



**Cynulliad Cenedlaethol Cymru  
Y Pwyllgor Menter, Arloesi a Rhwydweithiau**

**The National Assembly for Wales  
The Enterprise, Innovation and Networks Committee**

**Dydd Iau, 22 Mehefin 2006  
Thursday, 22 June 2006**

**Cynnwys**  
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Confederation of British Industry—Wales and Flintshire County Council

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,  
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.  
In addition, an English translation of Welsh speeches is included.

*Aelodau o'r Cynulliad yn bresennol: Christine Gwyther (Cadeirydd), Alun Cairns, Janet Davies, Alun Ffred Jones, Ann Jones, Carl Sargeant.*

*Swyddogion yn bresennol: Vanessa Griffiths, Cyfarwyddwr, Gogledd Cymru a Menter; Jonathan Jones, Cyfarwyddwr, Twristiaeth a Marchnata.*

*Eraill yn bresennol: Dewi Davies, Partneriaeth Twristiaeth Gogledd Cymru yn cynrychioli Fforwm Economaidd Gogledd Cymru; Dave Heggarty, Pennaeth Datblygu Economaidd a Thwristiaeth, Cyngor Sir y Fflint; Chris Jackson, Cadeirydd, Twristiaeth Gogledd Cymru; Michael Learmond, Trefnydd Rhanbarthol, Ffederasiwn Busnesau Bach Gogledd Cymru a Chaer; y Cyngorydd Peter McFarlane, Cyngor Sir y Fflint; Esther Roberts, Rheolwr Gyfarwyddwr, Twristiaeth Gogledd Cymru; Jeremy Salisbury, Cydffederasiwn Diwydiant Prydain.*

*Gwasanaeth Pwyllgor: Claire Morris, Clerc; Leanne Hatcher, Dirprwy Glerc.*

*Assembly Members in attendance: Christine Gwyther (Chair), Alun Cairns, Janet Davies, Alun Ffred Jones, Ann Jones, Carl Sargeant.*

*Officials in attendance: Vanessa Griffiths, Director, North Wales and Enterprise; Jonathan Jones,*

*Others in attendance: Dewi Davies, Tourism Partnership North Wales representing the North Wales Economic Forum; Dave Heggarty, Head of Economic Development and Tourism, Flintshire County Council; Chris Jackson, Chair, North Wales Tourism; Michael Learmond, Regional Organiser, North Wales and Chester Federation of Small Businesses; Councillor Peter McFarlane, Flintshire County Council; Esther Roberts, Managing Director, North Wales Tourism; Jeremy Salisbury, Confederation of British Industry Wales.*

*Committee Service: Claire Morris, Clerk; Leanne Hatcher, Deputy Clerk.*

*Cynhaliwyd y cyfarfod yng Nghanolfan Ymwelwyr Gogledd Cymru, Bae Colwyn  
The meeting was held in the North Wales Visitor Centre, Colwyn Bay*

*Dechreuodd y cyfarfod am 9.35 a.m.  
The meeting began at 9.35 a.m.*

### **Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions**

[1] **Christine Gwyther:** Welcome to this meeting of the Enterprise, Innovation and Networks Committee in lovely Colwyn Bay. I extend a special welcome to all our presenters.

[2] This morning, we will discuss industry and tourism, how the Welsh Assembly Government is providing support for you, and some of the challenges and opportunities that lie ahead for us. Our committee is discussing it partly to scrutinise the work that the Welsh Assembly Government is already doing, but also to provide some pointers for the future as to how it can maybe improve the service, or just carry on doing what it is doing, if that is what you want.

[3] There are a few housekeeping rules. Participants are welcome to speak in Welsh or English. Headsets are available for translation, as well as for amplification. This is a nice room for acoustics, although some of our witnesses seem a long way away at the end of the

table. I remind Members, and everyone else, to switch off mobile phones, BlackBerrys and pagers. If there is a fire alarm, the ushers will direct us safely to the nearest exit.

[4] We have received some apologies. I welcome Ann Jones, who is substituting for Leighton Andrews. We have had apologies from Kirsty Williams; we understand that Mick Bates will substitute for her, but he is not here yet. We also have apologies from Andrew Davies; some of his officials are here, who will take part in the discussion later on. I understand that Graham Shimmin is unwell, so he will not be attending. Graham was going to represent the Federation of Small Businesses, but I am sure that we will be able to cover some of the points that he would have made.

[5] As I have said, the purpose of this meeting is to draw together some of the good practice, and some of the less good practice, that you are witnessing. We will then put it together as a paper for the Minister. We did something similar in mid Wales, and the Welsh Assembly Government found it helpful that business organisations were able to present their views in this sort of forum. Therefore, we hope that you make the most of this morning.

[6] **Alun Cairns:** You mentioned that part of the purpose of this meeting is to scrutinise the Welsh Assembly Government's work. However, we do not have the Minister or his deputy present. It is a matter of discourtesy to the committee, to north Wales, and to the representatives from north Wales that the Minister has not bothered coming. I wish to note that for the Record.

[7] **Christine Gwyther:** Okay, thank you.

9.38 a.m.

### **Cefnogi Busnes a Thwristiaeth Business Support and Tourism**

[8] **Christine Gwyther:** The next item is a presentation from the North Wales Economic Forum. We have with us Dewi Davies and Michael Learmond. Dewi represents the North Wales Tourist Partnership, representing the North Wales Economic Forum. Michael Learmond is here from the North Wales and Chester Federation of Small Businesses. Could you please introduce your papers, and then take questions? If you are then willing to take part in the round-table discussion at the end of the meeting, that would be great.

[9] **Mr Davies:** Thank you, Chairperson. I am Dewi Davies, and my colleague is Michael Learmond. I will lead on the paper, which focuses on business support for tourism; Mike's interest is on a broader basis than just tourism.

[10] I will set the scene in terms of tourism, which is the first section of the paper. Tourism will grow at an international and domestic level. By 2020, there will be 1.6 billion international arrivals, compared with 0.6 billion international arrivals in 1996. The United Kingdom international arrivals will have doubled, from 26 million, to 53 million. However, we will have unfortunately slipped down to seventh in the league table of international tourism. In that mix, as fuel prices continue to increase, our long-haul international arrivals will decline, while shorter-haul international arrivals will increase.

9.40 a.m.

[11] In north Wales's context, we have only 1 per cent of that international arrivals business. Wales has around 4 per cent, and, therefore, we feel that there is scope for more business to reach Wales, and north Wales, from overseas. We do not currently have a big share, and we do not know whether the fact that the Olympics are being held in London in

2012 will help our cause, or make it more difficult for us.

[12] Looking at the domestic scene, we see that current tourism expenditure in north Wales is around £1.7 million, with around eight million staying visitors, 14 million day visitors and nearly 40,000 jobs. It is very important to the economy of Wales as a whole; it is 3.7 per cent of the whole economy value added in Wales. It is even more important at a regional level, because 33 per cent of tourism in Wales comes to north Wales, and 5 per cent of UK tourism comes into this corner, where we only have 1.25 per cent of the UK population. So, I am trying to emphasise here that, at the national level, we do a lot in tourism and it is very important for us.

[13] At a time when international and global tourism is set to increase, we have assets and threats, such as those from budget flights in and out of Liverpool John Lennon and Manchester airports, and this leads us to ask whether we have the right overall policies in place. Will the European Union tourism strategy and the renewed Lisbon strategy support us? We believe that the Welsh Assembly Government will undoubtedly support us in 'Achieving Our Potential 2006-13'. We also have the support of the recent North Wales Economic Forum strategy to improve the north Wales offer, which has a particularly important theme 5, which is trying to improve the lot of residents and businesses and, importantly, to encourage tourism into the region. We have our own strategy, 'Planning Tomorrow's Tourism Today', which reflects on all of those. Even at the local government level, there are, more often than not, separate tourism strategies in all six unitary authorities in the region.

[14] The second section of my report concerns businesses in tourism. How many are there? My latest estimate is that there are just under 8,000 in Wales, and around 4,000 of those are represented in this region. There are a number of other businesses that are related to, or dependent upon, tourism. They range from hotels and bed-and-breakfast accommodation, to lodges, self-catering caravans and camping and so on. They are mostly micro-businesses, and, therefore, they need extra tender loving care in order to flourish. The micro-businesses account for 80 per cent of businesses in the tourism sector. It is particularly important for these businesses, and the larger ones, that the right advice is available through professional organisations, companies and agencies. Is the source of business tourism support accessible, of the right quality and of the right specialisation?

[15] Tourism touches on three areas of development: product development, which I will discuss in a second; promotional development, in terms of how we improve the marketing; and people development. I would like to discuss those three areas. My first question is: is the right infrastructure in place? Are the right roads being built, and are the right connections being made on rail? My second question is: does 'Achieving Our Potential 2006-13' reflect a good consensus in terms of what will be Government objectives and what will be those of industry? There has been extensive consultation to launch that, and I believe that that has achieved a good balance between the two sides of the equation.

[16] On the third strand, namely whether the public sector provides the level of support that visitors demand, first impressions count. You would have a different impression of each community when you arrived in, for example, Bangor, Llandudno, Rhyl or Betws-y-coed. Is enough being done to create the right impression? The most positive way of doing that is through integrated quality management. The regeneration structure prevalent in most of the authorities in north Wales will help that to move forward. There is a challenge, not only for the tourism department, but for other departments in local government with regard to how they move items up the agenda in terms of first impressions—whether in terms of public conveniences, tourism signage, bus shelters that serve residents as well as visitors, and so on.

[17] Superstructures are another sub-section. There are numerous policies in place; do these give the right steer to businesses? There is a plethora of stuff on the websites, but do

they give the right steer with regard to the right direction for businesses? The second section is the planning process, which has to be reasonable timely to enable projects to take place. Do they take account of the special circumstances prevailing in our national parks and areas of outstanding natural beauty? If a business intends to go ahead and make improvements, is there accessible advice for new and existing businesses? Is that advice sufficiently specialist for what they intend to do?

[18] Finally, but by no means least in this section, Wales has had the benefit of section 4 grant aid since around 1969, and that has certainly enabled the tourism industry to prosper. Will there be a continued specialist source of funding to protect the interests of the tourism industry and to enable the reinvestment that we need? We must not forget that while a tourism job may not be glamorous, it has a high lifetime value. If you are building a hotel today, those jobs may be there for 20 to 25 years, compared with some industrial developments that may not provide that. Of course, the job is also definitely not exportable—it is here.

[19] My final section, in terms of product development, is again about customer assurance schemes. Our grading schemes were featured on the television very recently, but are they being promoted adequately and are they meeting the customers' needs? Are the statutory standards schemes, for example, for food and fire regulations, which are operated by the public sector, supporting business and meeting customers' needs?

[20] I now move on to promotional development. There are two sections here: one is international promotion. I have already questioned whether VisitBritain is doing enough for us and whether a sufficient feature is made of the international arrival points, such as Liverpool John Lennon airport, Manchester airport and Birmingham international airport, in all the campaigns that are being produced, and not just within regions, but within Wales on a wider basis.

[21] Moving on to the national Wales brand, I think that we all very much sign up to brand Wales at this time. There are a lot of marketing campaigns out there. Are there too many, and does that make it difficult for businesses to decide where to invest their scarce resources to bring in more business? European Union Objective 1 funding has led to a significant increase in the funds that are available for marketing purposes, and there have been many new campaigns, the majority of which I am certain have been hugely beneficial. However, are they sustainable after the end of the Objective 1 scheme? Has it led to a period of duplication rather than a period of working together in partnership in order to get the best mix? I think that that is an important aspect to bear in mind as bids and pro forma begin to come forward for the EU convergence funds.

[22] I wish to make two more points under the branding and marketing of Wales. Tourist information centres have always been an important component, but the number of inquiries has reduced, and technology and customer patterns are changing. Therefore, do the centres continue to remain an integral part of the visitor offer? The final point here is that VisitBritain spends the majority of its marketing budget on internet and new-media marketing. Small businesses must take a huge step to get to that level of activity. Therefore, what support is needed for that transition, to move increasingly away from traditional media to new-media marketing?

[23] The last section that I will focus on is support for people development. Without the right people in place to deliver to the visitor, all that product promotion will be pointless. My first question is: we have four sector skills councils serving tourism, but is that too many organisations? Are they adequately connected and networking with each other in order to bring in people of the right quality, with the right experience, to serve visitors? Are the right messages being provided? Is sufficient emphasis being put on vocational careers, which are very important for the tourism and hospitality sector, and is the right influence being applied

to encourage young people into this sector? Are the right career paths in place to retain those people? If people are coming in and out of the industry, is there adequate access to training to re-skill them? Are the levels of reward competitive, especially in our rural areas? I have covered a series of points through a focus on tourism, but Mike would endorse the fact that a significant number of those points affect businesses in general across north Wales.

[24] **Christine Gwyther:** Thank you, Dewi. Mike, you are speaking on behalf of the whole of the FSB on this, are you not?

9.50 a.m.

[25] **Mr Learmond:** Yes. First, I just want to endorse what Dewi said. I should point out that I have only been in post for four weeks, and that Graham Shimmin, the national deputy councillor, was supposed to be talking on behalf of the FSB. If any questions come up for the federation, I will probably not be able to answer them—I have to be fair—but I promise that I will come back to the committee at a later date, so, please put the questions to me, and I promise that I will get you the answers that you need.

[26] One point that I would like to make, which Dewi brought up earlier, is about business support for small businesses and micro-businesses. In a recent survey that we have just had published, called ‘Lifting the Barriers to Growth 2006’, which is a survey that we hold every two years with 195,000 of our members, we saw that the actual take-up and knowledge of business support services was very poor. In fact, only 7 per cent of those of our members who responded to the survey took advantage of support services such as Business Eye. That particular issue needs to be addressed and the services need to be marketed better than they are at the moment. I thank Dewi for raising that.

[27] **Christine Gwyther:** We will now take questions from Members to Mike and Dewi, and then we will move to the next presentation.

[28] **Janet Davies:** My first question is to you both, really, and it deals with the next round of structural funding and convergence funding, and the way in which the emphasis is moving to more strategic funding. How do you see that affecting you both, in different ways, and how do you think that you will be able to deal with it? This is more for Mr Davies: do you think that hotel standards are adequate in the north, and, if they are not, how are you looking to improve them? I will leave it at that; although I have other questions, I could blot out everyone if I asked them.

[29] **Christine Gwyther:** Ann, do you want to come in on hotels?

[30] **Ann Jones:** Yes, I do. It will not come as a surprise to Dewi that I want to come in—I could probably answer Janet’s questions. I get embarrassed when people ask me where they can stay in north Wales. We know that the huge businesses that we are trying to attract into the area use Chester for hotels, because they want quality. As you all know, Chester is outside Wales. This situation hurts me. In addition, on that point, I wanted to ask you about skills, because you posed that question, but I want to throw it back. If the operators will still pay only a minimum wage, without caring about who they take in to be chambermaids, porters and cleaners in the hotels, then how do we improve that image?

[31] **Mr Davies:** With regard to European Union convergence funds, they create a huge opportunity. My concern is about how tourism will get a reasonable share of that budget. It is neither a priority nor a measure, nor is there a distinctive pot set aside for tourism, although, if you look at the Lisbon papers, culture and heritage tourism is identified there. Therefore, it will be quite a challenge for tourism projects to be successful. They will have to come down innovative streams, using new technology, and they might have to work with other partners

and not just be a specialist tourist scheme, but a wider scheme, in order to get over the hurdles to become successful applicants.

[32] Holding the funds at a strategic and higher level may be advantageous. That is to do with some of my comments in my paper, in that we have seen a plethora of projects—and we are all delighted to see them happen—but, when the additional funds are there, they may possibly lead to duplication. Therefore, controlling them at a different level in order to avoid duplication and using the resources more effectively would be advantageous, particularly if that leaves products that have been developed and are far more sustainable post 2013, because there are currently numerous schemes that have had the benefit of EU funding under Objective 1 and, as the cash comes to an end, so the whole project ends, and it does not leave a legacy. Leaving a legacy is even more critical post 2013. That would be my comment on Objective 1. Do you want to come in on that point, Mike?

[33] **Mr Learmond:** One of the points that Graham was hoping to make here today was that he feels that it is unfair that a business struggling in Gwynedd may have a grant available to it while a business struggling in Flint may not. He was keen to argue the case that a business struggling is a business struggling, no matter where it is located. He wanted to see a standardisation of grant systems across the region.

[34] **Mr Davies:** On the second point on the quality of the accommodation stock, north Wales has had the benefit of section 4 financial aid since around 1980. I would be incredibly downhearted if I thought that that scheme was not in place, because the quality of the products would be pretty abysmal by now. Therefore, that scheme has enabled results like those seen in Llandudno and in communities such as Rhyl, which have benefited from section 4 over time. However, the truth is that the period of investment might be five years, and it needs a further reinvestment. The profitability in some businesses does not enable continuous reinvestment over numerous years to get it to that point, but I would argue that there are excellent projects in north Wales and Wales generally. There are some very high quality hotels, which mean that it is not necessary to stay in Chester.

[35] Let us consider some of the more recent projects. Starting in the east, there is the Ramada Plaza Hotel, which has 85 four-star quality bedrooms. A product is being developed in Deganwy, which has another 60 to 70 four-star quality bedrooms, and we have seen investment close to this community, historically, in places such as Bodysgallen. So, I think that the product is there; it is just a question of distribution, which may be in need of improvement, as well as more spatial targeting of the funds. In that context, the Wales Tourist Board—now Visit Wales—has supported tourism growth areas, and that has focused a greater share of the cash to communities. Llandudno, Conwy and Deganwy have all benefited as strategic tourism growth areas. Caernarfon and Wrexham have also benefited, along with Llangollen and the Dee valley. To a degree, a smaller pot of funds has been provided to rural tourism growth areas, such as Betws-y-Coed. So, I think that, undoubtedly, the overall product has improved over the past 20 years. There is a need to continue and not take the pressure off the gas pedal otherwise we will slip back pretty quickly. At another level, to ensure that the quality is maintained, they need regular visits and reviews to ensure that the standards that they proclaim to have are promoted and continue to be achieved. Do you want to come in on that section as well, Mike?

[36] **Mr Learmond:** No, I am quite happy with what you said.

[37] **Mr Davies:** On the skills level, it is about providing a career path to people who come in to the industry. It also re-presents the position of a job in the hospitality and tourism sector, which were often called ‘candy-floss jobs’. Thankfully, through the minimum wage, the rate of payment has undoubtedly increased. If you compare a job in many other sectors nowadays, you will see that they are not that different from jobs in tourism. For example,



offering flexible working hours is a core value in the retail market in supermarkets such as Tesco, Asda and Morrisons. A job in that sector competes with a job in the hospitality sector. I think that the gap that used to be there several years ago has narrowed, but the stigma remains, and non-sociable hours have always been a challenge. People work non-sociable hours in Tesco, but staff there do not seem to complain about that. So, positioning the industry and providing the right career information and skills are important. I think that the reward levels have caught up to a degree, but in order to secure and retain people you must continuously build on that level.

10.00 a.m.

[38] **Alun Cairns:** I would like to pursue a couple of points that were raised in your last answer, but also some from your earlier answer. One point is on section 4 grants. Do you see that the fluidity of funds remains where it used to be, or have you seen more of a tightening of the purse strings of late? What sort of feedback is there on that?

[39] Secondly, you have not yet mentioned coastal town regeneration; what focus is there, or what focus would you like to see, on that?

[40] Thirdly, there is a plethora of training courses available, because some of these organisations, particularly Education and Learning Wales, did not get to grips with the situation and it ran completely out of control. So, with all credit to the small operators, there was no opportunity to tap into a logical sequence of training initiatives that would make a difference in improving their product. What would you like to see in that regard?

[41] Fourthly, in your initial presentation, you asked what VisitBritain was doing to promote Wales, and whether it was doing a good job. You asked us the question, but perhaps you could give us the answer.

[42] **Mr Davies:** In terms of budgets for section 4, the core budget of around £3 million to £4 million was significantly inflated with Pathway to Prosperity and Objective 1 funding, to an average of around £10 million to £11 million. That enabled an acceleration of investment. That will now step down unless the tourism sector is able to access funds through other Government pots. That is where I made the comment on how important it was that the tourism sector was viewed as important, and not ignored, because the cost per job generated may not be as exciting as it is in some high-tech sectors. When we reflect on how important it is as a sector to the economy of this region, we see that we cannot afford to ignore it or we will see a further decline in the tourism sector. So, it is about continuing to emphasise the importance of those possibilities through convergence funds to re-engage and access more of that money again. That will enable our product to improve, and we have just reflected on some superlative projects coming on-stream, such as the improvements to the north Wales conference centre in Llandudno. If we had not done work on section 4 and Objective 1, Llandudno would be seriously challenged as a conference destination. Communities across the four counties in north-west Wales continue to benefit, and I consider it to be vital to continue with the scale of investment that has been achieved, rather than see it tapering down in one way or another; otherwise, we will become a much less sought-after tourism destination. The important part for us is to identify the best priority projects that fit into European, national, regional and local government strategies.

[43] In a way, that ties in with coastal town regeneration, and I welcome the fact that Visit Wales and the Assembly Government are now working on a Welsh coastal tourism strategy. Work is in progress looking at how the economies are faring in our resorts. Rhyl is one of 43 resorts in the UK that have been explored by looking at employment levels and the percentage of economically inactive people, and we are starting to consider how we can improve those levels. Referring back to some projects already in the pipeline, such as Drift park in Rhyl and

the conference centre in Llandudno, they are good examples of where the cash is going to try to make them more competitive as destinations.

[44] On training, I would concur that there are numerous courses. From my experience, the industry has found, particularly as microbusinesses, that it is unable to release time for staff to go on training courses, however important they may be. The emphasis is not on providing numerous additional modules but on getting the training to the business. Many businesses do not want to leave the site, and providing a high percentage of training on site would be welcomed by the tourism industry. That has a higher premium but our experience shows that it has been welcomed.

[45] With a project such as benchmarking for attractions, which we engaged with through the Profit through Productivity programme, much of that delivery was on site, and it led to a significant improvement in the competence of those businesses through one-to-one, small-team training. That is even more critical in information and communications technology. I look at projects going on in Llandudno, where specialists in ICT have sat with hoteliers on a one-to-one basis to get them internet-savvy, and I see people who have had very little faith and confidence working in isolation appearing to benefit from that and seeing very quick results in their ability to work with the net to create direct business.

[46] On VisitBritain, it is a case of taking a constant drip-drip approach to ensure that it never forgets about Wales, and it is good to see that the chair of the tourism advisory panel will also be on the VisitBritain board, but we have to continue to work at it. Wales has had its own powers since the mid 1990s to market directly overseas, and we have to continue to do that as long as it shows a reasonable return on investment.

[47] **Alun Cairns:** I am conscious, Mr Davies, that, with the greatest respect, many of the questions that we are asking should be directed at the Minister, but we are grilling you on it. You are the one who is doing it, but perhaps it is the Minister's responsibility.

[48] **Christine Gwyther:** Well, we want to know what the witnesses feel.

[49] **Alun Cairns:** You talked about the Welsh coastal tourism strategy in your response to me, Mr Davies. What funding is following that and is it sufficient, in your view? What sort of spending is it planned to go on? Would it be on infrastructure or training? It is probably better to ask what sort of investment it is.

[50] **Mr Davies:** This time, I cannot give you an answer, because the strategy is in the process of being drafted. It tries to take on board the product development, promotional development and people development aspects. That study will draw to a conclusion in the next couple of months for wider consultation.

[51] **Alun Cairns:** Has any indication of funding been made available to it as yet?

[52] **Mr Davies:** Not that I am aware of, no.

[53] **Alun Cairns:** Thanks for your help.

[54] **Carl Sargeant:** I have a couple of points to raise, if I may. On the training element, which I suppose overlaps with the support aid that you have been saying has been coming in since the early 1980s, I am not a huge supporter of investing in hard structure; I am more for thinking about the long term and investing in people. We have to consider the sector skills councils, which you mentioned before. There are four of them, and you raised the question of whether there are too many. An interesting statement made by the Confederation of British Industry is that we should be preparing people to be work-ready with their soft skills—skills

such as being on time for work and having basic mathematics and English—and then the industries can prepare them for what they want, as opposed to their being prepared for what we think they want. As a scheme user, how do you think we can enhance people's skills with supporting grants? You touched on the difficulty of accessing training and people having to go to training rather than the training coming to them.

[55] My second point is directed more towards Mike and is on the cross-border issue. You represent Chester and north Wales. We have to ask why people want to come to Wales. When people are looking through a brochure, they will say, 'I would like to go to Wales because...'. Nothing has changed, particularly in Wales; it is still a beautiful country and yet we attract only a small percentage to north Wales—did you say 1 per cent? In Chester, there is a huge market for tourism. I might be wrong, but people go to Chester and your members will be looking to attract the people who come to north Wales to go over to Chester and to interact in England. That is part of our spatial planning; we are looking at working together regionally. How do you see your members in Chester supporting the people in north Wales—the other way around? How we can focus more on north Wales? May I have responses to that before I move on?

[56] **Christine Gwyther:** Certainly. You can then come back.

10.10 a.m.

[57] **Mr Learmond:** One of the things happening in 2008, of course, is that Liverpool will become the European Capital of Culture, and there are fantastic opportunities to attract people to north Wales from Liverpool. Personally, I have seen very little promotion of that, and 2008 is not an awfully long time away, and there should be a marketing campaign for Wales to promote that.

[58] In terms of cross-border issues, not only are we attracting visitors from England, but businesses also trade across that border. At a meeting that I attended a few weeks ago, which was entitled, strangely enough, 'cross-border trading for small businesses', the point was made that businesses do not really recognise the border between England and Wales. There are certain legislative differences between businesses, but in terms of the trading itself, it makes no difference whatsoever to businesses, which are quite happy to bring their customers from the Chester region into north Wales. As to how they will do that, it was quite interesting to hear from an FSB member from Moneypenny. I am sure that many of you are aware of this business; it is a secretarial service. That member set up business in Wrexham on a national basis, and she was having problems in attracting business from southern England. What she did was to take a very pragmatic view of that and set up a virtual address in London, and the business came flooding in. She was very happy to be based in Wrexham but, in being based there, she was not attracting the business that she wanted to attract, so she came up with an innovative solution to that problem, which has worked wonderfully for her, and she has been able to stay in Wrexham. Those are the sort of innovative ideas that businesses need to come up with, as does tourism generally, to attract people across the border.

[59] Also, there is more to Wales than pretty scenery and mountains and walking, and we need to promote those things. What we need to promote in particular is the food and the culture and all the reasons why you might go to visit a country abroad—you do not just go for the scenery. These are all things that Visit Wales can take on board and promote.

[60] **Christine Gwyther:** Can we just explore the Moneypenny scenario that you described? Is it enough to want to pretend that you are operating in a different part of the country? I would say that it is better to try to build up the reputation of the area that you are actually working in.

[61] **Mr Learmond:** Yes, but having said that, if that business is to survive, it needs to take action. In a perfect world, you are right, you would not need to take that sort of action, but I was very impressed that she came up with an idea to solve her particular problem, without single-handedly trying to promote Wales. Quite frankly, I do not think that she would have been able to do that. When the time comes and she can close down her virtual London address, then we will all applaud that, but my point is that businesses need to be innovative. From the Government perspective, raising Wales's profile and the national consciousness would mean that you do not have to do those things. However, it is all to do with entrepreneurship.

[62] **Mr Davies:** I can particularly commend the way things are going on generic skills, with the establishment of community colleges. I reflect particularly on the college in Denbigh, which has seen the number of people from the Denbigh community undertaking further courses double from 3,000 to 6,000. There has really been a net gain from locating the college in the community. It is a satellite of Coleg Llandrillo, which is equally well located for us in this region and provides specialised training of the highest standard—it has some of the highest standards in Europe in terms of the catering and hospitality elements. Clearly, there is a need to make further training and top-ups accessible, particularly in ICT, and that is the way it should go. In terms of Chester, we work with Chester; we have a joint venture dialogue on what initiatives are taking place in Chester and some of the publications that have been supported in north Wales sell Liverpool or Chester on their back page. We are cross-selling our respective areas in different campaigns. An important element over the years has been to provide information in Chester hotels on product and things to do in north Wales, because customers like to have an experience of the city and the country. We are currently working closely with Cheshire and Warrington Tourism Board, which is funded by the Northwest Development Agency, with a view to taking a kiosk in the local John Lennon airport within the next six months, which would, hopefully, make sense for two to three years post Liverpool 2008, in order that Liverpool is seen as one of the key gateways to Wales; it is the northern portal, along with Manchester and Birmingham, which I have mentioned before.

[63] Looking towards Liverpool 2008, we have done a considerable amount of preparatory work in identifying a business plan. The business plan has three strands. One is trying to provide a legacy and a dialogue with the local city council on whether we should establish an economic concordat, by means of which we discuss key projects with it, because that is a huge part of the west-east economic pattern within the region. We continue to have dialogue with the local city council and the Liverpool Culture Company Ltd. The dialogue has not been easy, but I believe that, now that we have appointed a specialist contractor to do some work, we will make more progress on the dialogue and on getting into the 60 to 70-strong team of the Liverpool capital of culture.

[64] There are two other areas of opportunity with Liverpool. One is to have events here in Wales that tie in with Liverpool during 2008. There are numerous themes to be working on, from maritime to sport, to cultural and heritage—families have migrated backwards and forwards between those two communities. Ideas have been put forward and are currently being reviewed. What events could we entertain holding in Liverpool itself? Anything that we would do there would have a very significant cost, but at one extreme you might say that we should hold an Expo Wales there for two or three days. However, that would involve a significant amount of assessment and investment and may not show the kind of yield that would merit doing that. On the other hand, there could be a number of entertainment events that we can tie in with. One particularly important one is a celebration on Liverpool's Pier Head of the sailing of the *Mimosa* to Patagonia in 1865. So, there are some low-cost items and there are potentially huge-cost items, and we are in the process of refining what would be appropriate from a regional perspective and that work will be completed by September this year, leaving us two years to deliver.

[65] **Carl Sargeant:** Thank you. Is it possible to have a note on that final point, Dewi? You said that there were difficulties in the engagement with the Liverpool capital of culture. Is it possible to have a note about the difficulties that you are experiencing so that the committee can look at that at a later date? I have two final points, Chair. Michael mentioned Business Eye and the very poor take-up of it among your members; you did not say why that was the case. Could you elaborate on that? Also, going back to what I said earlier about why people want to come to Wales, the programme that you mentioned earlier about the grading scheme in Wales was probably very damaging to an already fragile economy. We are not isolated in this in north Wales—there are some very good quality hotels, there are some mediocre hotels and there are some very bad ones, and the same is true across the UK. However, in north Wales, the numbers involved are a lot smaller, so the impact is more problematic. As an organisation, what are you doing to manage that issue? Is there some self-governance to be had, with regard to people promoting their accommodation as four star, when you probably would not want to stay there yourself? Are you doing something as an organisation to take control of that?

10.20 a.m.

[66] **Christine Gwyther:** Are you talking about whistleblowing?

[67] **Carl Sargeant:** I do not know what it takes, Chair. I am not sure how you would police that. It impacts on everybody. If I go to an area, and I think that I have bought four-star quality accommodation over the internet, and I arrive but it is probably two star, then I would be very reluctant to go back not only to that hotel but also to that area if I think that I have been sold a fish. We need to manage this. In north Wales, the market is a lot tighter than in other areas, because of the numbers involved. We have to get a grip on the grading system. People want quality, and people will come back if they receive good service, and I think that that is what we have to get a handle on.

[68] **Christine Gwyther:** I am sure that we will come back to this with North Wales Tourism later on in the morning. If you will refer briefly to that, Dewi, we will go on to Business Eye, Mike.

[69] **Alun Ffred Jones:** I have a question.

[70] **Christine Gwyther:** Yes, I know. I have you on my list; you are next.

[71] **Mr Davies:** Briefly, there was a hard-hitting television programme, but, fortunately, it was not, in the main, seen by our customers from outside of Wales. Around 9 per cent of our customers in north Wales come from Wales, so it was not seen by a wide audience of our customers. The majority of these types of programmes do not give some of the key facts, and the fact is that there are less than 500 complaints to Visit Wales per annum, the huge majority of which are about properties that are outside of the Visit Wales grading scheme, and, therefore, are less professional operations. That information does not come out, because it is not sufficiently sensational. The issue here is that the tourism industry, supported by the Welsh Assembly Government and the Wales Tourism Alliance, is keen to see statutory registration come into play, and that is on the list. By having statutory registration, you will eliminate the scenario whereby you have businesses trading at that non-professional level. So, that is a step to be put in place, and I think that that will happen within the next few years.

[72] I come back to the issue of the overall impression, and of how a resort or a community looks good. It is about introducing this concept of integrated quality management, which is a form of Investors in People awards for tourism resorts, which involves a considerable degree of preparation and investment, which is ongoing.

[73] **Mr Learmond:** In terms of answering your question on Business Eye, the results of this survey were only published last month, so at the moment we only have the bare bones in terms of answers to the questions in the survey. If we do what we have done in the past with previous surveys, then we will be producing a series of reports on various subjects, ranging from business, crime and transport through to what type of people start a small business and what access there is to outside support. Of the small number of people who accessed the Government support, more were satisfied than not, so that is something to take away. At the moment, as I say, I only have the bare bones of the answers. However, I would guess—if I am allowed to guess—that it is to do with the marketing of these organisations. Certainly, as someone who has worked for many years in small businesses, I know that there is so much information around that you do not have enough time to dig through it all to find out what is available to you. The answer may be to target particular businesses with particular support organisations, rather than just doing general media advertising.

[74] **Alun Ffred Jones:** Madam **Alun Ffred Jones:** Madam Chair, do you Gadeirydd, a ydych am imi ofyn fy want me to ask all of my questions together nghwestiynau gyda'i gilydd neu ar wahân? or separately?

[75] **Christine Gwyther:** How many have you got?

[76] **Alun Ffred Jones:** Pedwar. **Alun Ffred Jones:** Four.

[77] **Christine Gwyther:** That is fine, then.

[78] **Alun Ffred Jones:** Yr wyf wedi bod yn edrych ar rai o'r ffigurau ac mae gennyf gwestiwn ffeithiol. O ran ymwelwyr, a yw gogledd Cymru wedi gweld lleihad yn nifer absoliwt yr ymwelwyr dros y blynyddoedd diwethaf, neu a yw'r ffigurau'n mynd fel arall? Dyna gwestiwn eithaf sylfaenol. **Alun Ffred Jones:** I have been looking at some of the figures and I have a factual question. In terms of visitors, has north Wales seen a reduction in the absolute number of visitors over the past few years, or do the figures show otherwise? That is quite a fundamental question.

[79] Yn ail, o safbwynt brandio, cawsom gyflwyniad diddorol gan un o weithwyr Croeso Cymru. Yr oedd yn ddiddorol gweld y themâu yr oeddech wedi'u dewis ac yn eu gwthio yn eich hysbysebion o fewn Prydain a thramor. Y cwestiwn a ofynnais oedd, i ba raddau y mae'r diwydiant wedi prynu i mewn i'r weledigaeth honno, ac i ba raddau yr adlewyrchir y weledigaeth honno yn y croeso a gynigir mewn gwestai, yn benodol? Sut fyddwch chi'n cysoni hynny? Yr wyf wedi eich clywed chi'n gwneud y pwynt, Mr Jones, ynglŷn â'r gweithlu, er enghraifft, lle mae gennyfych ganran uchel iawn o bobl o dramor, erbyn hyn, yn gweithio mewn llawer o westai—nid bod hynny'n ddrwg ynddo'i hun. Serch hynny, mae'n ymwneud â'naws y croeso sydd yma. Felly, beth a wnewch chi i geisio cysoni hynny a gofalu bod y brandio a'r hysbysebu yn adlewyrchu'r hyn sy'n digwydd ar lawr gwlad? Fel arall, byddwch yn gwerthu twyll—nid fy mod yn awgrymu y byddech yn gwneud hynny. Mae'r cwestiwn Secondly, in terms of branding, we had an interesting presentation from a Visit Wales worker. It was interesting to see the themes that you had selected and were promoting in your advertisements within Britain and abroad. The question that I asked was, to what extent has the industry bought into that vision, and to what extent is that vision reflected in the welcome offered in hotels particularly? How will you ensure that there is consistency? I have heard you make the point, Mr Jones, about the workforce, for example, in that you now have a very high proportion of people from abroad working in many hotels—not that that is, in itself, a bad thing. However, it involves the quality of the welcome on offer. Therefore, what will you do to try to ensure consistency and to ensure that the branding and advertising reflects what is happening on the ground? Otherwise, you will be selling a falsehood—not that I am suggesting that you would do that. This question is on creating consistency between

hwn yn ymwneud â chysoni'r brandio a'r hysbysebu. the branding and the advertising.

[80] **Christine Gwyther:** We are actually talking to the witnesses in this item. We will have a round table discussion at the end of the morning.

[81] **Alun Ffred Jones:** Iawn. Mae'r un cwestiwn yn berthnasol i Dewi Davies gan ei fod yn gyfrifol am y diwydiant yn y gogledd. **Alun Ffred Jones:** That is fine. The same question is relevant to Dewi Davies, as he is responsible for the industry in north Wales.

[82] Yn drydydd, yr ydym wedi bod yn sôn am ddenu ymwelwyr o'r tu allan i Brydain. Mae'n debyg mai un o'r strategaethau yn Lloegr yw defnyddio Llundain fel porth, ac yna mae canolfannau eraill—mae'n siŵr bod Caer yn un ohonynt—yn elwa ar hynny. Beth yw'r polisi yng Nghymru o ran denu ymwelwyr o dramor? A ydych yn defnyddio Caerdydd fel porth, ac, os felly, sut ar y ddaear y bydd gogledd Cymru yn elwa? Thirdly, we have been talking about attracting visitors from outside Britain. One strategy used in England, it seems, is to use London as a gateway, with other centres—I am sure that Chester is one of them—profiting as a result. What is the policy in Wales in terms of attracting visitors from abroad? Do you use Cardiff as a gateway, and, if so, how on earth will north Wales benefit from that?

[83] Yn olaf, crybwyllwyd Lerpwl a'r cyfleoedd sy'n dod yn sgîl bod y ddinas honno'n brifddinas diwylliant Ewropeaidd. Soniasoch am y Mimosa fel un digwyddiad a gofnodir. Digwyddiad arall y dylid ei gofnodi yw boddi Cwm Celyn gan gyngor dinas Lerpwl. Mae ymddiheuriad wedi dod gan Lerpwl, ond mae cyfle yn awr i Lerpwl gyfrannu tuag at sefydlu cofeb yng Nghapel Celyn, a fyddai, yn ei hun, yn dod yn atyniad ymwelwyr. A yw Croeso Cymru yn gwneud unrhyw ymdrechion i hyrwyddo'r syniad hwnnw? Finally, Liverpool, and the opportunities that arise in the wake of that city becoming the European capital of culture, was mentioned. You mentioned the Mimosa as one event that will be commemorated. Another event that should be commemorated is the drowning of Cwm Celyn by the city of Liverpool corporation. Liverpool has apologised for this, but there is now an opportunity for Liverpool to contribute to the establishment of a memorial at Capel Celyn, which would, in itself, become a tourist attraction. Is Visit Wales making any efforts to promote that idea?

[84] **Mr Davies:** Diolch yn fawr. Yn gyntaf, ynglŷn â nifer yr ymwelwyr sy'n dod i ogledd Cymru, mae'r nifer wedi cadw'n weddol gyson dros y 10 mlynedd diwethaf. Mae newid yn y patrwm, gyda mwy o bobl yn dod am wyliau byr a llai yn dod am wyliau hir. Wrth edrych ar nifer yr ymwelwyr dydd, yn arbennig dros y tair blynedd diwethaf, gwelwn fod y nifer wedi cynyddu. Yng Ngwynedd, mae astudiaeth STEAM yn profi hynny, gan ddangos pa mor gyfleus yw gogledd Cymru i ogledd-orllewin a chanolbarth Lloegr. **Mr Davies:** Thank you. First, on the number of visitors who come to north Wales, the number has remained quite constant over the last 10 years. There is a change in the pattern, with more people coming for short breaks and fewer people coming for long holidays. If you look at the number of day visitors, particularly over the past three years, you will see that the number of visitors has increased. In Gwynedd, the STEAM review has illustrated that, showing how convenient north Wales is to north-west England and the midlands.

[85] Gan droi at yr ail bwynt ar y gwaith brandio a wneir gan Croeso Cymru, mae'n bwysig iawn, yn y system bresennol, i ddod â brandio i'r diwydiant. Mae'r diwydiant wedi Turning to the second point on the branding work done by Visit Wales, it is very important, with the system that we currently have, to introduce branding to the industry.

bod yn fwy na chefnogol i ymgyrchoedd diweddar y bwrdd croeso megis Wales—The Big Country. Y cam nesaf yw lledaenu brand Cymru i'r busnesau. Yr ydym yn gweithio gyda Croeso Cymru i'r perwyl hwnnw. Yr ydym hefyd yn edrych ar frand gogledd Cymru, a sut y gallwn sicrhau ei fod yn cydymffurfio â brand Croeso Cymru.

The industry has been more than supportive of the tourist board's recent campaigns, such as Wales—The Big Country. The next step is to roll out the Welsh brand to businesses. We are working with Visit Wales to that end. We are also looking at the north Wales brand, and how we can ensure that it is compatible with the Visit Wales brand.

10.30 a.m.

[86] Un pwynt ynglŷn â'r diwydiant yw bod pobl yn newid, ac mae mwy o bobl o dramor yn gweithio mewn gwestai, megis Gwesty'r Celt. Mae'r cynllun croeso, welcome host, yn dal ar gael, ac mae Coleg Llandrillo wedi paratoi cynllun y gellir ei ledaenu hwnnw i wahanol ardaloedd yng Nghymru neu ym Mhrydain. Yn rhan o'r cynllun hwnnw, mae hyfforddiant yn cael ei roi i bobl sydd wedi symud i mewn. Mae hynny'n cynnwys y gwasanaeth yr ydym ni'r cwsmeriaid yn ei ddisgwyl ac yn esbonio dogfennau cyflogres ac ati.

One thing in particular about the industry is that people change, and there are now more people from abroad working in hotels, such as the Royal Celtic Hotel. The welcome host tourism scheme is still available, and Coleg Llandrillo has prepared a scheme that can be rolled out to different parts of Wales or Britain. Under that scheme, training is provided to people who have moved in. This includes the service that we as customers expect and it explains payroll documents and so on.

[87] Yn gyffredinol, mae'n dda gweld bod y busnesau sy'n defnyddio pobl o dramor yn cynyddu eu trosiant. Mae'r trosiant hwnnw yn helpu ac yn cael ei wario yn lleol yng Nghymru. Felly, heb eu help hwy, byddai'r diwydiant wedi ei chael yn llawer caletach dros y blynyddoedd diwethaf. Mae hwnnw'n batrwm byd-eang y mae'n rhaid inni fyw gydag ef tra bôm yn ceisio sicrhau na chollwn ein sefyllfa unigryw. Un o brif bolisiau ein strategaeth leol, a pholisi twristiaeth Cymru, yw cryfhau naws am le unigryw, gan wneud hynny'n gliriach, efallai, drwy roi arbenigwyr yn y gwestai i sicrhau safon ystafelloedd, i sicrhau bod y defnydd a wneir o'r dderbynfa yn gymeradwy ac i sicrhau bod y croeso yr ydym yn awyddus i'w gael yn cael ei gynnig.

Generally, it is good to see that businesses that use staff from abroad are experiencing an increase in their turnover. That turnover is helping, and is spent locally in Wales. Therefore, without their help, the industry would have found matters a lot harder over recent years. That is a global pattern that we have to live with while seeking to ensure that we do not lose our unique position. One of the main policies of our local strategy, and a Welsh tourism policy, is to strengthen our sense of uniqueness, promoting that more clearly, perhaps, by placing specialists in hotels to ensure that rooms are of the right quality, that the use of the reception is acceptable, and that the welcome that we are keen to receive is given.

[88] O ran marchnata dramor, yn hanesyddol, mae Croeso Cymru—Bwrdd Croeso Cymru gynt—wedi blaenoriaethau'r Unol Daleithiau, yr Almaen, Ffrainc, yr Iseldiroedd ac Iwerddon fel y prif farchnadoedd, gan wneud y rhan fwyaf o'i waith marchnata yn y gwledydd hyn. Wrth gwrs, yn draddodiadol, pan ddaw pobl i Brydain am y tro cyntaf, maent yn dueddol o fynd i Lundain; y sialens yw eu perswadio i ddod, ar eu hail, trydydd neu bedwerydd

With regard to overseas marketing, historically, Visit Wales—previously the Welsh Tourist Board—has prioritised the United States, Germany, France, the Netherlands and Ireland as the major markets, concentrating the majority of its marketing work in these countries. Of course, traditionally, when people come to Britain for the first time, they tend to go to London; the challenge is to persuade these people, on their second, third or fourth visit, to come to



ymweliad, i Gymru. Yr ydym yn eu croesawu drwy Lundain, os ydynt yn gyfarwydd â Llundain, neu drwy feysydd awyr Lerpwl, Manceinion, Birmingham a Chaerdydd. Maent i gyd yn cael yr un flaenoriaeth, a'r peth pwysig yw ein bod yn cadw llygad ar hynny.

Wales. We welcome them through London, if they are familiar with London, or through Liverpool, Manchester, Birmingham or Cardiff airports. We give them all the same priority, and the important thing is that we keep an eye on that.

[89] Ar y pedwerydd pwynt, ynglŷn â phlacc er cof am y Mimosa a cherflun arbennig ar gyfer Cwm Celyn, codwyd y pwynt hwnnw fwy nag unwaith gyda dinas Lerpwl. O barhau i weithio ar y pwnc hwn, credaf y bydd Lerpwl yn barod i wneud cyfraniad; mae cefnogaeth glir eisoes gan Gyngor Gwynedd.

On your fourth point, about a plaque commemorating the Mimosa and a special sculpture for Cwm Celyn, this point has been raised more than once with the city of Liverpool. By continuing to work on this matter, I believe that Liverpool will be prepared to make a contribution; Gwynedd Council has already given a clear indication of support.

[90] **Christine Gwyther:** Thank you for your evidence. I hope that you will be able to join in the round table discussion at the end, when we will also bring in the Welsh Assembly Government representatives for a good thrashing of the issues.

10.33 a.m.

### **Cyddfederasiwn Diwydiant Prydain—Cymru a Chyngor Sir y Fflint Confederation of British Industry—Wales and Flintshire County Council**

[91] **Christine Gwyther:** For this item, we have Jeremy Salisbury from the CBI, and, from Flintshire County Council, we have councillor Peter McFarlane. Welcome to you, and to Dave Heggarty, who is the chief regeneration officer for Flintshire. Jeremy, if you want to introduce yourself, we will then go on to Flintshire and take questions at the end.

[92] **Mr Salisbury:** Good morning, everybody. First of all, I thank the committee on behalf of the CBI for the invitation to attend this morning's meeting. It is very encouraging that Government is actively seeking businesses' views in this way, so thank you very much.

[93] The CBI represents companies that employ around about 50 per cent of the private sector workforce in Wales, and most of these companies will have engaged in some way with business support services in Wales. So, we feel extremely well placed to give evidence on this matter. You will be aware that my presentation is purely in relation to that business support; I will not be touching on the tourism aspects, which I think have been adequately covered already.

[94] CBI members believe that business support is a significant factor for companies operating in Wales, for users and providers. I class myself, as a chartered accountant working in north Wales, as a provider. We believe that it can be defined in two distinct ways, as set out in the paper. However, I will cover them directly. There is direct support for business, which is the financial, advisory and signposting services provided, but there is also Government-wide support in respect of what policies and support can provide in terms of infrastructure, the planning system, skills, education, learning and so on. The CBI has been at the forefront of these discussions with the Assembly Government for some time; we took part in the last Assembly review some five years ago, and we have been actively involved in consultation on 'Wales: A Vibrant Economy' and the merger of the Welsh Development Agency, commonly known as the bonfire of the quangos, as I am sure you are aware.

[95] The CBI believes that the general principles for business support should be demand-led, first and foremost. Companies are the end users of this, and they must determine what is required rather than what is put out there to be provided. It must be easy to access. I like to think that the private sector should be used more as a conduit to the business support services, and this ties in well with the FSB figures that only 7 per cent of business interacts with Business Eye. In my view, Business Eye is a positive model, but, unfortunately, the usage does not seem to be there.

[96] Business support needs to be extremely flexible—it is not about what is provided, but how. I also believe that there are certain gaps. Certain companies may feel that they fall out of the business support network and are unable to access it. It also needs to be valuable and relevant, and it is about the quality of delivery and the deliverers of business support services; they need to be proactive and experienced. I believe that there is a massive amount of enthusiasm among people who do this job, but sometimes it can fall short on the experience route.

[97] Generally, most business support services in Wales are provided by the private sector. A very important point that we want to make today is that public sector business support should only step in where the market is seen to be failing. It should not what we would call spoil the market by replicating products that are already available. There are significant grey areas on either side of that, but there is no doubt that it is a reflection from both sides of what is available. To do that, we need a clear framework, which is what we would like to see. We think that the Business Eye model is a very positive move forward; it is a good one-stop shop, and, from the CBI's perspective, we are very keen on it.

[98] Any business support service needs to be accountable. We must ensure that the quality is of the highest standard, that customers are satisfied and that we are getting value for money. Generally, we feel that business support services, as they stand, should be somewhat streamlined and rationalised. I think that it has been spoken about already, but the feeling is that there is quite a lot of confusion about where to go, how to access it and to whom you should be speaking. When the bonfire of the quangos and the merger was announced earlier this year, a shudder went through just about every council meeting I attended for the CBI. It was mainly a concern that there had not been a significant amount of consultation, but, having got over the initial shock and several aftershocks, we think that what is being proposed is a relatively useful procedural structure. In theory, we think that it can work well; it has started the rationalisation process, which is something that we are very keen to see. The jury is out, but we are very hopeful, and the CBI supports what is happening quite strongly.

[99] We would like to see that rationalisation continue progressively by looking at preparing in-depth examinations of the individual services and programmes that are provided by the Department for Enterprise, Innovation and Networks. The feeling is that much of the current economic development budget is still spent on delivering a diverse range of services aimed at a very broad customer base.

10.40 a.m.

[100] In summary, business support needs to be accountable, transparent in its delivery and demand-led. Customers need to have the opportunity to inform and shape what is being delivered, and they need to know what services they can expect and what they must do to access them. To assist them, there needs to be clear and agreed links between Government departments and businesses. I think that there is a great deal of mistrust in the private sector—and I include myself in that—about what is being provided, and that possibly has an implication for the figure of 7 per cent from the Federation of Small Businesses. There is a feeling that what is there is not of a particularly high quality. It is the old scenario of 'if you

pay nowt, you get nowt'. The private sector can do more to interact, but I also think that the public sector can do more to open itself up and allow the private sector to act as a conduit for presenting these business support services to the end users, namely the businesses themselves.

[101] I thank you once again for the opportunity to come here, and I will take whatever questions that I can and will do my best to answer them.

[102] **Christine Gwyther:** Thanks, Jeremy. We will take the Flintshire County Council introduction, and we will then go into Members' questions. Peter or Dave—I am not sure which one of you is going to lead on this.

[103] **Mr McFarlane:** Dave is going to lead. He has written the paper and he is going to be presenting it. I am offering moral support.

[104] **Mr Heggarty:** Thank you for the opportunity to come here this morning. This is quite a long paper. The views here are ones that I have expressed; they do not necessarily represent the views of the local authority. I have taken soundings from the other practitioners across the local authorities in north Wales, and the points that are made here are generally accepted across the whole of the region.

[105] I am trying to look at the wider structure and strategy of business support, so, although some specifics are referred to, the approach is really one of considering how we set about delivering support to businesses across the area, the structures that we have there at the moment and whether they are appropriate and fit for purpose, and the experience that we have in local authorities.

[106] As most people will know, local authorities have been involved in supporting businesses for a very long time. That started, probably, after the second world war and was done in a very formal way in response to local needs. Since 2000, local authorities have had a statutory responsibility for economic development under the Local Government Act 2000. So, we have a statutory legal responsibility to take cognisance of, and react to, the economic wellbeing of the area. The local authorities have looked to what they see as being the local needs, whether they are linked to poor job creation, regeneration—which has been referred to several times this morning—or meeting perceived gaps in what the private sector is delivering. A good example of that is where local authorities provide small workshop space. Most local authorities are the main landlord for small businesses, in terms of small workshops.

[107] In addition to land and property, local authorities have also been widely involved in providing a whole range of other assistance in terms of grants and loans. We carry out quite a wide-ranging role in land assembly. Major developments that might comprise business parks or town-centre redevelopments are often led by local authorities, again as part of the planning process. Two major developments are taking place in Flintshire, namely Warren Hall, which we are working on with the National Assembly for Wales, and Northern Gateway. Those will be the two major employment sites for Flintshire in the next 15 to 20 years. Incidentally, the private sector has been extensively involved in both of those.

[108] Local authorities also provide a whole raft of activities that are either directly or indirectly involved in business support. So, the contact that we have with businesses is extensive, and it is not simply about businesses coming to us to ask for a grant, but about businesses coming to us to ask for help with planning problems and problems relating to parking, highways and compliance with legislation, whether that is in health and safety, food legislation, licensing and so on. So, the local authorities have extensive daily contact with the business community. We would say that, in that respect, we are not only there to support businesses in terms of property and finance, but to support them in a whole range of other

ways, using the various regulatory powers that the local authority has. So, we try to use our planning, inspection and licensing powers in ways that are as positive and helpful as possible to the local economy. That is some of the background.

[109] Local authorities are currently operating with the Welsh Assembly to deliver business support on a contractual basis. That is quite a significant change. In Flintshire, we are currently delivering four contracts: we are working jointly with Wrexham on the local supply and development network; we are providing information and communication technology support grants to assist businesses to make more and better use of IT in their general business; we are delivering a contract called general support for business, which, as the name suggests, is a generalist programme that tries to identify particular business needs and help them appropriately; and there is also Business Eye.

[110] Wrexham, in addition, has a further contract called new business starts. In Flintshire, that contract is delivered for new business start-ups by a Wrexham-based company. So, already, we are starting to see quite a fractured process or situation emerging, whereby a co-ordinated approach towards business support and wider assistance for businesses is starting to be broken up. Together with Wrexham and the Assembly, we produced a programme called Flintshire and Wrexham supporting business, which was supported by the Assembly through the provision of staff. Unfortunately, that will be withdrawn from October this year.

[111] On section 3, we feel that because this process of providing business support is becoming increasingly fragmented, it is leading to confusion among local businesses. In the past, they were very familiar with dealing with local authorities, if they needed assistance, small grants and financial assistance. If they needed assistance with planning problems, they would come to the local authority. The difficulty that we now face is that the competitive contract bidding process that has been established means that, when local businesses come to the council, they more than likely have to go to a whole series of different providers, which are geographically scattered, and there is very little co-ordination or cohesion in the way in which those individuals deliver the service. Given that, it is very difficult for us to develop any kind of sensible links between those deliverers.

[112] The importance of regeneration has been raised several times this morning, and it is a key issue for local authorities. In regenerating an area, we are not only talking about the physical fabric of the area, but the community needs and regenerating that community for the people in that area. Key within that is regenerating the local businesses. Trying to develop a targeted approach towards business support when it is now being delivered on a contractual basis by a very wide range of deliverers is becoming increasingly difficult for us.

[113] This contractual arrangement for the delivery of business support means that trying to maintain the continuity of support becomes difficult. We are faced with regular rounds of contract bidding and a difficulty with maintaining staffing. Training and retaining staff becomes more difficult when we are faced with short-term contracts and when there is no guarantee that those contracts will be renewed. So, we could be in a situation wherein, in one part of the year, we are delivering one contract, which we fail to get renewed, and then, in the second part of the year, when we do not have it, the customers and clients out there who we are dealing with are faced with the problem of having to re-engage with a new deliverer.

10.50 a.m.

[114] Part of the problem for the local authorities is that we no longer see that we are part of a widely accepted business support strategy. It is difficult to see what that strategy is, and, in particular, what the role of the local authority is within that. I stress that we are involved in supporting businesses in a range of different ways, not least as landlords, and also in the statutory and regulatory process. We now find it difficult to understand how the Assembly

wants to proceed with supporting businesses, and, in particular, what role the local authorities should be playing within that.

[115] **Christine Gwyther:** Before I take questions, someone in the room has a mobile phone or BlackBerry switched on, and our technicians are experiencing difficulties trying to get a decent sound. So, will everyone check their phones, please? Is no-one going to own up to it?

[116] **Alun Cairns:** The transmitter is off, so it is inert.

[117] **Christine Gwyther:** Does that mean that that BlackBerry is switched on, Alun? I want the whole thing switched off, if you do not mind. As you know, that is the rule, and our technicians have asked for that.

[118] I will move on to the questions, and I will begin. My question is to Dave, and it builds on the theme that you have mentioned already, namely the difficulty of having service level agreements for a certain amount of time, which then run out. First, can you tell me how long those contracts tend to be for; are they for three years or are they annual?

[119] **Mr Heggarty:** They are often for three years on an annually renewable basis. So, they could be as short as one year.

[120] **Christine Gwyther:** Thank you. I will now bring Members in.

[121] **Alun Ffred Jones:** Thank you for those presentations; they were very interesting. I should have apologised for arriving late; this was due to the difficulties of getting through Bontnewydd in the morning. Unfortunately, the Minister is not here to hear that.

[122] I am a bit confused. In the report, the CBI says that it is looking for the further streamlining of activities, even though Business Eye has been established as a one-stop shop, which I would have thought would have eradicated the confusion. The evidence from the local authorities was most disturbing. It was said that there is little cohesion, and that there is uncertainty about the role of the local authorities, which is a pretty damning indictment of the situation. It is confusing, because, as you rightly point out, the Local Government Act 2000 gave local authorities a statutory responsibility for the economic, environmental and community wellbeing of the area. So, it seems that the local authorities have been given the responsibility. However, if I have understood correctly, you are saying that that is not how it feels on the ground, in the sense that you are not quite sure what your role is. Have I understood you correctly?

[123] **Mr Heggarty:** From the perspective of the local authority, we are closely engaged with our local business community. We understand what our needs are locally and what the local business needs are. However, within the wider strategy, on which we would want to engage with the Assembly, we cannot quite see what the Assembly sees as being the role of local authorities. I do not think that it is confusion on our part; it is a difficulty in understanding where the Assembly wants us to engage with it.

[124] **Alun Ffred Jones:** So, it is not confusion on your part; it is confusion on the part of the Assembly Government?

[125] **Mr Heggarty:** I think that we do not understand where the Assembly wants us to be involved.

[126] **Alun Ffred Jones:** Okay. I am not sure how far we can go on this. Does the CBI have a different perspective on this? Would it like to see local authorities being taken out of

the equation so that another body, or the Government, takes a lead role locally? Is that what you are saying?

[127] **Mr Salisbury:** One of the main concerns of the CBI in Wales is that there are 22 local authorities. We believe that that is too many; there are too many branches out there trying to provide a similar level of service, and not enough work is done across borders.

[128] **Alun Ffred Jones:** Mr Cairns might like to explain why the 22 authorities came into being. I would like to make a slightly different point. You mentioned, under point 2.02, that the recent Barclays Bank survey for March 2006 shows a 20 per cent fall in new business starts in Flintshire, and 13 per cent in Wrexham over the last 12 months. Is there an explanation for that? Do you know why it is happening, and how worrying is it?

[129] **Mr Heggarty:** There has been a national fall in the number of new business starts but, beyond that, we do not know. We are not delivering the new business start contract in Flintshire any more, so we do not have the information. One specific difficulty for us in that respect is that the contractor that is delivering that contract does not have any link with the local authority. We do not know when those individuals that want to start businesses in Flintshire are referred to that contractor, and we do not know what happens to them subsequently. So, we do not know whether those businesses have been set up successfully in Flintshire, whether they have been set up elsewhere, or whether they simply have not happened. It is now more difficult for us to understand what is happening locally, because of the way in which these contracts are now delivered and structured.

[130] **Alun Ffred Jones:** Is that the general pattern throughout north Wales in terms of business start-ups, or is it worse in some areas than others?

[131] **Mr Heggarty:** Are you asking whether there has been a reduction?

[132] **Alun Ffred Jones:** Yes.

[133] **Mr Heggarty:** I think that there has been a general reduction in the number of business start-ups across north Wales.

[134] **Carl Sargeant:** You raised some interesting points, Jeremy. You were saying about Business Eye and the Confederation of British Industry, and I think that it was brought up before by small businesses. They appreciated the fact that when they engaged with Business Eye it responded well to them, and it was quite an effective tool. However, why are we not accessing that, and what are the issues behind that? I think that you mentioned mistrust at one point and, although the outcome is that it is a useful tool, from what you say, the industries do not get the message quite in that way. Once businesses are engaged, the outcomes are actually quite good, so we need to get over that hurdle. Do you have any suggestions particularly on that?

[135] On the overlapping of some of the services that the public and private sectors deliver, I have certainly experienced, from constituency working, some scatter-gun approaches, with good and bad advisers. One point that you raised about the bonfire of the quangos, which I would celebrate, was that you were not consulted at the time. Hypothetically speaking, would you have supported that principle even if you had been asked about it, because you now say that the CBI believes in this quite strongly and that it is effective? Some of the points that Dave has raised in his paper are about taking a one-stop-shop approach. There are too many people, too many providers and too many bad providers giving information. There must be an issue of specialty not being accessible; some people just do not know about the specialties that they need. I think that we need some sort of joined-up thinking approach, by bringing these bodies together in a form of Business Eye, or as was done by bringing the former Welsh

Development Agency and Education and Learning Wales into the Assembly. I think that Dave is quite right; 22 authorities doing the same task seems to be ironic. That is why regional planning and spatial planning have something to deliver. Would you like to come back on some of those points?

[136] **Mr Salisbury:** On your point on Business Eye, I do not know why people do not interact with it, and I must admit that I am also surprised that the figure is only 7 per cent of businesses. I can only put it down to the fact that, in the past, provision was generally quite poor, and people now need to be educated a little better about the fact that it is a good place to start, to access business services. As a provider of private sector business support, I would like to do more with Business Eye.

11.00 a.m.

[137] It is interesting to see that Flintshire is represented here because, a couple of years ago, it held a series of grant workshops throughout the county, and invited local businesses to come to talk to specialists. Although, to be fair to it, I felt that the idea was very good, the quality of the businesses coming through the door was not; people were just looking for free money rather than for a genuine investment or for advice on furthering their business. If we could just get away from that, Business Eye is a reasonably good model that could educate other businesses out there. It is a good place to start for the provision of services.

[138] With regard to the bonfire of the quangos, knowing what we know now, we would probably have cautiously supported what happened. We probably threw our toys out of the pram, to be honest, and were a bit upset when we were not spoken to about it. However, again, in theory, we quite like what we see, we hope that that becomes the reality and we think that it is a positive move.

[139] **Christine Gwyther:** Thank you. Those remarks are recorded for the public record.

[140] **Mr Salisbury:** Splendid.

[141] **Christine Gwyther:** Thank you very much indeed. Are there any questions that were not picked up there, Carl?

[142] **Carl Sargeant:** No. Just on the 22 authorities, it was noted that many service providers do the same thing.

[143] **Janet Davies:** To go back to my first question about the change in the structural funding and the new convergence funding, and the changes in emphasis that are being put forward by the European Commission to become more strategic, Mr Salisbury said that support for business should be demand led. How would you see that fitting in with the strategy of the European Commission? Is it feasible? I will ask Mr Heggarty a slightly different question on the same subject. You talked about the confusion that you are getting. Have you had any advice or guidance from the Assembly Government yet about how the new convergence funding will fit with the work that you do? For both of you, some—and I repeat that only some—revenue projects could face a funding gap next year. Have either of you got any ideas for contingency planning to deal with that?

[144] **Mr Salisbury:** I do not feel well versed enough to answer the question specifically on the strategic funding and the convergence. With regards to the provision of services being demand led, we are trying to put forward that we believe that there has been something of a tick-box mentality in the past in terms of the provision of the support services, and it possibly comes back to the quality of the people providing the support at the time. We think that what is happening now is a step in the right direction, but what we feel needs to be fitted in, if that

is the correct terminology, is a need to be more reactive and proactive as to what the end user requires, rather than approach it with a whole basket of support services, several of which may not be required at the time.

[145] **Mr Heggarty:** There were a number of points there. First, on convergence funding, Objective 1 is not available within Flintshire, so we are looking at ‘competitiveness funding’, and that will be a small part of what is left. So, we hope that something is available to us. Going back to the other point made by Mr Salisbury on the CBI and the kind of help that is available and whether it is appropriate, yes, it is quite obvious that there is no point in trying to have a one-size-fits-all approach. Businesses are quite different in scale and in what they need, although I would say that, in Flintshire, we have something like 3,500 businesses and about 20 of those provide all the jobs. I suspect that those 20 are probably the CBI numbers, but it leaves us with a very large number of other businesses that need quite general support, whether they are trying to deal with day-to-day issues, planning issues, or just trying to make ends meet financially. We do get a lot of interest from those businesses. We are trying to develop a one-stop shop and we have been in discussions with Business Eye to co-locate it into local authority premises. So, we hope that we can continue to reduce the confusion in the marketplace and have everything in one location.

[146] **Janet Davies:** Thank you for that. I am so used to living in an Objective 1 area myself that my mind gets rather focused on that. You will still be eligible for some level of regional selective assistance, will you not? I know that it has been very difficult to find out what is going to be available there, but will you still be getting some?

[147] **Mr Heggarty:** We hope so.

[148] **Alun Cairns:** Mr Salisbury, I note your comments about the wind-up of the WDA, and the comments in the paper that it looks good on paper, at least; of course, we want to see the practice, given that the director of the CBI in Wales still has great concerns. That is to balance the argument.

[149] Frankly, I am particularly alarmed at what Mr Heggarty said. Let us not forget that we are within 12 months of the third Assembly elections, so there have been seven years to reorganise business support. Such an important operator, from such an important part of Wales, which contributes disproportionately positive figures to the Welsh economy, an area of significant growth in comparison with many parts of Wales, is so confused—not you personally, but the structure—that it does not allow you to support businesses in the area. It really is alarming to hear what you say.

[150] I want to try to reconcile what you said, Mr Heggarty, with what I am familiar with in south Wales. There was a feeling that a plethora of organisations was acting as enterprise agencies and so just days before new contracts were due to be renewed, the Welsh Assembly Government slashed the scale of the contracts. One organisation’s contract was cut from £1.3 million to just £300,000. It made that scale of funding cuts to several organisations and enterprise agencies. The objective was to reduce the plethora of organisations, but it did not reduce them; we just had the same number of organisations with far smaller contracts, doing less. So, on that basis, it did not achieve anything; it just had fewer businesses being supported, and the same numbers of bodies still out there. Is that the same experience here in Flintshire, or in north Wales, generally?

[151] You said that they are three-year contracts but that they are reviewed annually. Is that on the same sort of basis as that which I just mentioned—the example from south-east Wales, whereby, days before a contract was due to come into being, it was slashed on the scale that I highlighted, from £1.3 million? That was just one organisation; I could compound it with other organisations.



[152] My other questions are for Mr Salisbury. Do you want me to wait for the answers, or should I go into Mr Salisbury's questions now?

[153] **Christine Gwyther:** Go into the other questions, as we are running rather late.

[154] **Alun Cairns:** Fine. Mr Salisbury, you mentioned that Business Eye is a positive model, but that the usage is not there. Let us not forget that several million pounds have been spent branding and marketing Business Eye, including with prime-time television advertisements. If you were a businessman, and you spent several million pounds branding and marketing such a package and, a few years down the road, you were in the position of some requests and calls from some parts of Wales being almost negligible, to be frank, what approach would you take?

[155] **Christine Gwyther:** We will take the questions to Dave first, and we will then come back to Jeremy.

[156] **Mr Heggarty:** On the first point about confusion in the marketplace, we have long been aware of that, and we have tried to bring our services in to be co-located in what we call a one-stop shop. We have done that progressively over the years. Several other public organisations are also co-located in the same premises. So, going back to Mr Salisbury's earlier point, what we would like to have is a location where businesses can commonly go to, to have, in one centre, as much of the general advice and help that they would expect to see in one place. You would not expect to see everything there—it is not sensible to have the full range of business support that is available to meet any contingency—but most inquiries that we have relate to the ones that I mentioned earlier. We have those now on a one-stop shop basis. We would like to continue to develop that, and we would like to work with the Assembly to improve and increase the services available from that.

11.10 a.m.

[157] On the continuity of contracts, as I mentioned, we have four contracts now. What we would like to see is better engagement with the Assembly in terms of its thinking for the future, how it wants to tender this process and when it wants to tender it, so that we can be better prepared. It causes us great difficulties and it causes staff difficulties if they know that the contract finishes on 31 March, but we may not know whether or not that contract will be extended until perhaps a month or two before that. That is our difficulty.

[158] **Mr Salisbury:** The question for me was on Business Eye and the money spent on advertising. As a business person, I would not be best pleased, if I can put it that way; I do not know what the budget on that was, but it was obviously somewhat significant.

[159] **Alun Cairns:** The marketing costs alone, through advertising and so on, were in excess of £5 million.

[160] **Mr Salisbury:** That is a significant amount of money. I do not know how old the figures are in relation to the 7 per cent uptake. Do you have that information, Michael?

[161] **Mr Learmond:** I do not have a breakdown of the Welsh figures, but I can give you some national figures based on a respondent—

[162] **Christine Gwyther:** What do you mean by 'national'?

[163] **Mr Learmond:** I mean UK figures. We had 19,500 members respond. The interesting fact is that, in 2004, 16.7 per cent of the businesses responding used Government-

funded business support. The figures for 2006, which have just been published, show that only 4.4 per cent of those responding used that support. So, it is patently not working.

[164] **Alun Cairns:** In fairness, Business Link is very different from Business Eye.

[165] **Christine Gwyther:** Perhaps we can tease that out with Vanessa when we have the round table discussion. I think that you have to leave before then, Jeremy, so it was interesting to get your view on that. We will now take a break.

*Gohiriwyd y cyfarfod rhwng 11.11 a.m. a 11.31 a.m.  
The meeting adjourned between 11.11 a.m. and 11.31 a.m.*

[166] **Christine Gwyther:** We now have a presentation by North Wales Tourism. Welcome to the meeting. You have waited patiently, and it is now your turn. We have Chris Jackson, the chair of North Wales Tourism, and Esther Roberts, the managing director. Esther, I think that you are going to introduce your paper and then you will both take questions from Members. Thank you.

[167] **Ms Roberts:** Thank you, Chair. I will invite Chris Jackson to introduce himself when I have finished my introduction. Thank you for inviting us to your committee meeting this morning. It gives us the opportunity to express the views and concerns of our trade about future support from the public sector, following the merger of the Wales Tourist Board into the Assembly Government, for what is the largest industry in north Wales.

[168] North Wales Tourism has a regional dimension and a cross-section of member businesses, ranging from visitor attractions, activity centres, caravan parks, self-catering accommodation and farmhouse bed-and-breakfast accommodation, to five-star country house hotels. Those members tell us what the trade wants at grass-roots level, based on customer demands. The majority of the trade operators that we represent are small and medium-sized enterprises and micro-businesses. Our concerns are prompted by the perception of increased isolation from public sector support mechanisms. Operators tell us that they would welcome clear strategic guidance for a variety of purposes, including marketing, sector skills, and product quality. What north Wales requests from the Welsh Assembly Government, now that it has assumed the responsibilities of the Wales Tourist Board, is meaningful consultation, a recognition of the importance of, and the contribution made by, the tourism industry to the economy of north Wales, and a willingness to develop policies that reflect the distinctive nature of the tourism industry in north Wales and which are reflected in the use of resources that will increase visitor footfall rather than additional bureaucracy and duplication of activity. We also request a recognition of north Wales as a tourist destination in its own right, a strong ongoing marketing campaign with an inclusive Wales brand, strategic planning for quality development of the industry in consultation with the trade, and direct and flexible support for improving skill levels based on the needs and requirements of the industry. We also want recognition and inclusion of the tourism industry in consultation on forthcoming European funding programmes in a way that will increase the competitiveness of the industry in the future.

[169] Legislation and regulation are proving to be a burden that is crippling small businesses, including tourism businesses. There is a real concern that local and national government does not listen and is fragmented in implementing or interpreting legislation. The issues relating to houses in multiple occupation are one example, and the proposed introduction of a 10 per cent bed tax by the Welsh Local Government Association could be another. We want a commitment from the Welsh Assembly Government that future strategies will be planned in consultation with the trade to improve business and to develop the image of the region as a quality destination. We also want the Government to support the trade in implementing its strategies, including support for marketing and investment. What we offer in

return is best value in implementing Assembly policies.

[170] The fact that so many businesses are strongly loyal to North Wales Tourism, despite its having been without Wales Tourist Board support since 2002, is a testament to the organisation and the desire of tourism businesses in north Wales to work together.

[171] I will finish off in Welsh, because North Wales Tourism has the ability to service the needs of the trade in both languages.

[172] Unwaith eto, hoffwn ddiolch am y cyfle i fynegi ein barn a'n pryderon ynglŷn â'r diwydiant twristiaeth y bore yma. Diolch am eich gwrandawriad. Once again, I would like to thank you for the opportunity to present our views and our concerns with regard to the tourism industry this morning. Thank you for listening.

[173] I will now hand over to Chris for him to introduce himself.

[174] **Mr Jackson:** Thank you very much. I would like to echo Esther's thanks for your invitation. I would like to introduce myself. I am a complete oddity in this room, as I am a tourism operator. I work for a tourist attraction and share the management of that attraction. It is that even odder, or rarer, thing, an attraction in Colwyn Bay.

[175] I wear, and have worn, a variety of other hats. I was the founder chairman of the Colwyn Bay regeneration partnership, and our business is part of the Confederation of British Industry, and so I make occasional visits to the CBI north Wales council. I am—and I am delighted by the compliments earlier—just coming to the end of my term as chair of Coleg Llandrillo Cymru, after eight years. The college is recognised by Estyn, and by all reasonable inspections, as probably one of the top five colleges in the United Kingdom. Further education is very dear to my heart, and it is worth pointing out that the college pioneered the community network. I am grateful to Dewi for mentioning the community college in Denbigh; we also have one in Rhyl and another in Abergele. It is an organisation that works closely with the community and, as everyone knows, I am committed to tying tourism into the community as far as is possible.

[176] I have just stepped down after eight years as founder chair of the Tourism Training Forum for Wales, and during that time I was the Welsh representative on the sector skills council People 1st, which is the national sector skills council that covers the tourism and leisure industries. It has a wide footprint. It has since restructured and no longer has Welsh, Scottish, or Northern Irish representatives. I believe—I am not sure whether this is the right place to say it—that there are serious issues with the sector skills council and how it will interface with the tourism industry in order to make the difference that it has been tasked to make by national Government.

[177] I also represent Wales on the Association of Leading Visitor Attractions on the British tourism development committee, which is a highly influential trade committee and advises VisitBritain on policy. It is highly influential, and it is consulted at considerable levels. I would argue that, in some cases, my voice might have a little more influence there than it does in Wales, which is perhaps a strange anomaly. Finally, as I said, I am a tourism operator, and I have been actively involved in the business, man and boy. Since the Welsh Mountain Zoo was established in 1963, I have been in the business, and I am still there, meeting the customers, and doing the sharp-end work.

[178] **Christine Gwyther:** Thank you very much. Chris, you are obviously well connected. As far as our scrutiny and questions are concerned, we are interested primarily in business support and tourism. However, we do believe in scrutiny without frontiers, so if there are other questions that people want to ask about the sector skills councils, planning or anything

else, I want people to feel free to do that; it is all part of the same picture. I will take Members' questions.

11.40 a.m.

[179] **Carl Sargeant:** Good morning, and thank you for your introduction. I have a couple of points. I am not sure what your view is on the Wales Tourist Board merger, but mine is publicly well known with regard to the mergers as a whole. The WTB was an arm's-length body of the Government anyway—it was not an independent body—and it has been brought under more Government scrutiny. You talked about the burden of legislation and I suppose that the proposal to bring that back in was to reduce that. We talked earlier on about the quality element with built-in structures of tourism, and statutory registration was also touched upon. What is your view, as a body, on statutory registration? I see that as a quality mark and I would be interested in your thoughts. You talked about delivering quality, which comes back to my first comments earlier this morning about the fact that people will return if there is quality. That is part of it. You also said that if we can deliver on your requests, you will give us best value. What does best value mean?

[180] My second point is for Chris. It is quite disappointing that there appears to be no regional advisers from Wales, Scotland or Ireland in the sector skills agency. Obviously, that can cause disadvantages. Do you know why there was a change in the membership of the council and how do we get strong representation from north Wales back on it?

[181] **Mr Jackson:** Do you want to take the quality points, Esther, and I will move on?

[182] **Ms Roberts:** Among our members, there are different views about statutory registration. Some of our members are against statutory registration; others are fully behind it. We were talking about grading this morning and one of the concerns about statutory registration is that if an operator or a business has been inspected under statutory registration, it may well feel that that is indeed enough and that it does not need to be part of the grading scheme, which I think would be a backward step. Some operators would drop out of grading because they had the statutory registration. Also, how would statutory registration work? Who would implement it, what would be the cost, and who would be responsible for funding it? Would it be included with grading, or would it be yet another piece of separate legislation? Our industry is already complaining about regulations. We do not know how it would work because no-one has told us yet how it would work and who would pay for it. We do not know whether it would work to improve our accommodation sector at the end of the day.

[183] **Mr Jackson:** Quality is very dear to our hearts. The vision that many of us have had for a long time is to establish north Wales as a distinctive quality tourism destination. North Wales means lots of things to lots of people out in the marketplace, which is great—it is that variety that is absolutely key. What we must do—again, it is part of my philosophy and I know that it is shared by the board—is work from the bottom up. We should not have that attitude that we have had, unfortunately, all too often over the last few years, of 'there is a five-star hotel in Cardiff bay; that is what you should all aspire to'. That is no good at all if you are a husband and wife running a small bed-and-breakfast establishment. What we must do is demonstrate to them what is achievable. To be fair, the Wales Tourist Board has been extremely helpful over previous years in that kind of grass-roots business support working directly with the trade.

[184] You have to demonstrate what is achievable in order to raise quality and you then have to come together, which is part of our big worry, with every other organisation that is supporting tourism to clearly demonstrate the quality brand. You do that, literally, by helping the poorer operators to be better. Operators do not like to be told what to do—it just does not work; it has failed. However, they will listen if you work in associations, if they talk among

themselves, and, particularly, if you demonstrate a mentoring approach. If you tell them, for example, that their neighbour is on the internet now, and, what is more, is prepared to talk to them about doing it as well, it is a valuable approach. That is how we can proceed, working with the trade itself; we can help in that respect.

[185] In a sense, I have almost answered the point on best value. You will not, as the Welsh Assembly Government, get the best value out of the industry unless you bring us along with you. By working in harmony, taking us along and asking us what we want, and, more to the point, and importantly, asking us what the customers are saying, we can help make the policies—good, bad or indifferent—work better. I am certain of that. That, in a sense, is behind the words ‘best value’.

[186] The sector skills council is governed by the UK Government—it is its idea. It then established an interesting buffer quango, called the Sector Skills Development Agency, which funds and governs the sector skills councils. Therefore, there are already a few barriers before you get down to the sector skills councils. People 1st decided that it had too big a board, and that it was too cumbersome—we are talking about board members here, but I will refer to the officers first. To be fair, I was a lone voice who voted against this, so I cannot say that it was undemocratic, but at least my concerns were listened to. I was not just concerned about Wales, by the way—it was representation for microbusinesses and, again, small businesses, to have a voice and to say, ‘This is what we need’. They voted democratically to reduce the size of the board, so that it is down to about six members now, as opposed to the previous 18 or so. That is done, I am afraid. It has gone through the Charity Commission and Companies House, and so on, so it is a perfectly legal process. I do not believe that there is any way of levering additional national board members back onto that.

[187] What is slightly more disturbing, in a sense, is that, when the previous Wales officer resigned and went to join the Welsh Local Government Association, she was replaced by an officer who also has responsibility for the west country and the southern counties of England, which will include places such as Brighton and Bournemouth. As we know, the west country is a huge tourism destination, as is the whole of Wales. Therefore, as someone put it to me recently, what chance does Criccieth have against Bournemouth and Brighton? This is when I talk about fitness for purpose; I do not understand how the small businesses, and even the medium businesses, that we represent will get access to some of the initiatives that People 1st will be developing over the next year or two.

[188] **Alun Ffred Jones:** Llongyfarchaf Chris Jackson ar lwyddo i gyrraedd y swŷ, gyda'r holl gyfrifoldebau sydd ganddo.

**Alun Ffred Jones:** I congratulate Chris Jackson on managing to get to the zoo, with all the responsibilities that he has.

[189] Mae'r hyn a ddywedodd am y cyngor sgiliau sector yn achosi pryder. Gwn, efallai, nad dyma'r lle i fynd ar ôl hynny, ond bydd rhai ohonom am ofyn cwestiynau ynglŷn â gweithrediad y cyngor yng Nghymru, a'r cyfrifoldebau eang sydd gan y swyddog.

What he said about the sector skills council is a cause of concern. I know that this is perhaps not the place to chase that up, but some of us will want to ask questions about the council's operation in Wales, and the broad responsibilities that the officer has.

[190] Mae gennyf ddau gwestiwn penodol. Cyfeiriwch yn eich nodiadau, Esther, at drethi busnes. Yr wyf yn ymwybodol bod trethi busnes ar gyfer llety hunanarlwyo wedi codi yn eithriadol y llynedd, yn arbennig yng ngogledd-orllewin Cymru. Mae'r codiadau tua 30 i 70 y cant mewn nifer o enghreifftiau, ac yn llawer uwch nag yn unrhyw fan arall

I have two specific questions. You refer in your notes, Esther, to business rates. I am aware that business rates for self-catering accommodation went up significantly last year, particularly in north-west Wales. The increases are somewhere in the region of 30 to 70 per cent in many instances, and are much higher than in any other part of Wales.

yng Nghymru. A ydych yn ymwybodol o'r cwynion hynny? A ydych wedi cael esboniad pam bod y codiadau hynny gymaint yn uwch yn y rhan honno o Gymru, ac eglurhad gan yr adran o'r Llywodraeth sy'n gyfrifol am hynny?

Are you aware of those complaints? Have you received an explanation as to why those increases are so much higher in that part of Wales, and an explanation from the Government department responsible for that?

11.50 a.m.

[191] Yn ail, i fynd yn ôl at frandio a hysbysebu, ac i ystyried ymateb y diwydiant ei hun, credaf fod hysbyseb wedi ymddangos dros y misoedd diwethaf fel rhan o'r ymgyrch frandio, sef Get Lost in Wales, sy'n swinio'n ddiddorol iawn er nad wyf wedi ei weld. A gawsoch ymateb gan y diwydiant ei hun i'r hysbysebion hynny? Cefais un ymateb, ond ni soniaf amdano gan nad wyf yn gwybod pa mor nodweddiadol ydyw.

Secondly, returning to branding and advertising, and considering the response of the industry itself, I believe that an advertisement has appeared over recent months as part of the branding campaign, called Get Lost in Wales, which sounds very interesting even though I have not seen it. Did you receive a response from the industry on those advertisements? I had one response, but I will not mention it, as I do not know how representative it is.

[192] **Ms Roberts:** O ran eich cwestiwn cyntaf, cefais esboniad bod y trethi wedi bod yn rhy isel yn y gorffennol. Cefais gŵynion gan rai aelodau. Maent wedi ymchwilio i'r mater. Mae rhai wedi gallu cael gostyngiad yn eu trethi ond mae'r rhan fwyaf wedi gorfod talu'r trethi uchel.

**Ms Roberts:** On your first question, I received an explanation that the rates were too low in the past. I received complaints from some members. They have investigated the matter. Some have managed to get a reduction in their rates, but the majority have had to pay high rates.

[193] **Alun Ffred Jones:** Nid y cynnydd ei hun sy'n peri gofid, er ei fod yn eithriadol, ond y gwahaniaeth ar draws Cymru. Mae gogledd-orllewin Cymru wedi wynebu codiadau tair a phedair gwaith yn uwch na'r cyfartaledd yn ne-orllewin Cymru ac, yn arbennig, yn ne-ddwyrain Cymru. A oes gennych esboniad am hynny?

**Alun Ffred Jones:** It is not the increase itself that concerns me, although it is significant, but the variation across Wales. North-west Wales has faced increases that are three or four times higher than the average in south-west Wales and, particularly, in south-east Wales. Do you have an explanation for that?

[194] **Ms Roberts:** Na, ni chefais esboniad am y rheswm dros hynny, er fy mod wedi gofyn.

**Ms Roberts:** No, I did not receive an explanation of the reason for that, even though I asked.

[195] Ar eich ail gwestiwn, ymatebodd rhai aelodau yn eithaf positif. Fodd bynnag, cefais rai ymatebion negyddol hefyd. Mae'n dibynnu ar sut y mae'r diwydiant yn edrych ar yr hysbysebion hyn.

On your second question, some members responded quite positively. However, I also had some negative responses. It depends on how the industry looks at these advertisements.

[196] **Alun Ffred Jones:** Mae'r cyflwyniad a gawsom am frandio wedi sôn am yr angen i hysbysebion godi ymateb—mae'n rhaid iddynt fod yn wahanol a rhoi sioc, bron, i'r gwyliwr. Mae hynny'n fy arwain yn ôl at yr hyn yr wyf eisoes wedi'i ddweud. A yw eich aelodau cyffredin, sy'n

**Alun Ffred Jones:** The presentation that we heard on branding mentioned the need for advertisements to generate a response—they have to be different and have to almost shock the viewer. That leads me back to what I said earlier. Do your ordinary members at the grass-roots level buy into this vision? I

gweithredu ar lawr gwlad, yn prynu i mewn i'r weledigaeth hon? Cefnogaf yr ymgyrch a gyflwynwyd gan Croeso Cymru. Bydd y brand yn mynd ar draws y sector busnes hefyd maes o law, ond ni ddisgwyliaf i chi ymateb i hynny'n benodol.

support this campaign by Visit Wales. The brand will be rolled out across the business sector as a whole eventually, although I do not expect you to respond to that specifically.

[197] **Ms Roberts:** Mae rhai yn hollol gefnogol i hysbysebu Cymru fel hyn. Mae'n wahanol ac yn gwneud i'r cwsmer feddwl ac edrych ar Gymru ychydig yn wahanol.

**Ms Roberts:** Some are wholly supportive of advertising Wales in this way. It is different and it makes the customer think and look at Wales a little differently.

[198] **Alun Ffred Jones:** Yr wyf yn bryderus iawn pan ddywedwch fod rhai wedi ymateb yn bositif. Nid yw hynny'n dangos cefnogaeth gyffredinol i'r ymgyrch.

**Alun Ffred Jones:** I am very concerned when you say that some have responded positively. That does not demonstrate general support for the campaign.

[199] **Ms Roberts:** Pan fo gennych gymaint o aelodau ar draws gogledd Cymru, mae'n anochel y bydd rhai yn edrych ar y math hwn o hysbysebu yn wahanol i eraill. Mae'n rhaid derbyn y ddwy ochr.

**Ms Roberts:** When you have so many members across north Wales, it is inevitable that different people will look at this type of advertising in different ways. One must accept both sides.

[200] **Mr Jackson:** It is worth saying that if you put 30 tourism operators in a room together, you will get 30 different opinions.

[201] **Alun Ffred Jones:** Just like lawyers.

[202] **Mr Jackson:** Yes, it is a bit like that. I am not sure that I agree with the principle that you have to shock to be noticed. I think that you have to make the customers feel welcomed and assured and give them images that they can relate to in order to encourage them to come to Wales on holiday. However, the Wales Tourist Board has always, rightly, created certain niches, which are easy to grasp and to measure. We must never forget—and our members remind us constantly of the good domestic volume market—about the people in north Wales from Manchester, Yorkshire and Lancashire, who are key to our survival. They are still the bread and butter. It is sometimes difficult, and members have said this, to see how the advertising campaign relates to their wish to sit on a crowded beach or to fish for crabs or whatever it may be, among other things. People like people and those are not always the images presented. Although, having said that, they have come back. It is nice to be elitist and say, 'We just want the high standing visitors', but the reality of the world is that most of our members are the ordinary Joes of tourism, and they welcome the ordinary Joes from among the customers.

[203] **Alun Ffred Jones:** So, Croeso Cymru is elitist?

[204] **Mr Jackson:** I think that we will reserve judgment. What worries us at the moment is that we are not part of any shift in, or reappraisal of, the kind of policies in which Croeso Cymru is involving itself.

[205] **Janet Davies:** I will take up a different aspect, and ask you about the transport infrastructure. For some years, we have had the dualled A55 to Holyhead. Do you feel that there are problems with the transport infrastructure? If so, what do you think would be the best, and perhaps the most cost effective, way of tackling that? You can always throw billions of pounds at something, but what would be the most cost-effective way?

[206] **Mr Jackson:** I think that the A55 is the best thing since sliced bread. It is fine as long as it works. As soon as there is any sort of hiccup—if a lorry crashes, for example—then it destroys itself. This is not something that we have discussed frequently, but the members are quick on the phone when the A5 is blocked, for example. However, in strategic terms, it is important to keep country roads as country roads in order to avoid rat runs and to try to ensure that the main arteries—in our case, the A5, the A470, and the A55—are good, strong and robust ways for the customer to move fairly quickly and steadily to their destination. Let us not have a bunch of fast roads that will destroy the peace and quiet that most of us value so much.

[207] **Janet Davies:** Do you see room for better quality rail services?

[208] **Mr Jackson:** Yes; more direct trains and clearer connections through to Scotland, Yorkshire, and the east of England.

[209] **Alun Cairns:** Forgive me, Mr Jackson, for not being present at the beginning of your presentation, but I had an urgent constituency case, which I will shortly have to leave the meeting to address. You may well have answered this question, but can you give me the industry's take on statutory registration at this stage? In the paper, under legislation and regulation, it says:

‘An appreciation of the burden of the increased level of regulation on an industry largely made up of small and micro family businesses.’

[210] **Mr Jackson:** You are quite right, you did miss it.

[211] **Alun Cairns:** I am sorry.

[212] **Mr Jackson:** It was the first reply; I will ask Esther to respond.

[213] **Ms Roberts:** Some of our members are pro statutory registration; others are anti statutory registration. One of the main concerns is that, if statutory registration is introduced, it could reduce the number of establishments that are currently in the grading scheme, which, of course, is responsible for increasing standards. Will it be unwieldy, costly, and, if it is operated by local authorities, will it be interpreted in the same way across the board?

[214] **Alun Cairns:** I can read the verbatim record of the meeting. I am sorry for asking you to answer the question a second time.

[215] **Ann Jones:** I was critical earlier of accommodation across north Wales. That is a key element, and I have some questions that I will direct to officials during the round table discussion. Much of our tourism is made up of day-trippers. Are you worried that, because the Wales Tourist Board has been merged into the Assembly Government, the relevant department will accept that north Wales will just provide the days out, and that the marketing for west Wales and other parts of Wales will deal with overnight stays?

12.00 p.m.

[216] If that is the case, how do we link all the days out so that someone could come for a week and stay across north Wales, and could move on if we had a decent rail and road system? For example, they could start off in the Wrexham area and see one of the seven wonders—the yew trees in the churchyard in Overton-on-Dee—then move on through the Dee valley, visit a wonderful zoo, and then move further on to Snowdonia. How do we do that if there is a perception that we are just going to be a day-marketing area?



[217] **Christine Gwyther:** I think, in your trip, you bypassed Rhyl.

[218] **Ann Jones:** The Wales Tourist Board used to bypass Rhyl, but that is another issue for another day.

[219] **Christine Gwyther:** Sorry.

[220] **Mr Jackson:** Day trips are one of the fundamental planks of today's tourism. Day trips are keeping organisations and businesses such as mine going, as well as many other service industries—such as catering and a variety of others—and are helping the economy in many different ways. I have not detected—although I will be interested to talk about this at some point—any shift in the policy from Visit Wales away from a previous policy, which I will not describe as elitist, but which, if you want, has a slightly upmarket slant and is very much aimed at good spenders coming and spending on short breaks as second, third or fourth holidays in Wales. I, personally—and, again, I would say this as I have a vested interest—would welcome a day-trip campaign. I do not know when was the last time that there was a day-trip campaign linking the attractions of Wales to the day visitors, but we do know that we compete directly on our borders and we also compete these days with many other parts of England. So, I think that it is an important part, but I have not seen any slants; Jo will have his own view on that, no doubt.

[221] The strategic value of packaging, and whether or not it is worth directing operators into packages that will take them into different parts of the region or different parts of Wales, is something that has occupied, not always productively, organisations such as the Wales Tourist Board for a long time; I have no doubt that Dewi's organisation is wrestling with similar things. Again, it might not be a popular view, but I think that the market will decide. In these internet-booking days, if people want packages now, they can do them themselves. It is worth saying that North Wales Tourism is rolling out for its members an absolutely cutting-edge booking system for customers, which is linked in to the whole 'go north Wales' ethos that we are trying to highlight, which deliberately brings in this kind of portability, so that if you go to stay there, you can visit attractions and so on. The immediate, very early reaction from our members is that this is going to offer them terrific opportunities and the ability to increase business. That goes to the heart of what we are here to do for businesses in north Wales.

[222] We are a membership organisation and we get subscriptions from our members. It has been described at the turn of the millennium as a bit of an elitist policy, but, at the same time, I hear through the other ear people complaining that tourism operators do not invest in improving business, joint marketing campaigns and so on. We bring in quite significant funds that enable the organisation to work on behalf of its members, and we could not do that unless the members put the money in. All the work that we do, we believe, raises the profile of north Wales and benefits our non-members and other people in the trade as well.

[223] **Christine Gwyther:** Thank you very much indeed for that item. We now move into the general discussion, so the gloves are off. Quite a few challenges were thrown out earlier this morning in some of your presentations, and they were picked up by Members, so I will ask Vanessa and Jonathan whether they would like to pick up some of the questions that arose from those discussions, and then we will go into a broader discussion. I am assuming that you all know Vanessa, who is the regional director for enterprise, innovation and networks up here, with special responsibility for enterprise, which is clearly an absolutely key part of the product. Jonathan Jones is an ex-member of the Wales Tourist Board, and is now with the Welsh Assembly Government. Do you want to kick off, Vanessa?

[224] **Ms Griffiths:** Thank you, Chris. I do not know everyone yet—I am still new, so I apologise to those of you whom I have not met; I hope to meet you all again soon. I will try to

pick up the key questions that I believe you raised, and give you my view on them. As I say, it is early stages, and I am in listen-and-learn mode at present.

[225] What I have heard today on Business Eye does not surprise me; it stacks up with what I am finding myself. From what I can see, when people get to it, Business Eye is extremely good. Every time that I look at customer satisfaction levels, they are at around 85 per cent. Therefore, when people get to it, they are having a good experience, and finding it useful, and are coming back for more a second time. The issue, as I believe you have picked up, is how we get people to go there in the first place. I have already been in conversation with the Federation of Small Businesses to understand the detail of lifting the barriers to growth support; only 7 per cent of people are aware of it and using it.

[226] Why are they not using it? We do not know definitively yet. My guess—and it is a guess at this point, because I do not have all the evidence—is that it is for a few reasons. The first reason is that businesses are used to going to see accountants and the banks, and find it easiest and best, historically, to go to see them. As Jeremy said, we should be working hard with Business Eye to make those links and support those connections. Therefore, many businesses just do not know that Business Eye has something to offer them.

[227] That is linked to a second guess that I have about this. Anecdotal evidence from talking to businesses about why they do not use it, or whether they are aware of it, points to how we have been communicating. It seems that one issue is that businesses, on the whole, because of how we may have marketed in the past—with things such as the ‘Because you can’ campaign—think that this is a service that you would use if you were a start-up, or a pre-start-up, company, rather than a front-end point of contact if you were looking for general business support, or looking to be put in contact with private sector providers. Therefore, the issue is how we have positioned it, and how we have marketed it. As I say, that is from anecdotal evidence, rather than from any kind of hard data that I have. However, the point is that we must get our communications better on Business Eye—it is a good service, and we must work much harder on how we communicate about it.

[228] Generally, in terms of the feedback that I am hearing from you about business support, I could not agree more with some of the points that have been made. As many of you are already aware, we are doing a review at present of business support and the support that we provide through the Welsh Assembly Government. Without wishing to pre-empt the findings of the review—because we will put that together, it will come out for consultation, and I will share that with you—what I have heard today is exactly what I am picking up myself. There are some key points here about the simplicity of offering; speaking as marketer, we have a real issue with product proliferation. There are an awful lot of products out there, and it is confusing to know what is available to you as an individual business. Therefore, there is a point about simplicity.

[229] There is also a point about driving the discretionary message through. We need to work much harder to support the businesses that we know will deliver gross value added for north Wales, and Wales, and work with our contractors to do that, going forward. We talk a lot about discretion; I have a feeling, from what I have seen, that we are not running that through the system as well as we could be. The third point is communication, which, again, you have picked up a lot today. We have to work much harder to communicate what is out there, and to make it clear what you can get.

[230] The final point is alignment, which should prove the benefit of the merger. We need to ensure that we connect up all our services—across the Welsh Assembly Government—to ensure that what we offer through some of the enterprise, innovation and networks support systems are matched and supported by the services that the Department for Education, Lifelong Learning and Skills offers, and that the Department for Social Justice and

Regeneration offers, in terms of the economically inactive. Therefore, there is a big, joined-up point for us all to be getting our heads around over the next year.

[231] Therefore, on that point, as I say, it does not surprise me, and it enhances what I have already heard. I am working with the CBI and the FSB, and I am also going to see local authorities; I have meetings with the six north Wales local authorities over the next month to have this conversation in more detail. Therefore, hopefully, the review will go in the same direction as some of the themes that you have picked up today.

12.10 p.m.

[232] **Christine Gwyther:** On the local authority front, because that came over quite strongly, local authorities feel that they do not receive enough notice of when contracts or service level agreements will end or not be renewed. Can anything be built into the system to ensure that there is more notice so that staff can be reassured, or redeployed if need be?

[233] **Ms Griffiths:** On the contract point, competitive contract bidding is not something that is to do with the merger—we have been doing that for over five years—and I think that contract bidding is a healthy and robust way to go forward as it allows us to get new thoughts into the system and to ensure that quality is maintained at high standards. From what I am hearing, I think that the issue is the duration of contracts. Business Eye contracts are set in north Wales for three years, as are the local supplier development contracts. Duration of three to four years is quite healthy and reasonable. If there is an issue about notice, it is something that I need to look at. I will be talking to all the local authorities, so we will look at that. The new convergence funding should help this, because projects will obviously be approved for a five-year period, and, therefore, you have a good long window for that contract to be delivered and worked through.

[234] The other issue that Dave raised was about new business starts. On that, my view from the review that I am doing at the moment is that the issue is probably not so much about new business starts, but about the less sexy part about how we support businesses once they have started. There has been quite a lot of focus on start up, and probably less focus in terms of providing a good-quality service to help those businesses to grow and develop. In north Wales, in terms of the businesses that the Welsh Assembly Government has supported, which were previously supported by the WDA, in terms of 2005-06 versus 2004-05, we have been doing pretty well. The number of businesses that were supported in 2005-06 was 676 in north Wales, compared with 632 the previous year. Specifically in Flintshire, the figures are quite good, so I need to pick this up with Dave in Flintshire to understand more of that detail, because the new provider, which has been working on new business starts in Flintshire since April 2005, has done extremely well in year one. It has supported 111 businesses, compared with 61 businesses by the previous provider in the previous year. So, I need to understand that detail because the statistics that I am looking at say that the support for new business starts is going quite well. There is more of an issue in terms of how we provide continuity through the system as the businesses grow and get bigger.

[235] **Christine Gwyther:** Okay. I will bring in anyone who wants to ask a question after I ask my final question. On sites and premises, because that was only touched on—we obviously do not have time to do everything this morning—one of the difficulties with a growing business is going from a local authority or private sector smaller unit and looking for larger premises. That was a very big issue when we had a similar forum to this one in mid Wales. Do you perceive it to be the same in north Wales? If it is a difficulty, what are you doing as a Welsh Assembly Government to try to overcome that? *[Interruption.]*

[236] **Ms Griffiths:** Would Alun like to come in?

[237] **Christine Gwyther:** No, I would like to hear your answer first.

[238] **Ms Griffiths:** I have not heard that it is a huge issue in north Wales, but I am quite new, so it might just be that I have not heard about it. Our property and infrastructure team has been working very hard to ensure that we get that continuity to help businesses move from smaller premises to larger ones, but, if it is an issue, I would welcome hearing about that, because I have not picked it up as an issue at this point.

[239] **Christine Gwyther:** Does anyone from the business support organisations have questions or comments on some of the things that Vanessa has been saying?

[240] **Mr Learmond:** To come back to Carl's original question to me, which also picks up on something that Vanessa said, I have managed to find some further statistics from the report, and I apologise for not having them before. If businesses had not used government-funded business support service, we asked them what was the reason for that. The highest proportion of responses came from people who were simply not aware of the services—17.10 per cent responded in such a way in Wales. That equates to a UK-wide percentage of 25.9 per cent, so the situation is obviously better in Wales than in the UK. The second highest reason was confusion over service provision—15.7 per cent of respondents in Wales gave that reason. Interestingly enough, the third highest reason—I think that this is in the make-up of people who run small businesses—was, 'Do not want or need support'. Unfortunately, or perhaps fortunately, that is in the gene pool of entrepreneurs. I gave you those figures just for clarification.

[241] **Alun Ffred Jones:** I will raise two issues. You mentioned sites and premises and that they were not an issue, but I can tell you that it is a huge issue in north-west Wales. To give you a concrete example, when the NHS was looking at centralising its financial services recently, I noticed that not one site in north-west Wales was considered, and the reason given by the local health boards and trust was that there were no suitable premises available in north-west Wales, so they disregarded the area. So, all those public jobs are going eastwards again, and I think that that is a huge issue for the Government, which it has not even begun to address. I feel very strongly about the lack of suitable sites and premises in that area. I do not expect you to answer that; I merely state it as a fact.

[242] One other issue that I will raise is procurement. A great deal has been said about procurement and how it can benefit industry in general in Wales. I will just give you one fact that I picked up recently: as you can imagine, the Government and the Assembly as a body produce a mass of printed material—huge contracts—but there is not one printer in north Wales on its list. There is quite a number in England, and a number, as you would expect, in the Cardiff to Swansea area, one in Aberystwyth, one in Powys and that is it. If north Wales is to benefit from all the Government money that is being spent, it needs to have businesses on those lists; otherwise, they will have no chance for many years to access those lucrative and job-supporting contracts.

[243] **Christine Gwyther:** I do not know whether you can respond to that.

[244] **Ms Griffiths:** Only to say that, on the first one, namely the lack of suitable sites and premises, I did not say that that was not an issue. I just said that it is not something that has been brought to my attention in a big way yet, but I take your point.

[245] **Alun Ffred Jones:** Do you want me to shout it to you?

[246] **Ms Griffiths:** No, I have heard it.

[247] On the second one, I absolutely agree with you. We are now trying to push and

actively get ourselves involved in things like the supply development programme and meet-the-buyer events. For example, in Llandudno Junction, we are going to run a meet-the-buyer event on that front in the next month. It is a huge issue for us and one that we need to keep working on.

[248] **Ann Jones:** It is a huge issue. I was just writing a note to Vanessa on the same thing in terms of sites and premises. The other side of that is service land for employment use. We are seeing a situation in which land is identified, but the private sector will not look at it until things such as services have been put in there, so that stops people from coming in and taking over those areas. I was wondering whether there is a steer to make employment land serviced-employment land, so that it makes it easier to attract businesses in. How do we stop the public sector from fleeing out of areas onto nice business parks? We are seeing outward migration from Rhyl of public sector offices up to the business park in St Asaph. Clwyd and Alyn Housing Association was situated in the west end of Rhyl and it has moved to the business park. North Wales Fire and Rescue Service and the police have moved to the business park, and yet, the police, the fire service and the housing association will tell you that most of their problems are in Rhyl, so why they have moved to the business park and taken up units that could have housed businesses really must be addressed. I will probably now get letters from everyone saying, 'Are you trying to evict us?', but if we are short of a good serviced employment area, then we have to ensure that we have the right people on the business parks.

12.20 p.m.

[249] **Ms Griffiths:** On this one, I do not know the answers to these questions yet, but the answer is somewhere in the work that we are doing on the spatial plan at the moment. As the spatial plan moves from strategy to delivery, what we have to get smart about—and by 'we', I mean businesses, local authorities and ourselves—is identifying the key settlements and working out the holistic answers in each of those areas. Let us look at each of the key settlements in terms of the skills, transport, and premises agendas and so on. I think that the answer lies somewhere in the way that we now approach the spatial plan.

[250] **Carl Sargeant:** It is easy to be critical of individual aspects, such as micromanagement issues. Ffred mentioned earlier jobs not coming to a particular area, but it is bigger than the jobs issue because, if you do not have housing for the people who want jobs, they just cannot access them. There is a bigger issue with the planning stage, of local authorities and the CBI working in partnership. I know that CBI North Wales is actively looking at the moment at how housing, the jobs market and the whole package of provision are set up. You cannot isolate one or another; you need to look at the whole thing. I do not know whether the representatives of the local authorities, the CBI or WAG have any opinions on the private/public investment in this because local authorities do not have enough funding to build a massive infrastructure to provide services. How do you see the development of private companies working with local authorities, playing a big part in future developments for businesses, tourism and industry in north Wales?

[251] **Christine Gwyther:** Is there anything from our witnesses on that?

[252] **Mr McFarlane:** Just very briefly, on working in partnership with the CBI and doing more strategic planning to meet the infrastructure demands of a successful economy, I recognised that there was an absence of that in Flintshire some months ago. We invited the regional chair of the CBI, David Catherall, to come along with a delegation to meet our planners, so that they could work more closely together perhaps in strategic planning. You may have guessed that the main topic of conversation was the provision of housing because the delegation was largely composed of housing developers. We were rather ambushed on that one, and a free and frank exchange of views took place. Nevertheless, I think that it was felt that it was very useful, for an initial meeting, to make those sorts of contacts and to

recognise that the gestation period for developing a unitary development plan is necessarily quite long and the economy is quite dynamic, and the two things do not move in synergy. It is difficult to anticipate future demand, whether it is for housing or high quality industrial land, POs are forecasted in that period. We are moving towards a local development plan and consultation is a big element of that. I expect that we will be working closely, in the future, on developing our corporate strategies, which will, hopefully meet the challenges—well, it will have to if we are to have a successful economy, taking full cognisance of the views of different components of industry.

[253] **Christine Gwyther:** I will turn to Jonathan now. Quite a few challenges were thrown up earlier, and now that you have had a bit of practice at being on screen in the past few weeks, perhaps you could give us a few answers.

[254] **Mr Jones:** I am not sure whether I am allowed to thank you for your invitation any more. I suppose, as a senior civil servant now, I must become accustomed to being summoned.

[255] **Christine Gwyther:** You will receive your subpoena in the post; do not worry about it. [*Laughter.*]

[256] **Mr Jones:** Thank you very much. Either way, it is a delight to work with this committee, as always. I want to cover a few things very quickly and, obviously, Members and witnesses are then free to come back. I will touch on branding, statutory registration, the Get Lost in Wales advertisement, consultation, the relationship between north Wales and Cardiff, business support and local procurement, which touches on us as well.

[257] Perhaps I can start with statutory registration. I was hoping to be able to say this before Alun left, because I know that he has a serious issue with statutory registration. We have consulted with the industry and it is quite clear that there is a split out there. We believe that the majority of the industry in Wales wants it, but it is not a huge majority. Those who are against it are quite clearly against it because of the fear of increased bureaucracy. However, we have worked with the industry long enough to know that that is the last thing that we would want. We have agreed with the industry and the Welsh Local Government Association that, once the Government of Wales Bill is passed, and should the Welsh Assembly Government carry on with its commitment to introduce statutory registration, we would go into full and lengthy consultation with the industry and the Welsh Local Government Association on how this will be delivered.

[258] One of the areas that we are looking at is that of trying to reduce bureaucracy, because if it is to be taken on by local authorities, there is a possibility of linking in all those visits that businesses currently have to have—on health and safety, food and fire inspection—with the statutory registration inspection. That is to be worked out. Esther's point is a good one: if people simply go for the statutory registration and do not worry about grading, that will do nothing to raise the standard. Therefore, it is our job to do more promotion of the grading system. The previous UK Government Minister for tourism, Kim Howells, pushed for the harmonisation of grading systems between England, Scotland and Wales, because prior to that, a three-star grading here was different from a three-star grading in England or in Scotland or a three-star AA grading. From 2008, a three-star, four-star and AA grading should be almost identical throughout the UK. The tourist boards of Scotland, England and Wales—sorry, the tourism department of Wales and the boards of England and Scotland—will need to do joint publicity to get over to the British consumer and the overseas consumer that they should stay in only those places that have been graded by whatever organisation, because that should be the standard. So, we take on board very much the industry's view on reducing bureaucracy and we would hope to introduce that.

[259] Trof at y Gymraeg i ddelio gyda phwynt Alun Ffred am frandio a'r hysbyseb Get Lost in Wales. Yr ydym yn cydweithio â'r diwydiant yng Nghymru gymaint ag y gallwn ar frandio, ond yr ydym yn rhoi mwy o bwyslais ar agweddau'r farchnad oherwydd y farchnad fydd yn ymateb i'r brand. Fodd bynnag, yr ydych yn llygad eich lle wrth ddweud mai gwastraff arian ydyw os ydym yn hysbysebu rhywbeth na allwn ei gyflwyno i bobl pan fyddant yn dod i Gymru. Rhaid inni fynd â'r diwydiant gyda ni, rhaid ond ymateb i'r farchnad wrth ddelio gyda brandio.

I will turn to Welsh to deal with Alun Ffred's point on branding and the Get Lost in Wales advertisement. On branding, we collaborate with the industry in Wales as much as we can, but we place greater emphasis on market forces, because it is the market that will respond to the brand. However, you have hit the nail on the head by saying that it is a waste of money if we advertise something that we cannot deliver when people come to Wales. We have to take the industry with us, but we must respond to the market when dealing with branding.

[260] Yr wyf wedi derbyn dwy gŵyn am yr hysbyseb: un llythyr yn *Golwg*, a bu imi ymateb i'r llythyr honno, ac un llythyr oddi wrth Gymro Cymraeg o Gaerdydd yn dweud ein bod yn delio gyda'r Gymraeg yn nawddoglyd. Pwrpas yr hysbyseb oedd dangos i Saeson, yn fwy na neb, fod dwy iaith yng Nghymru ac y byddant yn gweld yr ieithoedd hynny yn cael eu defnyddio yn ddyddiol. Gwnaethom hysbyseb yn delio gydag arwyddion ffyrdd dwyieithog. Yr ydym yn dechrau yn Gymraeg yn unig ond wedyn yn dweud, 'Peidiwch â becsu, bydd cyfieithiad yn y Saesneg'. Yr ydym wedyn yn mynd ymlaen i'w helpu i ynganu'r Gymraeg, a chawsom help gan Fwrdd yr Iaith Gymraeg yn y fan honno. Defnyddiwyd actor gydag acen y de, a'r enw ar yr arwydd, credaf, oedd Rhyd Ddu, a bu inni ddweud yn y Saesneg,

I have received two complaints about the advertisement: one letter in *Golwg*, to which I responded, and one letter from a Welsh-speaker from Cardiff, who said that we were patronising about the Welsh language. The purpose of the advertisement was to demonstrate to English people, more than anyone, that there are two languages in Wales and that they will see these languages used daily. We made an advertisement dealing with bilingual road signs. We start in Welsh only but then say, 'Do not worry; there will be an English translation'. We then went on to help them to pronounce Welsh, and we were assisted by the Welsh Language Board in that respect. We used an actor with a south Wales accent, and the name on the signpost, I believe, was Rhyd Ddu, and we said in English,

'If you are trying to say this "u" in Welsh, you say "ee"'.

[261] Of course, that is how we say it in south Wales; I will not even try, as a south Walian, to imitate how north Walians say 'u', at the back of the throat, because I cannot do it, but that was the main complaint that we had. I can live with that, because the reaction from the market was positive. We did this because research had clearly shown that, in some sectors of the market—in the north west of England and the midlands—the Welsh language was perceived to be unfriendly. We have all heard the old story, 'I went into a pub and they were speaking English when I went in and then they turned to Welsh'. We know that that is not true, but it is out there—it is a myth. So, we thought that we would meet this head-on and say that the Welsh language is something that you will meet, it is a different aspect of Wales and it is unique. When you are talking about what we sell, that uniqueness is very important in Gwynedd, Anglesey, Meirionnydd, Ceredigion, Carmarthen and north Pembrokeshire, where people see the Welsh language in use. We responded to the complaints, but two complaints I can live with, to be honest.

12.30 p.m.

[262] On the Tourism Training Forum for Wales and its relationship to sector skills council people, I share Chris's concern, as does the whole of the industry. I was in a meeting two days

ago with the Wales committee of the British Hospitality Association, and it, too, is very concerned about exactly the same points that Chris made.

[263] An organisation already exists in Wales for tourism training; it was started by the Wales Tourist Board, supported fully by the Welsh Assembly Government, and launched by the Minister for Education and Lifelong Learning. It is called the Tourism Training Forum for Wales, and it addresses the very point that people made earlier, that this is demand led. We organised that body to be made up of colleges and other training suppliers and the industry, so that the suppliers knew exactly what the industry wanted, and did not go chasing European money simply to create courses for which there was no demand—that was going on.

[264] We have a seconded senior director, Diana James, running the Tourism Training Forum for Wales and she is doing an excellent job in liaising with the industry. Our view was that it should have become the People 1st representative in Wales, and I still say that. I will be talking to my opposite number in the Department for Education, Lifelong Learning and Skills to ensure that the Tourism Training Forum for Wales continues with some seed-corn funding from us and, hopefully, some serious money from DELLS, to deliver what the industry wants in terms of training for its staff.

[265] On consultation, I am disappointed that Chris said that we were not consulting enough. I think that I have to accept that one can never consult totally, otherwise you would just be out there talking the whole time. However, I commend this little document, 'Achieving Our Potential 2006-2013', to everybody. It is written in very straightforward English and very straightforward Welsh, and is the result of 18 months of consultation with the industry. The industry did not turn up to quite a number of the meetings that we organised, because, perhaps, they are not that interested in strategy. Many of the small micro-businesses are, of course, simply interested in who are going to fill their beds tomorrow and next week.

[266] However, this document is the result of 18 months' consultation, and it is the Welsh Assembly Government's strategy, launched by the Minister, Andrew Davies, at Easter, and it gives clear direction to the Welsh Assembly Government and to the industry. If Chris or anyone else can suggest a better way of communicating with the industry, I would love to hear it, because my senior colleagues and I try to get around Wales as often as we can to attend any meeting to which we are invited by the industry bodies, such as the Wales Association of Self Catering Operators for self-catering businesses, the Welsh Association of Visitor Attractions for attractions, the British Hospitality Association for restaurants and hotels, and the British Holiday and Home Parks Association for caravans and camping—I am sure that I have missed one out there. If we can do more of that, we want to, because there is no point in our trying to develop strategies and policies unless we have the support of the industry. There will be times when we will be in conflict, because, as I was saying to Alun Ffred, we have to follow research: our Government, quite rightly in my view, is saying that all of our policies must be evidence-based, and, therefore, for anything that we bring to the industry, we will show research to demonstrate that it is what the consumer wants. I know that the industry also deals with the consumer directly, and we must engage in a way that will help to also obtain that information from the consumer. I know Dewi, and he is not part of the Welsh Assembly Government, although his organisation is sponsored by the Welsh Assembly Government, because some £1.15 million is provided by Visit Wales every year for Dewi's organisation, and I know that he consults at about 20 meetings a year with the industry through the area marketing partnerships, by means of which he brings the local authority and trade together. However, I accept that consultation is never perfect, and if Chris or anyone else can suggest how we might improve it, I will certainly listen.

[267] **Christine Gwyther:** Was there anything else?

[268] **Mr Jones:** Quickly, on Cardiff and north Wales, we do not expect to sell Cardiff to



people who then want to go to north Wales. Some will, but the fact that Cardiff gets most of the overseas visitors at the moment is purely and simply a matter of the point of access. If you fly into Heathrow or Gatwick, you can come down the M4, or by train, to Cardiff much quicker than you can go to anywhere else in Wales. When we sell north Wales overseas, we advise people to use the airlines that use John Lennon, Manchester or Birmingham airports or those even further north, in Scotland, and come down. Quite clearly, in terms of spin-off effect, we do not accept that VisitBritain has a trickle-down effect from London, so why should we expect the Welsh to accept a trickle-down from Cardiff? It does not work. I know that our marketing director, who gave you that presentation, Alun Ffred, will want to work with Dewi and the industry in north Wales to see whether there are some iconic images and products that we can portray from north Wales to make it a destination in its own right.

[269] Taking Carl's point, it is no longer any good to say that we have good food, beautiful attractions, beautiful beaches and nice, welcoming people. Every decent tourism country in the world says that. We have done an analysis of advertising from those countries, and they all use the same words: 'fantastic welcome', 'wonderful experience', 'best hidden secret', 'fantastic scenery'. All those descriptions are used by everyone else. Our advertising has to be a little bit edgy. Going back to the point, I am happier if it upsets a few people than if it is ignored by everyone. It is as simple as that. I know that our advertisement featuring the mobile telephone on the top of Snowdon certainly upset a lot of my colleagues in the high-tech industry in Wales. The advertisement said that you could not get a signal on the top of Snowdon, and that that was great because your business could not get hold of you. The high-tech industries said that that was taking us back years. My response is, 'Get a life'. When people are on holiday, they want to get away from the stresses and strains of everyday life and business. They do not want to be contacted by their head offices if they are on the top of Snowdon. So, those are the kinds of images that we are trying to bring in.

[270] In terms of business support, we have worked with Vanessa and her predecessors on bringing our business support in under Business Eye. I think that it is fair to say that anyone in Wales who wants any tourism business support will go to Business Eye or come to the Visit Wales unit very quickly. We aim to interact with around 4,000 businesses a year. We run four roadshows a year, the last of which was held in St Asaph in March. The four roadshows brought together almost 300 people, 95 per cent of whom said that they were incredibly happy with the roadshows. However, the more important fact was that 76 per cent of the attendees said that they would go away from those roadshows and start changing their business practices from what they had learned, not from us, the civil servants, but from the practitioners that we had brought in from the industry to demonstrate best practice. I am delighted to say, Alun Ffred, that one of those was to do with a sense of place. We said to businesses that we really welcome these young eastern European people coming to work for us: their standards are exceptionally good, they are linguists, and there is absolutely no reason why, with a bit of training, they cannot understand the history, culture, background and the language of Wales—sometimes, better than our own people or English people coming into Wales. I have no worries about our losing our sense of place because we are bringing in young eastern European students or workers, because they are exceptionally good and set a very high standard.

[271] I think that that is it, Chair. I am happy to take questions.

[272] **Christine Gwyther:** Thank you, Jo. Are there any comments from our witnesses or Members?

[273] **Mr Jackson:** I would like to take up Jo on the consultation point; he would not expect me not to do so. We have just had our annual general meeting. Close to 100 tourism operators attended. We invited Visit Wales, but no-one came. We have given up inviting local government, I am afraid, because we do not think that they are terribly interested in hearing

grumbling operators, whereas I think that it is part of the process. Consultation will involve grumbling; some of it will be constructive, and some of it will not, but I think that it is part of the process. If you want to bring the operators with you, you have to go to where they gather rather than try to bring them along to meetings to discuss strategy. I constantly have to battle to get the quality of the training and skills agenda in there. You do not get operators along just to talk about skills—you slide in the issue of skills when they are busy talking about something that really interests them, which is tomorrow's book. I think that that needs doing.

[274] We need to have a clear differentiation in your understanding regarding the regional tourism partnership and North Wales Tourism. Marketing area partnerships are not the sort of fora, as I understand it, in which you would discuss strategic issues affecting the industry as a whole. They tend to be self-interested and very much local-government-led. That is my understanding.

[275] Finally, I will just say something really interesting, which is something that Esther and I can work on and pioneer. I would certainly be interested, at the Welsh Mountain Zoo, as I think would many of my colleague trade members, in endeavouring to set up some kind of work placement system, which would enable everyone, from Visit Wales staff to Assembly Members, if they wished, to spend a few days working in our businesses, seeing the sort of problems that we have and getting face-to-face with our customers. That is the kind of thing that trade organisations such as ours can work on and develop, and, working with the Tourism Training Forum for Wales, maybe roll out over the whole of Wales.

12.40 p.m.

[276] **Christine Gwyther:** Does anyone else wish to comment?

[277] **Mr Heggarty:** Very briefly, we have had quite a discussion on contracts and the intricacies of delivering contracts and so on, but, from a local authority perspective, we would far rather be seen as a partner than a contractor. We feel that we are a central part of the delivery of economic development and business support, so we would much rather be seen in that way.

[278] I have a couple of points on tourism and support for tourism. One of the difficulties that we have with the marketing area partnerships, and the support as it is currently offered, is that it can only be offered across the whole of the partnership area. From our perspective it would be much more sensible if it could be targeted towards specific tourism attractions, because the marketing partnership areas are very large and most of our tourism attractions are very small.

[279] **Christine Gwyther:** Do you mean grouping attractions together in a bundle?

[280] **Mr Heggarty:** Yes, in a smaller area than the entire marketing area partnership. Finally, almost without exception across Wales, local authorities are paying for the licence for STEAM, the Scarborough tourism evaluation and appraisal model. That model counts how many visitors there are to an area and how much they spend in the area. We wonder whether it might be possible for the Assembly, on a pan-Wales basis, to negotiate that for the whole of the country, rather than local authorities paying for it on an almost individual basis, as happens at the moment.

[281] **Mr Davies:** I will come back on marketing area partnerships, if I may. They are a partnership, which means that local authorities and tourist associations are represented on all five. We also engage with other organisations that receive public money, such as Menter Môn, in order to ensure that, for example, in the case of Anglesey, what the tourist associations, the local government, and Menter Môn each see as priorities in tourism are all

discussed, and we will support initiatives that are compliant with a wider regional strategy in order to move them forward. So, they do draw in partners. I am concerned that we already have five marketing area partnerships in north Wales. It is quite a large number, and if we were to go further down to local authority based partnerships—because we already have tourist associations—then you are proliferating the offer through more and more smaller groups. That will water down the impact of any activity or campaign that you would undertake. That is the first point.

[282] The second point, to come back to some of the questions that Janet asked on transport, is that it is good to have a north-south Wales link, but the quality of the links from Chester into north Wales will undoubtedly deter many customers from coming again. The service is there, but it is on very low quality stock, and, as I read it, Arriva Trains Wales is complaining that it does not have enough money to invest further in the quality of the stock, and that will be with us for a while.

[283] **Christine Gwyther:** Members, before I bring Jonathan in, do you want to respond?

[284] **Ann Jones:** You might not ask me back for another meeting, so I will get these questions in. When I was explaining about packages, I deliberately left Rhyl out and made a very bald comment that I felt that the Wales Tourist Board had always left Rhyl out, and Jonathan knows that I feel like that. On town centre regeneration, for seaside towns in particular, what assurances can I have, Jonathan, from your department that you will work with those areas to raise the aspirations of towns such as Rhyl and that you will not ignore them? We had a top-quality operator who wanted to put in a pavement-style cafe, but we were told that it would not fit in with the image of Rhyl, because Rhyl is beer, bingo and chips. Will you work with us to raise the aspirations of towns such as Rhyl and Colwyn Bay, and to take them away from beer, bingo and chips, and clean them up and make them family-centred areas where people want to come?

[285] **Janet Davies:** I am not a member of the Assembly Government, I am a member of the opposition, but there is better rolling stock on the north/south line, which goes into Chester. I think only some of it has arrived so far, but there will be more coming later at a cost of about £1 million a year to the Assembly Government, which is something that we have to fund out of the ordinary, general block.

[286] **Christine Gwyther:** Could you take Ann's point first, Jonathan, as the other points all seem to be about co-ordination of effort and trying to avoid duplication? Could you then finish with the consultation response?

[287] **Mr Jones:** First, I could not agree more about town centre regeneration. No tourist wants to go to a run-down area, whether it is in the east end of London, bits of Rhyl or bits of Cardiff. I honestly believe that one of the major benefits of the merger is that we will be working closer with our ex-WDA colleagues who had more of a town-centre-regeneration role than we did. We worked with them in Caerphilly, Porthcawl, and in Narberth to do this and it has had a huge transformation.

[288] I am not sure whether I agree with you that we have ignored Rhyl; in the days of the old Rhuddlan Borough Council, we worked very hard with that council to try to regenerate the front, but unfortunately we hit a period of huge recession when the private sector money that was meant to come in did not appear. That is going back some time. What we have done recently is put money into Café Blue and into the Drift park; I went down there with Chris Ruane the other day to have a look at what needs to be done. One of the big problems in Rhyl is that a lot of those lovely little guest houses are now being converted into houses of multiple occupation and are driving the small guest-house owner out. Chris is very concerned about that and we will do whatever we can to support that, because the beach product in Rhyl and

Prestatyn is second to none in terms of its length and proximity to market. A lot of places would give their right arm for that. We will work with Denbighshire and our colleagues in the WDA to do whatever we can within the resources, not just for Rhyl, but for any other part of Wales that needs town centre regeneration.

[289] Duplication has always been a bugbear in Wales unfortunately, and it still needs to be addressed. The four regional tourism partnerships have been set up; they are not membership bodies, but we want to encourage membership bodies. As Chris said, they are at the grass roots and they tell us what they think. They are stronger when they are not run by the Welsh Assembly Government, because otherwise they would be in our pocket as the money would come from us. However, I know that, in north Wales, Dewi probably runs five or six contracts, through Esther as a deliverer, worth around £200,000 to £250,000 a year. However, people will have the opportunity to make their cases. The four regional tourism partnerships were set up in about 2001. We said that we would have a review of their effectiveness after three years; we delayed that by a year because we thought that the merger was enough churn for the industry to deal with in one go. There will be a consultation exercise very soon, which will report back before December on the future of who does what in Wales, in terms of local authorities, regional tourism partnerships, the Welsh Assembly Government and membership bodies. The industry needs greater clarity as to who does what and the old Wales Tourist Board has to bear some responsibility for that lack of clarity.

[290] In terms of consultation, I apologise to Chris and Esther for failing to attend their annual general meeting. I certainly do not want to blame the merger, but during the merger process, all our staff, and the Welsh Assembly Government staff in general, have been fairly tied down with meetings and process in order to get this thing going. However, the Minister has said quite clearly that he wants it to be business as usual or better. Our failure to attend the AGM was not business as usual, and I apologise for that. If I am invited again, I will make sure that I am available.

[291] **Christine Gwyther:** I think that you have already been invited by the sound of it, so we will look forward to that. I thank presenters, Members, and the Welsh Assembly Government for a very dynamic morning. I have got a lot out of it and have learned a lot about the product in north Wales and what we need to do to improve it. A report from this meeting, including the full Record of Proceedings, will be produced for the Minister, and we will then present it to him as a committee. Thank you very much indeed for your involvement and have a safe trip home.

*Daeth y cyfarfod i ben am 12.50 p.m.  
The meeting ended at 12.50 p.m.*