mynach.

More recently, on 6 January, the Bank signed a £30 million facility in support of the R&D programme of Norgine – a pharmaceutical company with research facilities at Hengoed. On the same day, the Bank also announced that it would consider a £50 million loan to Bangor University to construct new teaching, research and supporting facilities at the university. That proposal has also recently been approved.

In October 2013, the EIB announced the approval of a £160 million loan to Wales & West Water to upgrade and expand the gas distribution networks in its area of operations. I understand that the Bank is considering a number of other loans to commercial ventures in Wales, including to Welsh Water, the National Grid and a Cardiff-based energy from waste CHP project.

The EIB is also co-funding investment in business enterprise in Wales via the JEREMIE fund, having contributed a loan of £75 million. To the end of December 2013, of the £157.5 million of resources available to the fund, £119.9 million was invested; 504 enterprises were financially supported; 2,061 jobs were created; 6,237 jobs were safeguarded; £135 million of private sector investment was leveraged. The current JEREMIE funds expire in September 2015.

The tables below show historic EIB investment in Wales between 1994 – 2013

Name	Description	Sector	Date	Amount (€)
Swansea University	Development of innovation hub to drive regional regeneration in Wales through R&D carried out in cooperation with commercial entities	Services	20/09/2012	31,688,148
Swansea University	Development of innovation hub to drive regional regeneration in Wales through R&D carried out in cooperation with commercial entities	Health, Education	20/09/2012	43,759,824
Welsh Water and Wastewater AMP5	Upgrade of water and sanitation facilities in Wales	Water, sewerage and solid waste	03/03/2011	117,260,788
JEREMIE - Finance WalesFund	Participation in venture capital and loan fund created to provide venture capital to SMEs in Wales	Credit Lines	08/04/2009	80,575,849
Welsh Water and Wastewater AMP4 - II	Water supply and wastewater treatment schemes in Wales	Water, sewerage and solid waste	23/10/2008	126,534,228
Torfaen Urban Renewal	Refurbishment of around 8 100 social housing units in County Borough of Torfaen (Wales)	Urban Infrastructure	31/03/2008	71,876,634
Welsh Water and Wastewater Project	Water supply and wastewater networks in Wales	Water, sewerage and solid waste	05/12/2005	146,595,324
Welsh Water (Glas Cymru) VIII	Environmental upgrading of wastewater treatment infrastructure in Wales	Water, sewerage and solid waste	12/08/2004	52,826,202
Welsh DBFO Roads (A55)	Construction of dual carriageway trunk road between Holyhead and Llanfair PG (Wales) in A5/A55 corridor	Transport	16/12/1998	81,166,596
NEG - Glass - Cardiff	Construction of plant to produce glass components for cathode -ray tubes in Cardiff (Wales)	Industry	20/12/1996	99,939,708
Ford Jaguar Engine	Design, development and manufacture of new car engine at Bridgend plant (Wales)	Industry	20/12/1996	105,723,497
Optical Fibres II	Expansion of optical fibre cable plant in Deeside (Wales)	Industry	06/12/1996	49,752,234
BA Avionics South Wales	Establishment of new avionics maintenance and repair centre in Pontyclun (Wales)	Industry	11/03/1996	10,622,703
Welsh Water VII	Water supply and wastewater collection and treatment schemes	Water, sewerage and solid waste	27/12/1995	167,770,557
BA Maintenance Cardiff	Construction of new aircraft maintenance centre at Cardiff airport (Wales)	Industry	01/12/1995	35,950,834
Welsh Water VI	Wastewater collection and treatment and water supply schemes in Wales	Water, sewerage and solid waste	25/10/1994	149,895,543
SGCC-SOUTH GLAMORGAN INFRA 1&2(EIB/ED)	Completion of bypass; development of industrial estates and aerospace engineering training facility in Cardiff (Wales)	Composite infrastructure	25/10/1994	115,465,571
				1,222,043,126

Annex 2
Pipeline of EIB investment in Wales

Transaction name	Borrower	Project description	Completion date	Amount* (€m)	Status
WWU 2013-16 GAS DISTRIBUTION	WALES & WEST UTILITIES LTD	Part financing Wales & West Utilities' 2013-16 capex programme to modernise and expand the gas distribution network in Wales and the southwest of England.	03/04/2014	192	Approved – EIB Board of Directors (BoD)
NATIONAL GRID NETWORKS UPGRADE	NATIONAL GRID ELECTRICITY TRANSMISSION PLC	The programme includes the Western HVDC subsea link which connects the electricity transmission network of Scotland with England and Wales across the Irish Sea.	Q1/2014	1,800	Approved EIB BoD
CARDIFF ENERGY-FROM-WASTE CHP PLANT	SPV/ Pennon Group PLC	Construction and operation of a waste incineration plant, with a nominal processing capacity of 350 kt/year to be located in Cardiff.	TBC	156	Under Appraisal
WELSH WATER AND WASTEWATER AMP5 - II	DWR CYMRU CYFYNGEDIG	Improvements to water supply and wastewater treatment in Wales during AMP5 - Phase 2.	Q4/2014	276	Initiated
BANGOR UNIVERSITY	BANGOR UNIVERSITY	Capital investment programme dedicated to new teaching, research and supporting facilities of the Bangor University (BU) in the city of Bangor in the county of Gwynedd in North Wales	Q2/2014	54	Approved EIB Management Committee
THFC GREENER HOUSING - ALLOCATIONS UNDER FL	THE HOUSING FINANCE CORPORATION LTD	Large housing schemes (capex between EUR 50 and 80m)	TBC	60	Approved EIB BoD

* The figures have been converted to Euros using the current WEFO planning rate of £1 = €1.20.

Edwina Hart MBE CStJ AC / AM
Gweinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth
Minister for Economy, Science and Transport



Llywodraeth Cymru
Welsh Government

William Graham AM
Chair of Enterprise & Business
Committee

William.Graham@Wales.gov.uk

7th April 2014

Dear William

On 20th March, Natasha Hale, Deputy Director Sectors & Business, gave evidence to the Enterprise and Business Committee Inquiry into EU funding opportunities 2014-2020. Following this I have agreed to provide information on Welsh participation in the MEDIA 2007 programme.

The annexes attached provide information on the grants awarded to Welsh companies over the course of the MEDIA 2007 programme and the type of events run by the Welsh Government's MEDIA Antenna Wales desk to promote the programme to the Creative Industries sector.

From 2014 the MEDIA and Culture programmes have been replaced by a new programme, Creative Europe. From April 2014, MEDIA Antenna Wales has been incorporated into the new Creative Europe Desk Wales run by my department. This will provide support and advice on both the MEDIA and Culture sub-programmes of Creative Europe.

A handwritten signature in black ink, appearing to read 'Edwina Hart', written over a faint circular stamp.

Annex 1

MEDIA 2007 grants awarded to Welsh companies

Name of Company	Project	Funding Scheme	Amount (EUR)
Calon	PS15	Single	50,000
Ffilmiau'r Nant Cyf	The Devil's Horn	Single	30,000
Teledu Apollo Cyf	Eliffant	Single	40,000
Truth Department	Gone to Spain	Single	30,000
Element Productions	Europe's Big Walk	Single	46,497
Modern TV	Road of Bones	Single	40,000
Griffilms	Various projects	Slate	80,000
Mike Young Productions	Chloe's Closet	TV Broadcasting	300,000
Calon	Igam Ogam	TV Broadcasting	268,000
Vision Thing	String Theory	Single	24,999
Dinamo	The Wordles (Abadas)	Single	53,771
Dave Edwards Entertainment Media	Arty's Make and Do Combat	Interactive	86,014
Skillset Media Academy Wales	Transmedia Lab	Training	69,942
Fragrant Films	Runt	Single	24,950
Red & Black Films	Cyrano	Single	24,980
Baby Lamb	Red	single	24,957
Machine Productions	Various projects	Slate	165,022
Rondo Media	Lost in Infinity	Interactive	150,000
Skillset Media Academy	Transmedia Lab	Training	70,000
Fiction Factory	Hinterland	Single	45,000
Dinamo	Various projects	Slate	150,000
Fiction Factory	Hinterland	TV Broadcasting	500,000
Skillset Media Academy	Transmedia Lab	Training	83,129
Dinamo	Abadas	Interactive	50,000
Skillset Media Academy	Transmedia Lab	Training	92,902

Plus Chapter Arts Centre funding of approx. EUR 10K per annum, under the Europa Cinema Network Scheme.

Total = EUR 2,554,054

Annex 2

Events run by MEDIA Antenna Wales

Although MEDIA Antenna Wales delivers seminars/presentations specifically on the mechanics of the MEDIA Programme, it also seeks to support and run events that encourage industry participation whilst at the same time giving an opportunity to promote MEDIA. One of the main objectives of the MEDIA Programme is to encourage the circulation of European content. This means that applicants have to demonstrate international strategies in terms of financing, distribution and marketing when developing their content. Many of our events are therefore designed to encourage and support companies to think internationally;

Examples of recent events

- Documentary pitching workshops (in conjunction with the MeetMarket International Pitching Forum run at Sheffield Doc/Fest) - attended by over 100 producers;
- Development Funding Seminars in Newport and Aberystwyth (with representatives from MEDIA, Film Agency Wales, S4C and Welsh Government) - attended by 90 industry professionals;
- Inaugural Wales Games Development Show and subsequent shows in June 2012 and 2013 - attended by over 900 industry professionals;
- Co-Production Dinners at Sheffield Doc/Fest (in conjunction with 7 fellow European MEDIA offices with European national funders) - 9 Welsh producers have participated;
- Drama Commissioners Breakfast Panel event with key Commissioners from BBC, ITV, Channel 4, S4C, Sky - attended by 50 producers;
- Documentary Commissioners Breakfast Panel event with representatives from BBC, ITV, Channel 4, Channel Five, S4C and Sky - attended by over 80 professionals.



Our ref: SF-EH-0749-14

William Graham AM
Chair
Enterprise and Business Committee

11th April 2014

Dear William

Thank you for the opportunity to appear before the Committee on 26 March. I agreed to update you on a number of issues.

Please find attached a note on the work of the Ministerial Task Force on North Wales Transport, chaired by the Minister for Local Government and Government Business, Lesley Griffiths AM. This provides the latest position on the North Wales Mainline. I also attach the information you requested about the Valley Lines Electrification business case.

With regard to concessionary bus travel, legislation provides that it is an objective for local authorities to ensure that bus operators are “no better and no worse off” as a result of providing mandatory travel concessions. The amount payable to each operator is calculated according to the number of journeys undertaken, a Representative Concessionary Fare and a Modifying Factor.

In light of findings from a Transport for Scotland review of its concessionary bus travel scheme published in February 2013, we commissioned an independent review of the scheme in Wales. This was to establish if our local authorities’ reimbursement arrangements continued to meet the “no better and no worse off” principle.

Following the review, we met local authorities and the bus industry to negotiate reimbursement arrangements for 2014-15. In response to these discussions, a consultant appointed by the bus industry worked with our independent consultant to produce a combined report which presented both sets of findings.

I received this report earlier this year and announced my decision on 18 February 2014. My decision was transmitted to local authorities with the recommendation that they adopt reimbursement arrangements for 2014-15 based on a Modifying Factor of 64%. This took account of representations bus operators had made that any transition from the 2013-14 reimbursement arrangements should be phased-in to minimise any impacts on the bus network.

My officials undertook an Equality Impact Assessment alongside the negotiations that reflected the demographic and other data available to us at that time. No decisions have been taken on subsequent years' reimbursement arrangements, but indicative funding requirement figures have been calculated for the purposes of planning budgets.

Research into a potential discounted travel scheme for young people is underway. The integrated transport pilots in Ceredigion and the Vale of Glamorgan started on 1 April 2014 with an objective to identify potential benefits from, and barriers to, a future scheme. The pilots will run for 12 months and I will be considering the findings once the local authorities have completed and reported on their work.

I agreed to share with the Committee the recommendations of the Bus Policy Advisory Group and to consider whether the Community Transport Association should be involved in the Group. I will report back to you on both these items in June, once the Group has submitted its initial findings.

A handwritten signature in black ink, appearing to be 'L. J. ...', is located below the text.

Note on the Ministerial Task Force on North Wales Transport

The Ministerial Task Force, Chaired by Lesley Griffiths, has identified three work streams that will deliver the aims as set out in its Terms of Reference. These work streams are:

1. Promoting a shared understanding of the economic development opportunities that can be underpinned by improved transport connectivity in North Wales.
2. Effectiveness of current arrangements for planning transport services and infrastructure improvements and the most appropriate mechanism for co-ordinating transport in North Wales and across the border.
3. Overseeing the development of the business case for North Wales Rail Modernisation.

Work Stream 1 – Transport Connectivity

1. Following discussion in the Task Force meeting in December, focused engagement with the six north Wales local authorities, the Enterprise Zone Boards and representatives of the Business Sector was undertaken during February. The aim of the engagement was to seek views on the potential strategic high level transport interventions required to address transport issues in the region. Representatives of the Federation of Small Businesses, West Cheshire and North Wales Chamber of Commerce and of the Institute of Directors were invited to participate in addition to the CBI representatives from the Task Force. Input was also sought and received from Sustrans.
2. A range of transport issues were identified, which reflected six key themes:
 - The ability of the strategic trunk road and rail corridors to provide the necessary good connectivity, for people and freight, within north Wales, to the ports and to the rest of the UK to support the economy and jobs, including tourism.
 - The lack of resilience of the road and rail networks to planned and unplanned events including extreme weather.
 - The need for good access to and between the three Enterprise Zones in north Wales
 - The lack of viable and affordable alternatives to the car to access key employment sites and other services.
 - The need for good road links to / from the trunk road network into the rural areas to help retain the viability of local businesses and support the Welsh language and culture.
3. The engagement exercise also identified priorities for strategic interventions which included:
 - Transport network resilience improvements – improvements to the rail and road networks to increase resilience, particularly to the A55 corridor.
 - Capacity enhancements / pinchpoint improvements on the strategic highway network, in particular on the A55, A494, A483 and A487.
 - Rail modernisation including new stations and faster and more frequent rail services to key destinations.
 - Direct rail links from north Wales to Liverpool and to Manchester and Liverpool airports.
 - Improved links to and between Enterprise Zones, ports and other key employment sites, including those in rural areas.
 - Strategic integrated transport measures to improve access to employment and other services by non car modes, including regional and cross border bus routes, rail station multi modal hubs, active travel routes and car share sites.
 - Facilitating the provision of rail freight facilities subject to a viable business case.

4. The next stage is to identify potential priority strategic projects that would deliver the high level transport interventions.

Work Stream 2 – Transport Coordination

5. This work stream is focused on the planning and delivery of strategic transport improvements. The following considerations are within scope:
 - Collaboration between local authorities at regional and sub regional level.
 - Collaboration with business and Third sector.
 - Cross border collaboration with north west of England, Mid Wales and Ireland.
 - Role of existing organisational arrangements such as Mersey Dee Alliance and Taith.
 - Links with other service areas such as land use planning and economic development
 - Relationship with other public sector bodies such as Health Boards, Police and Local Service Boards.
 - Review of models adopted elsewhere.
6. Dr Elizabeth Haywood presented to the Task Force on her findings from the Dee Region Cross Border Economy Report at its meeting in March. That report, along with evidence from other reports, will inform the Task Force in its consideration of how transport coordination could be improved.

Work Stream 3 – Rail Modernisation

7. Building the case for rail electrification has been the clear focus for the Task Force in its first few meetings.
8. Network Rail presented their interim report on electrification of the North Wales Mainline in December 2013 and will submit their final report in April 2014. The conclusions of this report will inform the scope of further work.
9. Dr Elizabeth Haywood is providing to support to the Task Force in mobilising support for rail modernisation in North Wales.
10. I have written to the Secretary of State for Transport to ensure that consideration of any additional electrification projects in the North of England considers the North Wales Mainline and connections into England as a whole, rather than picking off smaller, individual projects. In response, the Secretary of State for Transport has invited us to present the work on North Wales rail modernisation to the North of England Task Force when it is established.
11. I have also jointly commissioned two demand studies with Merseytravel to examine the potential reinstatement of the Halton Curve, allowing direct services between North Wales and Liverpool, and improvements to services on the Borderlands line between Wrexham and Merseyside. I expect to receive these reports in the summer.
12. Separately, the North Wales Economic Ambition Board has commissioned work to investigate the economic and social justification for rail modernisation.
13. The Task Force has made the link to the opportunities from HS2 following a presentation by Pete Waterman from the UK Government's HS2 Growth Task Force. The presentation highlighted the importance of developing a business case around the opportunities to unlock the benefits of HS2. The opportunities of connectivity into North Wales were reflected in the HS2 Growth Task Force's recent report.

Note on the approach to financing south Wales electrification set out in the Welsh Government's final outline business case for Valleys electrification, including section 6 of the May 2012 Outline Business Case, including the redacted figures.

As I explained to the Committee, the business case to support Valley Lines electrification was prepared and submitted prior to my taking on responsibility for the transport portfolio. I have therefore asked my officials to confirm the process that led to the production of the business case for submission to the UK Government. They have confirmed the following:

- Following the announcement in 2011 by the UK Government to stop electrification of the Great Western Main Line at Cardiff, the Welsh Government took the lead and funded work, with direct support from the Department for Transport, to review the case for investment in the Valley Lines and the Great Western Main Line from Cardiff to Swansea.
- This work included Network Rail and support from technical experts Arup (on modelling and timetables) and Ernst & Young (financial analysis), and the output was consistent with HM Treasury's guidance.
- The outline business cases were submitted to the Department for Transport in May 2012, to be included as part of the Secretary of State's HLOS decision making process.
- Affordability was assessed by comparing the forecast growth in cost, over 30 years, of providing diesel services (the do minimum scenario) with providing electric services, against the capital investment required.
- The redacted figures in the outline business case demonstrated that electrification was cost effective. It is not possible to publish these figures because putting them in the public domain will damage the ability to hold commercial negotiations with the current or future franchise operators.



Eich cyf/Your ref
Ein cyf/Our ref
William Graham AM
Chair
Enterprise and Business Committee

24 April 2014

Dear William

At the Enterprise and Business Committee meeting on 3 April, I agreed to provide you with some additional information.

In terms of performance indicators for Social Enterprises, we supported a total of 207 Social Enterprises through the Business Wales and Business Start Up service in 2013/14.

The additional information in relation to your inquiry into the promotion of trade and inward investment is outlined in the attached annex.

A handwritten signature in black ink, appearing to be 'Edwina Hart', written in a cursive style.

ANNEX 1 – ADDITIONAL INFORMATION ON PROMOTION OF TRADE AND INWARD INVESTMENT

OVERSEAS OWNED COMPANIES RELATIONSHIP MANAGED BY THE DEPARTMENT FOR ECONOMY, SCIENCE AND TRANSPORT

Of the 288 overseas owned companies that are relationship managed, we engage with 240 of them at least every six months with the remainder, 48, being engaged with less regularly.

UKTI STAFF IN WALES AND SCOTLAND

There are eight UKTI staff based in Glasgow administering the Trade Show Access Programme, a national programme throughout the UK. They are not a resource dedicated to Scotland.

In Wales, we had two placements within the Department for Economy, Science and Transport for a period of fifteen months. We now have a UKTI official assigned to Wales although she also has responsibilities associated with the other devolved nations. We also have an official focused on UK Export Finance issues dedicated to activity in Wales. Further, we are in advanced discussions with UKTI concerning the secondment of a full-time official to work with the Welsh Government's Trade and Investment team.

FOREIGN DIRECT INVESTMENT (FDI) THRESHOLD VALUES

International statistical organisations classify foreign direct investment (FDI) as a category of investment that reflects the objective of establishing a lasting interest by a resident enterprise in one economy (direct investor) in an enterprise (direct investment enterprise) that is resident in an economy other than that of the direct investor. The lasting interest implies the existence of a long-term relationship between the direct investor and the direct investment enterprise and a significant degree of influence on the management of the enterprise. The direct or indirect ownership of 10% or more of the voting power of an enterprise resident in one economy by an investor resident in another economy is the threshold now used by a range of international statistical organisations in different countries. **Some compilers may argue that, in some cases, an ownership of as little as 10% of the voting power may not lead to the exercise of any significant influence while on the other hand, an investor may own less than 10% but have an effective voice in the management.** Nevertheless, the recommended methodology does not allow any qualification of the 10% threshold and **recommends** its strict application to ensure statistical consistency across countries.

Wales has never employed the 10% threshold and has lodged success only when the project company has been 50% or more owned by an overseas enterprise.

From our experience of testing the new 10% rule, it is very time consuming and complex and it can be quite costly to interrogate the ownership of enterprises to that degree. Furthermore, we do not currently believe that using this as a management target will necessarily drive the correct business behaviours.