

Enterprise Innovation and Networks Committee

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Date: Wednesday 21 March 2007

Venue: Committee Room 2, Senedd, Cardiff Bay

Title: Report from the Minister for Enterprise, Innovation and Networks

Economic Data

1. Labour Market Statistics: New labour market statistics for Wales and the UK were published on 14th March. Amongst the main findings are: -

- Employment in Wales up 29,000 over the last year and up 13,000 over the last quarter. The employment rate amongst the working age in November to January was 72.2 per cent, up 0.5 percentage points on the previous year and on the previous quarter.
- For the UK as a whole the employment rate was 74.4 per cent, down 0.1 percentage points on the previous year and on the previous quarter.
- The latest 3-month average from the LFS shows total employment in Wales at 1,352,000, a new record level.

The unemployment rate in Wales was 5.2 per cent, up 0.1 percentage points on the previous year but down 0.1 percentage points on the quarter and below the UK average of 5.5 per cent.

Supporting Enterprise

2. Mon a Menai: The inaugural Board meeting of the Mon a Menai programme was held on 20th February. I chaired the meeting and took the opportunity to remind the Board members of the very significant work already being taken forward by the Programme delivery team. The meeting was very positive – with all Board members fully committed to taking forward our plans to proactively develop a strong economic hub to drive prosperity in the region.

3. Red Planet Pictures, Cardiff: The production company is expanding its operations to Wales. The company has received the support of the Creative Business Wales team within my Department. This support was instrumental in influencing the company to expand into Wales. The creative industries sector contributes some £750 million annually to the Welsh economy and so is high on our economic development agenda, which is why I set up the Creative Business Wales.

4. Business Eye: The information service is on track to deal with its 100,000th enquiry during 2007, having already helped thousands of Welsh businesses to source information and support since its launch 4 years ago. In the modern economy accurate and informed information is critical to the success of any business and Business Eye is key to ensuring that companies and individuals are

signposted to the most relevant information and advice. Whether through local offices, the website or via the telephone the increasing number of businesses seeking information via the Business Eye service is testament to the high standards it maintains and the quality of information sourced.

5. EU wide Community of Practice – Entrepreneurship: Wales has been selected to be part of an EU wide Community of Practice in the field of entrepreneurship. The work will involve the creation and testing of a model to allow member states or regions to assess their current enterprise policies and compare them with other member states or regions in the EU. Wales is one of only 4 partners to be selected and is the only regional member. The work will culminate in a showcase as part of the German Presidency and is being seen as a potential precursor to wider activity as part of the Regions for Economic Change Programme supported under the new EU structural frameworks.

6. Rhyl Going Forward: Work has now commenced on Phase I of the Foryd Harbour project, supported by a Town Improvement Grant offer of £579,000. A further 3 properties have also been purchased in the 50-57 West Parade area. Negotiations on the remaining properties are ongoing. A Town Centre Retail Study, recently completed by King Sturge, has been submitted to Denbighshire County Council.

7. Former Pirelli Cable site, Newport: Work commenced on transforming part of the former Pirelli Cables site in Newport into a high quality industrial park. 45 industrial units, providing 43,000 sq feet of workspace, with the capacity to accommodate approximately 100 people, are being built on just over four acres of the 26 acre brownfield site. The £3.9 million project is a Joint Venture between the Welsh Assembly Government and Newport & Gwent Enterprise (NGE) and has been supported by £1.3 million of European funding. The land has been identified as a strategic site in the regeneration of the city by Newport Unlimited.

8. Ebbw Vale Steelworks: The planning application for the Ebbw Vale Steelworks land uses and masterplan was submitted to the Local Authority Planning Department on the 28th of February. The project, which is being delivered in partnership between the Welsh Assembly Government and Blaenau Gwent County Borough Council, centres on the regeneration of the 75ha former Corus steelworks site. The mixed-use outline planning application includes offices, homes, a hospital, and leisure and retail space.

9. Heads of the Valleys: My Department's SouthEast Regional Office is supporting the development of businesses in the Heads of the Valleys area. Companies which have already benefited include Perkin Elmer in Llantrisant (ISO 14001 and 18001 support); Rhys Davies Freight in Taffs Well, with 11 new jobs and £1.3 million increased turnover as a result of increased business with Yuasa Ebbw Vale; Moulded Paper in Pontllanfraith (ISO 14001 environmental & ISO 9001:2000 support). Companies currently supported include Carlisle Brakes in Pontypool (ISO 14001 support); Knauf Insulation in Cwmbran (OEE - overall equipment effectiveness); Camtronics Vale in Ebbw Vale (Lean Manufacturing support); Media Scene in Bargoed (ISO 9001 : 2000 support).

10. Sell2Wales, Technology for Marketing Awards: At the Technology for Marketing Awards in London on 6 February the sell2wales website was awarded 2nd place in the Best Website Design of the Year category and were additionally awarded a highly commended certificate. It is important we

make the tendering process for public sector contracts fully accessible, the sell2wales website is an important means of doing that and I am delighted its user friendly design has been recognised.

11. South West Wales Meet the Buyer: This event was recently held at the Tinopolis Studios in Llanelli – this was a partnership between Local Supplier Development Programme, Foothold Intertrade+ project and my South West Regional Office. Outputs will be recorded in due course, but the event attracted some 21 buyers from across the region, 100 businesses and 170 delegates.

12. Qioptiq, St Asaph: The Denbighshire based opto-electronics firm has won a contract to supply the MoD with thermal imaging equipment. The company employs 470 at its St Asaph site and supplies optical modules and components for the defence and commercial market worldwide.

13. Gocompare.com, Newport: The Imperial Park based internet insurance comparison business has announced it is making significant inroads into the marketplace. The company, which only went 'live' last November, has already added a breakdown cover comparison service, is about to launch a motorcycle insurance comparison offering, and plans to introduce a range of other insurance services late this year. Gocompare has benefited from the support of the International Business Wales team in my Department, and is an important addition to a buoyant financial services sector that is home to some 1,800 companies employing more than 30,000 people in Wales.

14. Opportunity Wales: The ICT advice organisation has launched a new campaign to encourage SMEs in Objective 1&2 areas to seize on the potential advantages of eCommerce through its www.helpingbusinessgrow.co.uk website. Opportunity Wales has already provided advice and support to 11,400 small and medium sized businesses throughout Wales.

15. Langstone Business Park, Newport: Property specialist Rambourne has begun work on a £7 million office development at its Langstone Business Park. Construction of the 30,000 Sq ft Guinevere House started this week – the 3rd phase of the 85,000 sq. ft. £20 million scheme on the M4 Coldra junction.

16. Swansea City Regeneration Framework: On 5th March I launched the strategy for Swansea City Centre. The SA1 development, the innovative use of European Structural Funds, and the growth of the leisure and tourism sector have all contributed to the successful regeneration of Swansea in recent years. This City Framework strategy sets out a clear, long term, £1 billion vision involving close partnership working between the Assembly Government, the local authority and other key stakeholders to build on Swansea's position as a driver for prosperity in South West Wales.

17. CoDA Investment: On 9th March I announced the £80 million investment by Korean company CoDA in a new flagship residential property development in Swansea SA1. This is believed to be the first Korean property investment of this scale in the UK and is the largest single investment in SA1 to date. This news will I am sure act as a catalyst for further investment in SA1.

Promoting Innovation

18. RAP International, Swansea: The Technium Swansea based company RAP International is to

supply major oil company Castrol with its electronic safety assessment system. As well as benefiting from the Assembly Government supported Technium network, RAP have been assisted in extending its overseas profile and securing business in new markets by International Business Wales (IBW) the trade and investment team in my Department. RAP International is yet another example of an innovative Welsh company punching above its weight in competitive international markets. It has been assisted in doing so by the supportive environment provided by Technium and IBW.

19. Phytoration Ltd, Caernarfon: On 21st February I opened Phytoration Ltd, a new bioscience company based at Caernarfon; Cibyn Industrial Estate. The company has been supported by my Department through a £200,000 Regional Selective Assistance Grant. Our bioscience sector is on a par with the best in the world in terms of R&D and manufacturing. The sector already boasts a wide range of leading edge companies and Phytoration is the latest in a long line of bioscience companies to base its facilities here.

20. Business Incubation: Technium Swansea and Wales Digital Media in Cardiff, both of whom have been supported by my Department have been recognised as the only UK incubation centres to make it into the top ten list of the global Best Science Based Incubator Award 2006. Entries were received from 22 different countries throughout Europe, the USA and China and the independent assessment process was a clear demonstration of the considerable success Technium and @ Wales had achieved. Our business incubation strategy is playing a key role in developing R&D capacity and building the high performing companies of the future. For Technium and @ Wales to gain such international recognition is a huge achievement and acknowledgement of the great strides we are making in Wales to build the knowledge economy.

21. Zarlink Semiconductor, Monmouthshire: The Caldicot based micro-electronics manufacturer Zarlink Semiconductor is part of a consortium of UK companies that has been awarded a substantial investment from the DTI's Technology Programme - Collaborative Research & Development. The funding will assist research into the development of an in-body micro generator that will convert energy from human body movement into power for implanted medical devices such as, pacemakers and electrical stimulators. The two-year SIMM (self-energizing implantable medical micro system) project will prototype a device capable of harvesting energy from movement in or on the body, including joint movement and heartbeats. The device will replace the need for surgical procedures when batteries in implanted devices need replacement. Zarlink's contribution will be to provide advanced micro-packaging techniques.

22. Bioscience: The BioWales 2007 conference taking place in Cardiff on 15-16 March has over 400 registrations, exceeding target. The new Boots Innovation Centre in the Institute of Life Sciences, Swansea, will be represented at the BioWales brokerage event where they have filed nine technology requests. Furthermore the Economic Tracking Study of the sector is nearing completion. Initial indications are that turnover has grown in the sector by more than 15% in the last year.

23. Knowledge Exploitation Fund (KEF): KEF hosted the Pinnacle Live on 26th February. The event, attended by 300 delegates and linked by satellite and webcast, showcased high level skills in Wales in advanced manufacturing, sustainability and innovation.

24. SMARTCymru: To date SMARTCymru has supported 967 new jobs, safeguarded 2,449, and supported 324 projects exceeding this year's annual target. 118 SMARTCymru R&D applications have been made with a total commitment of £6.5 million

25. Innovation & Technology Counsellor Network/Innovation Credits: To date 1,195 businesses have been given advice on IP and new product development, 576 in depth projects undertaken, over 88 jobs created and 152 safeguarded.

26. Wales Innovation Relay Centre (WIRC): Recent successes include:

- The Transnational Technology Transfer (TTT) agreement set up in 2004 by WIRC between Micropharm and Polyclonal AB production that has resulted in a £300,000/year rolling contract;
- Two Transnational Agreements have recently been signed: i) Envirogen's license and technical co-operation agreement with Nottingham University and University of Milan, ii) Wound Healing Research Unit, Cardiff University, with Delfin, Finland, to undertake clinical trials for a new technology in the healthcare sector;
- 3 DTI Technology Projects submitted for the autumn call: CARM (Bangor), UWCN, Swansea Printing & Coating with a total value of £2.8 million.

27. EBusiness: The e-Crime Summit was held at the Celtic Manor Resort on March 2nd and was attended by around 330 delegates. Speakers addressed hot topics such as "the enemy within", safeguarding ones business and the role of the Welsh Assembly Government and the Police Force in Wales in implementing the e-Crime Action Plan. In a video address to conference the Minister for Enterprise, Innovation and Networks reported on the establishment in EIN of an e-crime team, which will take the lead in implementing the eCrime Wales Action Plan.

Investing in Networks

28. Transport Infrastructure: On 5th March I announced a major £101.4 million funding allocation for 2007/08 to improve Wales' transport infrastructure and to promote sustainable transport in Wales. This allocation demonstrates our absolute commitment to promoting sustainable transport and providing an effective integrated transport system in Wales - for the people of Wales.

29. Maes Awyr Mon/Anglesey Airport: On 21st February I visited the new passenger terminal building at Maes Awyr Mon/Anglesey Airport. During the visit I announced that following a tender exercise, the selected airline operator for the intra-Wales Air Service Public Service Obligation between Cardiff and Anglesey is Highland Airways Ltd. On the same day Isle of Anglesey County Council announced that the selected terminal operator is Operon.

30. Flint Station: I launched the re-opening of the refurbished Flint Station on 20 February which saw the completion of the £1 million station refurbishment which included structural changes, improved station facilities and enhanced disabled access. The station will also be home to TAITH, the transport joint board of 6 North Wales county authorities. TAITH are developing their regional transport strategy.

31. Llanharan Rail Station: I launched the Llanharan Rail Station start of works on 5 March. This £4.3 million scheme will provide a new station in the village of Llanharan. It is part of the Sewta Sub-regional Objective 1 bid, which has been approved by the Welsh European Funding Office and is being match funded by Transport Grant from the Welsh Assembly Government.

32. Station Facilities at Abercynon and Merthyr Vale: On February 8th I launched the start of works on the £18.8 million project to provide a passing facility and improved station facilities at Abercynon and Merthyr Vale and frequency increase to a half-hourly service from 2008.

33. Wrexham – Bidston Scheme: The Assembly Government is contributing up to £6,000 (50%) towards the cost of a Network Rail review of the work necessary to advance the proposed Wrexham – Bidston scheme to a higher GRIP level. Wrexham - Bidston Line has a key role to play in the continuing development of Wrexham, the regeneration of Deeside and strengthening links between the Wirral and Merseyside. A report provided to the Assembly Government by Taith highlighted the benefits that would be obtained by electrifying the line to enable through services to Liverpool City Centre, a new station to serve Deeside Industrial Park and a more frequent service. The implementation of this project is a key element of Taith's Rail Strategy.

34. BmiBaby: The low cost airline has announced a new service to Spain from Cardiff and increased flights to Portugal, Majorca and Jersey. From March 27th the airline is launching a weekly flight to Murcia. Furthermore its service to Palma will increase from 4 times a week to a daily service; Jersey increases from weekly to 3 times a week; and Faro from weekly to 4 times weekly.

35. Smarter Choices Wales: On 20th February I launched the new best practice document ‘Smarter Choices: Wales’ outlining alternative modes of transport and encouraging sustainable travel. The document has been produced after extensive research into traffic flows and a range of factors such as public transport, cycling and walking that influence travel choice. It is an important element in ensuring an effective transport system in Wales and challenges us to recognise the benefits of alternative modes of travel.

36. Swansea – Cork freight Ferry Service: HJ Lines is to run a freight ferry service between Swansea and Cork, re-establishing the direct link between the two ports. The service will sail 3 times a week.

37. Paris Air Service: £450,000 from our Route Development Fund is to be provided to support a new air service from Cardiff to Paris. Paris is the first major French city and business centre to be linked by a direct air service to Cardiff and will provide an important stimulus to inbound tourism as well as improving business, cultural and inward investment opportunities.

38. Wrexham Industrial Estate Shuttle Bus: On 7th March I announced continued funding of £100,000 for the Wrexham Industrial estate Shuttle Service for the 2007 / 08 financial year. The service means the Industrial Estate has a transport service 24 hours a day, 7 days a week. This continued funding of this important service used by employees of the many companies based on the estate again demonstrates our commitment to improving our bus services to deliver economic prosperity and access to jobs.

39. Broadband Wales Programme: On 31st March 2007 my Broadband Wales Programme will formally close. I launched the Programme in July 2002 and set out a vision to create an advanced and competitive broadband services infrastructure which supports and enables a knowledge based economy. Notable achievements of the Programme include:

- The creation of a Lifelong Learning Network linking all 22 Local Authorities to high bandwidth services for schools, libraries and ICT learning centres. This has resulted in greater collaborative working and efficiencies between the Local Authorities and enabled the delivery of education in a media rich environment. This collaborative approach has resulted in further joint working which means an aggregated procurement is underway to service the broadband needs of the public sector in Wales.
- An increase in broadband take-up levels from 6% in 2002 to 43% in 2006 (now on a par with the UK average).
- The award of a contract to deliver first generation broadband services to those areas of Wales where the incumbent telecommunications companies had no plans to deliver such services. To date 7,250 properties (of which 663 are businesses) have been given access to broadband for the first time. Work will continue beyond the Programme closure date addressing those areas of Wales still unable to receive broadband services.
- Integrated awareness raising campaigns that have been consistently praised for their use of innovative marketing strategies. 96% of the population are aware of broadband and understand the benefits the technology can bring.
- The implementation of a Broadband Support Scheme which assisted 1,052 businesses and 150 voluntary sector organisations with funding towards the costs to introduce broadband to their organisations. This has allowed them to take full advantage of the benefits broadband offers such as increased business efficiency, the capacity to compete in a global market and increased profitability.
- Securing the imminent provision of an open access network across the North Wales corridor which will help businesses in the area access affordable, very high bandwidth, broadband.

The Broadband Wales Programme has achieved a significant amount of success and research commissioned by the Welsh Assembly Government estimates that the Programme's activities will deliver at least £357 million benefits to the Welsh economy up to 2015. The momentum gathered by the Programme will be further built upon with the publication of a strategy outlining the future direction of ICT in Wales later this year.

International Business Wales

40. Media 2007: March 8th saw the launch of Media 2007, a £497 million pan European funding programme for the TV and film sector. Wales was one of the most successful regions in attracting funding under the last Media programme that ended in December last year. There is no reason why we can't continue to build on that success. Alongside the Wales Creative IP Fund, Media 2007 provides another important avenue of funding, bringing valuable investment into Wales and supporting a key sector in the creative industries that contribute some £750 million annually to the economy.

41. Exports: The value of exported goods from Wales in a single year has exceeded the £9 billion barrier for the first time ever. Latest HM Revenue and Customs figures show Welsh exports have grown from £8,316 million in 2004, to £8,645 million in 2005 to nearly £9,300 million last year. Overall growth in Welsh exports between 1999 and 2006 now stands at 45.3%, this is above the growth in total UK exports of 38.8%.

42. International Technical Diving Agency (ITDA), New Tredegar: The specialist dive training company has signed a US \$1m deal with the Malaysian Government to supply training services over a 5 year period. The company which has its HQ in Wales and operates in over 28 countries has been supported by the International Business Wales (IBW) team in my Department. This is the latest example of a Welsh company operating in a niche market and achieving significant results. Only last month Crownford an SME based in Hirwaun announced that with the support of the IBW team it had secured a £20m contract from Romania; Flamgard, based in Pontypool also recently signed a 7 figure contract to provide equipment to the Russian oil and gas market and now ITDA has clinched a major overseas deal. All of this demonstrates that with appropriate support Welsh companies can punch above their weight in international markets.

Visit Wales

43. Coastal Tourism Strategy: The Assembly Government's consultation on the draft Coastal Tourism Strategy started on 26th January and will run until 2nd April. The consultation invites comments on our strategy and priorities for developing Coastal Tourism allied to action that protects the coastal environment. The strategy tackles many aspects of coastal life in Wales, including the issues facing coastal towns and resorts, the rural coast, coastal culture and effective coastal management. In conjunction with the consultation on the draft strategy, we are consulting on the Strategic Environmental Assessment of the Coastal Tourism Strategy. Access to e-copies of all the documents and details of how to respond are available on the web at www.wales.gov.uk/consultation. A limited number of hard copies are also available in the Assembly Members' Library.

44. Small Business Rates Relief Scheme - Self-Catering Industry: The new small business rates scheme which will come into force on 1 April 2007 has been widely welcomed, but the Assembly Government recognises that the question of the eligibility of self catering businesses for small business rates relief is a complex issue that requires more detailed consideration. On 7 March 2007 it launched a consultation on this subject, and local authorities and other organisations, including those representing the tourist and self catering industry are being consulted, with a view to the Assembly Government being able to take a timely and informed decision on whether changes to the regulations should be made. The consultation closes on 29 April 2007.

45. Tourism Advertising: Latest figures highlight the ongoing success of the 'Big Country' advertising campaign, with seven of the nine Welsh attractions from the Association of Leading Visitor Attraction (ALVA) seeing their visitor numbers increase in 2006 compared to the previous year. These latest results show that with appropriate support and marketing, Wales has the visitor attractions to compete in an increasingly competitive marketplace.

46. Oxwich Bay, Gower: A panel of UK travel writers has named Oxwich Bay in the Gower as the

most beautiful beach in the UK. The writers of Travel Magazine who visited more than 1,000 beaches around the world praised Oxwich Bay for its 'magnificent and unspoilt' scenery. This is the latest recognition for beaches in West Wales, only last year Barafundle in Pembrokeshire was named as the UK's best picnic spot by Country Life magazine.

47. Showcase Wales and the National Tourism Awards: Visit Wales, the tourism team within my Department have announced North Wales will play host to Wales' flagship tourism event Showcase Wales and The National Tourism Awards in October. The two day event culminates with the Awards ceremony held at Bodelwyddan Castle. With an international audience, Showcase Wales and the National Tourism Awards provide an ideal opportunity to highlight the very best that Wales has to offer to the visitor.

48. Tourism Partnership North Wales: Has launched a major drive to help tourism operators in North Wales to cash in on the growing market for short breaks with a new £30,000 campaign. The campaign has been organised around research by Visit Wales with the Tourism Partnership hoping the region will benefit to the tune of £500,000 in extra spending by visitors. The main thrust of the promotion is web based with a facility to book accommodation online.

49. Boston Lodge Works, near Porthmadog: The coach building centre of expertise is to build the latest 3 coaches for the narrow gauge Welsh Highland Railway. The Railway project can potentially provide a huge boost to tourism in North Wales and to this end 40% of the £300,000 cost is being met by Visit Wales within my Department.

Structural Funds

50. Structural Fund Progress at 28 February 2007: We have committed over £1.59 billion in Structural Funds to 2,845 projects, representing almost £3.85 billion of total project investment in Wales. In terms of Objective 1 £1.35 billion has been committed to 1,738 projects, representing almost £3.24 billion of total project investment in West Wales and the Valleys.

51. Objective 1 Project Launches: On 5th February I performed the ground-breaking ceremony to mark the start of construction of the Ethos Project building at Swansea's SA1 Swansea Waterfront following a £2.5 million grant through the European Union's Objective One Programme supported by the Welsh Assembly Government. This innovative £7 million project will provide 32,000 sq ft of office space to accommodate fifteen small and medium-sized businesses.

52. Swansea Economic Regeneration Strategy: On 16 February, I launched an event to Celebrate Objective 1 and launch the Swansea Economic Regeneration Strategy at the Liberty Stadium in Swansea. Swansea and the surrounding areas have been awarded almost £87 million of Objective 1 funding, representing over £215 million of total project investment.

53. Welsh Rugby Learning Industry (Coleg Gwent): I attended a WRU event on 27 February to mark two year's progress on the Welsh Rugby Learning Industry (Coleg Gwent) project, which aims establish an all-Wales strategy, policy and template to underpin training and quality standards in the rugby industry in Wales. To date, four regional men's academies and one women's national academy

have been established to develop future international rugby players.

Job Gains / Safeguarded

54. Toyota, Derby: On 26th February together with Gordon Brown, the Chancellor of the Exchequer, I visited Toyota in Derby to welcome the launch of the new Auris model and the very significant investment Toyota is making in the Deeside Engine Plant, which is a cornerstone of the local economy in North East Wales. I am delighted by Toyota's confidence in the economy and workforce in Wales that has led it to invest in Deeside, in a move that will safeguard nearly 200 jobs at the plant.

55. Morvus Technology Ltd: The innovative and expanding pharmaceutical R&D company has chosen Wales as the place to establish its headquarters in a move that will create more than 50 high level bioscience jobs. The move has been fully supported by the Assembly Government through RSA and the International Business Wales bioscience team. The company has taken a lease on the entire Science Centre at the Botanic Gardens in Carmathenshire and is a very significant addition to our growing bioscience industry.

56. Hawk Support Contract, RAF Valley, Anglesey: I welcome the recent announcement that RAF Valley is one of three RAF bases in the UK to benefit from a new £74 million support contract awarded to BAE Systems, and its principal contractor Babcock Defence Services. The contract is for maintenance and technical support of the Royal Air Force and Royal Navy fleet of 131 Hawk TMK1 aircraft. This is good news for the Valley base as £52m is to be spent there on capital works over the next two years including new hangars for the next generation of Hawk jets and the relocation of the UK Search and Rescue headquarters to the base.

57. Ecotech, Cardiff: The research and consultancy firm has won a contract to distribute £140 million of EU funding over the next 7 years to help boost skills across the UK. The contract relates to the EU, life long learning programme, which will be introduced this year. Ecotecs role will include promoting the programmes assessing applications and assisting successful projects. The company will receive an additional 30 staff because of the contract win.

58. Ferrari's: Best Bakeries has announced it has bought the business and its assets. The future of Ferrari's had been uncertain since it was put into administration in December. This move now safeguards 500 jobs across South Wales.

59. Arrow Bathroom & Tiles, Taff Well: Chinese company Arrow has chosen South Wales as the location for its 1st European outlet. The company has invested in an 8,000 square foot showroom on the Glan-y-Lyn Trading Estate in Taffs Well, from where it will trade as Taffs Well Tiles & Bathrooms.

60. Electroimpact Inc, Deeside: The company which has recently moved from Hawarden to larger premises on Pentre Industrial Estate in Deeside is expanding its operations in Wales creating more than 20 new and highly skilled jobs. The company is a key supplier to Airbus UK and specialises in the design, manufacture and installation of the high spec, state of the art aircraft assembly equipment used in the Airbus A380 and the A400 range. This latest expansion has been supported by the

Assembly Government through a £200,000 grant. The company is also a client of the Knowledge Bank for Business that supports companies with high growth potential.

61. Revolymer Ltd, Mostyn: Ground breaking research carried out by the Deeside start up company is set to create 50 jobs over the next 3 years. Revolymer is researching new polymer technologies and will work closely with Warwick International who are also based at Mostyn. The initiative is being supported by a £660,000 grant from my Department.

62. Shield Medicare: The Ystradgynlais-based medical supplies manufacturer which was taken over by US multinational Ecolab earlier this year,, has confirmed they are pressing ahead with their plans to move to a actory/warehouse on Baglan Energy Park. The latter has just started being built by developers, Uskvale Properties. Shield are in discussions with RSA team regarding support for their proposals to consolidate manufacturing here, and create additional jobs over their current 65.

63. Egniol Ltd., Penmaenmawr: I visited Egniol's new premises at Penmaenmawr on 21st February 2007. Egniol, an environmental consultancy business, is expanding its operations with the creation of 24 jobs and has recently received RSA assistance to purchase and refurbish Penmaenmawr's old school building. Egniol currently employ 125 people, of which 90 are based at their North Wales headquarters in Bangor.

64. DRB Power Transmission Ltd, Broughton, Flintshire: 16 jobs are being created at the above plant at Broughton, Flintshire, which produces bespoke engineering products. Thanks to RSA assistance, their new premises, on the existing site, is expected to be ready in May/June 2007. Support has been offered via the Manufacturing Advisory Service to assist with the lay-out of the new facility. The company has also been referred to the Workforce Development Programme and Supervisory Training Workshops.

65. Quative, Cwmbran: The inward investment company, wholly owned by The Kudelski Group of Switzerland, which moved into the Pavilions Business Park in Cwmbran during January 2007. The company intends to employ 35 staff initially at their Software Application and Development Centre, with future growth potential in the pipeline. They will be employing highly skilled Software Engineers, who are available locally, engaged in the Design and Development of Internet Protocol TV technology. The company have already been successful in securing a new contract from a French Cable company that will be delivered by the Welsh business.

66. Yell.com, Newport: The company has taken partial occupation of Usk House in Newport. This international directories business aims to grow to 250 people over a four year period to cope with the growth of its 118 24/7 business.

67. Orion Electric: The company has confirmed their intention not to close, although they had considered this. They are making 98 people redundant in early 2007, and are retaining 93 to run the plant on a minimal/hibernation basis. The company remains confident that sales will pick up again in late 2007, and that employment numbers will pick up then.

68. Mollertech, Caerphilly: The company has won a new contract to supply components for BMWs

new Mini. RSA assistance from the Assembly Government will be used to accelerate production of its injection moulded trim components. The investment will help to create 99 new jobs at the site. This investment is the latest in a significant upturn for the Wales Automotive Industry, following on the back of recent investments such as those announced by Takao Europe Manufacturing and Toyota.

Job Losses

69. Alfred McAlpine plc / Penrhyn Slate Quarry: It has been reported that up to 38 temporary jobs are to be lost at the Alfred McAlpine owned slate quarry at Penrhyn, Bethesda. The losses are said to be in relation to an internal review of slate production in North Wales by Alfred McAlpine and alleged "accounting irregularities" at the quarry. My officials are monitoring the situation. They will take appropriate action once the outcome of McAlpine's internal investigation, and its subsequent impact on the operations at Bethesda, is known.

70. F Benders Ltd, Wrexham: In December 2006, F Benders Ltd announced 48 jobs losses, 36 of which were at the Wrexham facility due to the loss of a key contract (F Bender group has over 300 employees of which 200+ are based at Wrexham). The company manufactures paper-based products used by fast food outlets and other commercial catering operations. Thanks to support provided by my North Wales Regional Office, a management buy-out has been secured. Barclays Ventures now holds an undisclosed but significant equity stake in the company valued at £5.25m. This has helped to safeguard the remaining jobs and overall future of F Benders at Wrexham.

71. Thomson, RCT: The company announced Friday 26th January that organisational changes are to be made affecting their Talbot Green operation. The Talbot Green office has been employed as an Industrialisation and New Product Introduction Centre, with R&D present. Thomson Group has been reviewing its total global organisation, including this aspect of its business management. The Talbot Green site will now focus on supplier and customer support activity in Europe, including customer integration R&D. In addition to this, Talbot Green has been selected as part of the worldwide procurement centre for TPS business division. Regrettably it will mean a reduction in employee numbers from 81, with 31 employees leaving, mostly in March 2007.

72. Airbus: Members will be aware of my recent written and oral statements concerning the implications for Wales of Airbus' Power 8 announcement. The job cuts at Broughton are of course regrettable but it is important to note that Broughton will become the core site within Airbus for final wing assembly.

Other Announcements

73. Leitch Review Conference: On 1st March I spoke at a conference organised to inform Wales' response to the Leitch Review. My speech focussed on the vital link between economic success, education and skills. The Leitch Review tells us that the UK is doing relatively well on higher level skills (ranked 11 out of 30 OECD countries), but only ranks 18th when it comes to low level skills. Improving that position represents an enormous challenge, but it is one we simply have to grasp in order to remain competitive.

74. Former Arjo Wiggins Complex, Cardiff: Contractors have moved in to begin clearing the former paper mill site ahead of a multi-million pound regeneration. The Assembly Government supported project will transform the 45 acre site into a new community complete with housing, commercial and office space, green areas and transport links.

Annex A

Aerospace

Support for Aerospace and Defence in Wales must be considered in the context of the UK Government's commitment to the industry set out by the Prime Minister in 2003.

"By 2022 the UK will offer a global Aerospace industry the world's most innovative and productive location, leading to sustainable growth for all its stakeholders" Tony Blair 2003.

The DTI review of the industry led to the creation of the UK Aerospace Innovation and Growth Team. (AeIGT)

1. Why Aerospace? – The Global and UK industry perspective.

- 2nd in the world behind USA – 13% of world market
- Turnover £22 billion – £5.5 billion to UK GVA
- Positive Aerospace trade balance last two decades
- 114,000 people directly employed
- Productivity £54k per head – 50% higher than UK average
- £2 billion invested in R&D – 11% of turnover
- UK MRO valued at £4 billion 40,000 jobs UK wide
- 33% of employees have degrees
- 16% work in R&D

'The aerospace market is forecast to grow by at least 25% in real terms over the next 20 years'

UK Aerospace Innovation and Growth Team, 2003.

2. Wales position

- 150 companies employing 20,000 people
- 17% of the UK industry (with only 5% of the population)
- 35% of all UK MRO by employment
- 30% of UK MRO by turnover
- Many of the world's largest Aerospace and Defence companies in Wales

- BA, GE, BAE Systems, EADS, Raytheon, General Dynamics, Nordam

- £2 billion in turnover
- Skilled workforce with bespoke training facilities
- Healthy balance of civil and defence activities
- Existing supply chain
- R&D capability within HE institutions
- Several strategic high quality Aerospace sites

As a devolved government Wales is keen to play a major role in the development of political and economic issues associated with the sector in the UK as demonstrated in its pivotal role as a key partner in the DTI spearheaded AeGIT strategy and, more specifically, a lead player in the strategy's technology validation programmes such as ASTRAEA and Integrated Wing.

The Industry is regarded as a major contributor to the Welsh economy in both GDP and employment terms and further development of the sector in Wales will necessitate closer strategic relationships with both UK and Global Aerospace companies. WAG has formed a dedicated Aerospace team to ensure the sector's needs are met.

3. Summary of current strategy for the sector

Following extensive consultation with practitioners within the Aerospace and Defence industry, support organisations such as industry fora (globally, nationally and in Wales), academia and several acknowledged leading industry consultancies, the Assembly's Aerospace and Defence team has produced a draft strategy which aims to support development of the sector in Wales by focusing on the following:

To assist Wales to be the Lead region in the UK with a strong and diverse base by:

- Consolidation and growth of existing company base
- Increasing stock of overseas investors
- Strengthening existing base to create one-stop solutions
- Move up the value chain – e.g. from MRO to modifications and conversions

To assist Wales to be a Lead region in Europe

- Work at both a Wales and UK level to improve the skills base
- Centres of excellence in niche segments (UAV, Non Destructive Testing, etc)
- Improve composite capability and reduce reliance on conventional construction
- Create state-of-the-art facilities such as the St Athan Aerospace park
- Strive for an increasingly recognised role within UK and European agendas

How will this be achieved?

- Develop closer relationships with companies in Wales to identify growth areas from within and establish links to external investment.
- Take advantage of the Opportunities in the marketplace-trends

- Develop an understanding of the European marketplace and identify opportunities for Wales.
- Develop solution-driven requirements for each market sub-sectors as follows:
 - Development of Components and Manufacturing Sub-Sector
 - Development and Management of MRO/Aircraft Conversion Sub-Sectors
 - Development of Security and Defence / UV Sub-Sector
 - Development of Training sub sector as market opportunity
 - Development of Avionics sub sector
 - Development of Synthetic Environment (SE) and Network-centric Solutions Capabilities

What supporting infrastructure do we need to achieve it?

- Skills -.Education, Training and Research
- Aerospace Research
- Aerospace Engineering H.E. Education
- Vocational Training
- School Education
- Recognised Learning Outcomes, Qualifications and Credit
- Funding for training
- Infrastructure development- strategic sites
- Funding for Technology & Innovation –programmes
- Development of networks
- Aerospace Wales Forum
- Development of relationships with key internal and external customers
- Development of strategic UK networks through
- UK-wide programmes

Recent successes, current activity and progress

1. St Athan DTR

On 17 January 2007 Package 1 (7,350 aeronautical and electro mechanical engineering and computer information systems students and support staff) was awarded to Metrix and St Athan on the expectation that a deal can be closed within the affordability constraints of the PFI

Package 2 (2,700 Police, photography, logistics, intelligence and languages

students and support staff) was also awarded to Metrix and St Athan provisionally.

2. St Athan Aerospace

There are currently 19 active enquiries in respect of St Athan (out of 45 for the sector Wales wide). Detailed negotiations are proceeding with Britten Norman and Bond Helicopters on specific buildings and 3 other major inward investment opportunities are pushing for a positive response from Welsh Assembly Government in the immediate future (Finmeccanica/Aermacchi, British

International Helicopters and Airbus Cimpa).

3) Aberporth/Unmanned systems

Within 8 months of completion of the Phase 1 build programme at ParcAberporth, two major international companies, Selex Sensors and Airborne Systems and QinetiQ, became tenants at ParcAberporth as part of their respective corporate UAV development strategies. Selex SAS is a major defence electronics player, and their decision to locate to ParcAberporth is a major coup for Wales.

QinetiQ entered into a working partnership with West Wales Airport to form the West Wales UAV Centre, combining the strengths of both organisations to provide a critical service provision facility in support of UAV operations at ParcAberporth.

During 2006/07, Welsh Assembly Government led the way by initiating three key national R&D programmes in Wales:-

ASTRAEA, the £32M National Programme has substantial activity in Wales (Newport and ParcAberporth) to drive forward autonomous technology for unmanned systems and to 'open up' UK airspace.

BARCET (now called U-MAP), a collaborative programme between the Institute of Grassland and Environmental Research, QinetiQ and Boeing, is pioneering crop health monitoring by remote sensing, using unmanned systems;

The Civil Market Acceleration programme, commissioned by Welsh Assembly Government and undertaken by QinetiQ, raised awareness of civil applications for UAV systems by undertaking demonstrations to key groups including police and mountain rescue.

Examples of Aerospace strengths in Wales

Wales is a centre of aerospace excellence with key representation in both aerospace manufacturing and maintenance repair and overhaul (MRO). The sector comprises two strong clusters of companies, one in the north-east centred on Airbus and Raytheon, and the other in the south-east centred on GE and British Airways.

Wales has considerable expertise in wing manufacture, avionics, composites, aero engine and airframe maintenance and overhaul.

• Manufacture

Airbus undertakes the manufacture of wings for the Airbus series of aircraft at Broughton, North Wales including a major new facility for the production of A380 wings.

Premium Seating manufacture a range of passenger seats for various cabin configurations including business and first class at the company's facility in Cwmbran.

Magellan Aerospace in Wrexham manufacture wing spars and boxes as a supplier to Airbus at Broughton.

Broughton in North Wales is home to both Raytheon Aircraft Services and Raytheon Systems employing over 200 staff involved in the production and maintenance of the Hawker 800 xp corporate jet and the u-125a Maritime and Rescue aircraft.

• MRO

There is a strong presence in South Wales in airframe maintenance at British Airways Maintenance Cardiff (BAMC) for Boeing 474 and 777 deep maintenance schedules (C & D checks).

GE Aviation undertake deep maintenance for a range of aircraft engines at its plant in Nantgarw near Cardiff.

Nordam Europe, a joint venture formed by Nordam of Tulsa and GE provide services in the overhaul, repair, inspection and modification of most large aircraft engine nacelles, aircraft flight control surfaces, doors and hatches.

Total Engine Services at Abercynon and St Athan provide specialist engine management services to the MRO industry worldwide.

BA Avionics at Llantrisant provide MRO services for Avionics equipment and displays.

Annex B

Action Outstanding

EDT(2) 02-07, 14 February, 2007

ACTION POINT: Minister agreed to update the Committee on allocation of Knowledge Exploitation Fund funding in the Further Education sector.

Project Type	2003/04	2004/05	2005/06	2006/07	TOTAL (all yrs)
	(£)	(£)	(£)	(£)	
Collaborative Industrial Research Projects (CIRP)					
Capital	0.00	0.00	0.00	0.00	0.00
Revenue	82,506.00	130,939.00	0.00	0.00	213,445.00

Total CIRP Funding Allocated to FEIs	82,506.00	130,939.00	0.00	0.00	213,445.00
Patent & Proof of Concept (PPoC)					
Capital	0.00	0.00	0.00	0.00	0.00
Revenue	0.00	45,000.00	118,000.00	0.00	163,000.00
Total PPoC Funding Allocated to FEIs	0.00	45,000.00	118,000.00	0.00	163,000.00
Technology Transfer Centres (TTC)					
Capital	0.00	378,568.00	405,498.00	161,112.00	945,178.00
Revenue	576,513.00	20,000.00	95,330.00	102,146.00	793,989.00
Total TTC Funding Allocated to FEIs	576,513.00	398,568.00	500,828.00	263,258.00	1,739,167.00
Incubator Centres (INC)					
Capital	0.00	0.00	0.00	0.00	0.00
Revenue	228,454.00	0.00	124,999.00	30,680.00	384,133.00
Total INC Funding Allocated to FEIs	228,454.00	0.00	124,999.00	30,680.00	384,133.00
Strategies for Innovation Objective 1 (revenue)	750,000.00	1,045,428.00	0.00	0.00	1,795,428.00
Strategies for Innovation Objective 3 (revenue)	300,000.00	558,179.00	0.00	0.00	858,179.00
Total Innovation Strategy Funding Allocated to FEIs	1,050,000.00	1,603,607.00	0.00	0.00	2,653,607.00

Project Type	2003/04	2004/05	2005/06	2006/07	TOTAL (all yrs)
Consortia for Industrial Training Objective 1 (revenue)	0.00	35,000.00	497,559.00	478,949.00	1,011,508.00
Consortia for Industrial Training Objective 3 (revenue)	0.00	0.00	197,559.00	186,751.00	384,310.00
Total Consortia Funding Allocated to FEIs	0.00	35,000.00	695,118.00	665,700.00	1,395,818.00
E-Training Networks Objective 1 (revenue)	0.00	44,775.00	0.00	0.00	44,775.00
Total E-Training Network Funding Allocated to FEIs					
SME Development Objective 1 (revenue)	0.00	0.00	0.00	385,993.00	385,993.00
SME Development Objective 1 (revenue)	0.00	0.00	0.00	67,252.00	67,252.00
Total SME Development Funding Allocated to FEIs	0.00	0.00	0.00	453,245.00	453,245.00
TOTAL KEF Innovation FUNDING ALLOCATED TO FEIs / yr	1,937,473.00	2,257,889.00	1,438,945.00	1,412,883.00	7,047,190.00

EDT(2) 02-07, 14 February, 2007

ACTION POINT: Minister agreed to provide information on the film and television productions that had received investment from the Wales Creative IP Fund.

Since its launch in May 2005, the fund has invested close to £2.5m in seven creative industries' projects, as a result of which approximately £6.5m is projected to be spent within the industries in Wales. These include two television productions, one new media project and four feature films:

- 'Hana's Helpline', a co-production between Channel Five, S4C, and Germany's ZDF, is being made by leading Welsh animation company, Calon Animation in Cardiff. The 26-part series, about an agony aunt duck called Hana who helps little creatures overcome their problems, received the closing 10% of its budget from the Wales Creative IP Fund.
- The IP Fund's second television investment, 'The History of Mr Polly', is a prime-time drama for ITV based on the novel by HG Wells and stars Lee Evans. Filmed in the Autumn of 2006 at various locations in South Wales included St Fagans, Merthyr Mawr and Cardiff City Centre, 'The History of Mr Polly' is due to be aired on network ITV1 during Easter 2007.
- 'Big Nothing', a dark comedy starring David Schwimmer and Simon Pegg, was partly shot in Newport and Cardiff in January 2006, with an investment from the Wales Creative IP Fund. The other investors in Big Nothing are Pathe, one of Europe's leading film producers and distributors, Ingenious Films, one of the UK's most prominent film producers/financiers and the Isle of Man Film and Television Fund. 'Big Nothing' premiered as the closing night film of the Cardiff Film festival in November 2006, followed by its general release in December in cinemas across the UK.
- 'The Restraint of Beasts' from director Pawel Pawlikowski was due to be financed by BBC Films, the Wales Creative IP Fund, and the UK Film Council's New Cinema Fund. Some filming took place in Cardiff, Gower and the Brecon Beacons but regrettably the director's illness resulted in the film being cancelled by the film's insurers who are in the process of reimbursing back the money that the financiers had advanced.
- The IP Fund's third feature film investment is directed by Newport born filmmaker Peter Greenaway who has scripted a film about Dutch artist Rembrandt van Rijn and stars Martin Freeman (of 'The Office' fame). Entitled 'Nightwatching', the film focuses on the gestation and painting of Rembrandt's most famous work and world classic, The Nightwatch. A co-production between Poland, Holland, Canada and Wales, filming took place in Llandeilo in October 2006 and post production has now commenced at Dragon Digital's state of the art facilities in Bridgend.
- Horror film 'Flick', which is the work of David Howard, a Cardiff born and educated writer/director, was filmed in and around Cardiff at the beginning of the year with Faye Dunaway playing the role of one-armed Lieutenant McKenzie. Cardiff-based Monster Films received financial backing for 'Flick' from the Wales Creative IP Fund, The Film Agency for Wales and Barcud Derwen. The film is being sold worldwide by AV Pictures.
- The IP Fund made its first new media investment in December 2006 into the sequel of a popular Sony Playstation game entitled 'TT Superbikes'. Jester Interactive Publishing, a St Asaph-based computer and video games software developer and publisher, has devised the

follow-up 'TT Superbikes 2' which, alongside race tracks from the Isle of Man and Beijing, includes a circuit made at the Aberdare Park Road Races. 3-D models are being produced by GameWorld, an art asset development company based in Fishguard. The game is due to be released by Sony later this year.

Three new investments have also been sanctioned and are in the process of being legally contracted. The Fund continues to generate interest within Wales and to attract many new applicants, both within the UK and beyond, who are interested in bringing their projects to Wales.

EDT(2) 02-07, 14 February, 2007

ACTION POINT: Minister agreed to update the Committee on the position of Capital Investment associated with inward investment projects.

- Since the inward investment team was restructured, new management brought in, a fresh approach adopted and the trade and inward investment team merged into one cohesive unit, we have seen good progress on exports, new investors coming to Wales and satisfied investors investing more and creating new jobs. In the eleven months to the end of February this year, we have recorded 85 inward investment projects, 3,330 new jobs and capital investment of almost £256 million and we confidently predict that we will secure over 5,000 new jobs for the year as a whole and exceed capital investment of over £340 million. These returns will surpass the new jobs target of 4,860 and the capital investment target of £124 million.
- Major projects captured include the exciting new investment by G24Innovations of the United States, Toyota's significant investment at Deeside, Sony's increasing move to high value high definition professional broadcast cameras. All of these projects have been won against stiff international competition. Importantly, over 25% of the jobs secured to date and those in the pipeline expected to be secured by the year end will attract salaries of £30,000 or more; this is a significant increase on the previous year.
- In 2006, the value of goods exported from Wales in a single year has exceeded £9 billion for the first time ever, a huge achievement following a consistent trend in recent years. Our trading performance highlights the competitiveness of very many Welsh businesses. Growth markets have been the United States, where we have seen growth of over 30% on the previous year; the Republic of Ireland, where we have seen growth of over 12% and Germany where growth has been 6%. Growth sectors include energy, an increase of 41% on the previous year to total almost £2 billion. Also, biotechnology and pharmaceuticals are showing growing international success with a 53% increase on the previous years performance. . Growth in Welsh exports between 1999 and the latest four quarters was 45.3% compared with 38.8% for the total of all UK countries and English regions.