



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Menter a Dysgu
The Enterprise and Learning Committee**

**Dydd Iau, 17 Chwefror 2011
Thursday, 17 February 2011**

Cynnwys
Contents

- 4 Cyflwyniad ac Ymddiheuriadau
Introduction and Apologies
- 4 Gweithredu'r Rhaglen Adnewyddu'r Economi
Implementation of the Economic Renewal Programme
- 21 Cynnig Trefniadol
Procedural Motion

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'r pwyllgor yn bresennol
Committee members in attendance

Lorraine Barrett	Llafur (yn dirprwyo ar ran Jeff Cuthbert) Labour (substituting for Jeff Cuthbert)
Christine Chapman	Llafur Labour
Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Nerys Evans	Plaid Cymru The Party of Wales
Brian Gibbons	Llafur Labour
Gareth Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Chair of the Committee)
Darren Millar	Ceidwadwyr Cymreig Welsh Conservatives
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Tracey Burke	Cyfarwyddwr, Strategaeth a Gweithrediadau Director, Strategy and Operations
Jeff Collins	Cyfarwyddwr Seilwaith (gan gynnwys Tai ac Adfywio) Director, Infrastructure (including Housing and Regeneration)
Owen Evans	Cyfarwyddwr, Sgiliau, Addysg Uwch a Dysgu Gydol Oes Director, Skills, Higher Education and Lifelong Learning
Lesley Griffiths	Aelod Cynulliad, Llafur (y Dirprwy Weinidog dros Wyddoniaeth, Arloesi a Sgiliau) Assembly Member, Labour (Deputy Minister for Science, Innovation and Skills)
Ieuan Wyn Jones	Aelod Cynulliad, Plaid Cymru (y Dirprwy Brif Weinidog a'r Gweinidog dros yr Economi a Thrafnidiaeth) Assembly Member, The Party of Wales (Deputy First Minister and the Minister for Economy and Transport)
James Price	Cyfarwyddwr Cyffredinol, Adran yr Economi a Thrafnidiaeth Director General, Department for Economy and Transport

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Joanest Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Mike Lewis	Dirprwy Glerc Deputy Clerk
Siân Phipps	Clerc Clerk
Ben Stokes	Gwasanaeth Ymchwil yr Aelodau Members' Research Service

Dechreuodd y cyfarfod am 9.30 a.m.
The meeting began at 9.30 a.m.

Cyflwyniad ac Ymddiheuriadau **Introduction and Apologies**

[1] **Gareth Jones:** Bore da a chroeso cynnes i'r cyfarfod hwn o'r Pwyllgor Menter a Dysgu. Mae'n rhaid i mi wneud y cyhoeddiadau arferol. Mae'r cyfarfod yn un dwyieithog, ac mae clustffonau ar gael i dderbyn gwasanaeth cyfieithu ar y pryd o'r Gymraeg i'r Saesneg. Mae hynny ar sianel 1, a gellir chwyddleisio'r sain ar sianel 0. Bydd cofnod o'r cyfan a ddywedir yn gyhoeddus. Atgoffaf bawb i ddiffodd ffonau symudol ac unrhyw ddyfais electronig arall, ac nid oes angen inni gyffwrdd y meicroffonau. Nid ydym yn disgwyl ymarfer tân, felly, os bydd argyfwng, bydd yn rhaid inni ddilyn cyfarwyddiadau'r tywyswyr i adael yr ystafell ac, efallai, yr adeilad.

Gareth Jones: Good morning and welcome to this meeting of the Enterprise and Learning Committee. I will make the usual announcements. The meeting is held bilingually, and headphones are available to receive simultaneous interpretation from Welsh into English. That is on channel 1, and the amplification of the sound is on channel 0. There will be a record of everything that is said publicly. I remind everyone to switch off mobile phones and any other electronic devices, and we do not need to touch the microphones. We are not expecting a fire drill, so, in the event of an emergency, we should follow the ushers' instructions to leave the room and possibly the building.

[2] Yr ydym wedi derbyn ymddiheuriadau oddi wrth Jeff Cuthbert ac Andrew Davies. Estynaf groeso cynnes i Lorraine Barrett, sy'n dirprwyo ar ran Jeff Cuthbert. Credaf mai dyma ei hymddangosiad cyntaf yn y pwyllgor hwn—yr ydym yn falch iawn o'ch gweld ac edrychwn ymlaen at eich cyfraniad. Deallaf y bydd Jenny Randerson yn ymuno â ni yn nes ymlaen.

We have received apologies from Jeff Cuthbert and Andrew Davies. I extend a warm welcome to Lorraine Barrett, who is substituting for Jeff Cuthbert. I believe that this is her first appearance on this committee—we are very glad to have you with us and look forward to your contribution. I understand that Jenny Randerson will join us later.

[3] A oes unrhyw ddatganiadau o fuddiant yr hoffai Aelodau eu gwneud? Gwelaf nad oes.

Are there any declarations of interest that Members wish to make? I see that there are none.

9.32 a.m.

Gweithredu'r Rhaglen Adnewyddu'r Economi **Implementation of the Economic Renewal Programme**

[4] **Gareth Jones:** Gan fod cefndir yr eitem hon yn ymwneud â gohebiaeth yn bennaf, hoffwn roi gair o eglurhad ar y cychwyn. Mis Hydref diwethaf, bu'r pwyllgor yn craffu ar waith Llywodraeth Cymru wrth weithredu, monitro a gwerthuso rhaglen adnewyddu'r economi. Yr ydym yn ddiolchgar i'r Dirprwy Brif Weinidog a'r Gweinidog dros yr Economi a Thrafnidiaeth, y Dirprwy Weinidog dros Wyddoniaeth, Arloesi a Sgiliau a'u cydweithwyr am eu cyfraniad pwysig i'r ymchwiliad hwn. Ym mis Tachwedd 2010, ysgrifennais ar ran y

Gareth Jones: As the background to this item relates mainly to correspondence, I would like to give a brief clarification at the start. Last October, the committee scrutinised the work of the Welsh Government in implementing, monitoring and evaluating the economic renewal programme. We are grateful to the Deputy First Minister and Minister for the Economy and Transport, the Deputy Minister for Science, Innovation and Skills and their colleagues for their important contribution to the inquiry. In November 2010, I wrote on behalf of the committee to

pwyllgor i amlinellu'r 10 prif fater a gododd yn ein hymchwiliad yr oeddem yn teimlo y dylai'r Llywodraeth weithredu arnynt, ac yr oedd argymhellion yn dilyn o'r hyn y bu inni ei drafod. Ymatebodd y Dirprwy Brif Weinidog a'r Dirprwy Weinidog ar y cyd i'r 14 argymhelliad mewn llythyr dyddiedig 30 Rhagfyr 2010. Yr oedd y pwyllgor yn falch eu bod wedi derbyn pump o'n hargymhellion, a phump arall mewn egwyddor, ac yr oeddem yn croesawu yn arbennig eu hymrwymiad i ddatblygu'r agenda sgiliau. Fodd bynnag, yr ydym yn pryderu eu bod wedi gwrthod y pedwar argymhelliad a oedd yn weddill.

outline the 10 main issues that arose out of our inquiry that we felt that the Government should act upon, and there were also recommendations that resulted from our discussions. The Deputy First Minister and the Deputy Minister responded jointly to the 14 recommendations in a letter dated 30 December 2010. The committee was pleased that they had accepted five of our recommendations, and a further five in principle, and we particularly welcomed their commitment to developing the skills agenda. However, we are concerned that they have rejected the four remaining recommendations.

[5] Er mwyn deall y rhesymau dros wneud hynny, gwnaethom amlinellu ein pryderon mewn llythyr at y Dirprwy Brif Weinidog a'r Dirprwy Weinidog ar 21 Ionawr. Gofynasom iddynt ymateb i'n pryderon wrth roi tystiolaeth ar lafar heddiw. Yr ydym yn awyddus i drafod y materion hyn ymhellach. Ar ran y pwyllgor, hoffwn ddweud ein bod yn croesawu'r dystiolaeth ysgrifenedig yr ydym wedi ei derbyn oherwydd yr oedd o gymorth wrth inni ddod i'n casgliadau ac y bydd o gymorth wrth gynnal y math o graffu y byddwn yn ymwneud ag ef heddiw.

In order to understand the reasons for doing so, we outlined our concerns in a letter to the Deputy First Minister and the Deputy Minister, dated 21 January. We asked them to respond to our concerns in oral evidence today and we are eager to discuss these matters further. On behalf of the committee, I would like to say how much we welcome the written evidence that we have received as it has been of assistance to us in reaching our conclusions and it will be of assistance in conducting the kind of scrutiny that we will be undertaking today.

[6] Mae'n bleser imi yn awr estyn croeso cynnes yn ffurfiol i gynrychiolwyr Llywodraeth Cynulliad Cymru, sef Ieuan Wyn Jones, y Dirprwy Brif Weinidog a'r Gweinidog dros yr Economi a Thrafnidiaeth, a Lesley Griffiths, y Dirprwy Weinidog dros Wyddoniaeth, Arloesi a Sgiliau. Croeso cynnes hefyd i Owen Evans, sy'n gyfarwyddwr sgiliau, addysg uwch a dysgu gydol oes, a James Price, cyfarwyddwr cyffredinol, Adran yr Economi a Thrafnidiaeth.

It is now a pleasure to formally extend a warm welcome to the representatives of the Welsh Assembly Government, namely Ieuan Wyn Jones, the Deputy First Minister and Minister for the Economy and Transport, and Lesley Griffiths, the Deputy Minister for Science, Innovation and Skills. A warm welcome too to Owen Evans, who is director of skills, higher education and lifelong learning, and James Price, director general, the Department for the Economy and Transport.

[7] Gyda'ch caniatâd, hoffwn droi at y cwestiynau. Gwn fod gennych y gallu i ddod â pha bynnag bwyntiau y dymunwch ger ein bron ac mai chi fydd yn penderfynu sut y byddwch yn ymateb, ond mae'n hamser braidd yn fyr y bore yma. Deallaf fod yn rhaid i Lesley ein gadael tua 10 a.m. ac Ieuan am 10.15 a.m., felly ceisiwn symud yn ein blaenau orau y medrwn. Trof yn awr at Brian Gibbons sydd am ofyn y cwestiwn cyntaf.

With your permission, I would like to move to the questions. I know that you are able to introduce any points that you may wish to make and that how you respond is up to you, but our time is a little limited this morning. I understand that Lesley has to leave at 10 a.m. and Ieuan at 10.15 a.m., so we will try to press on as quickly as we can. I now turn to Brian Gibbons who has the first question.

[8] **Brian Gibbons:** One area on which you did not seem to respond in your reply of 17 February was broadband. Since we were last given evidence, the UK Government has announced its broadband strategy, which is to provide all parts of the United Kingdom with the best superfast broadband network in Europe by 2015. What are the implications of the roll-out of the UK broadband strategy for us, given that the document is intended to be a UK-wide document?

[9] **The Deputy First Minister and Minister for the Economy and Transport (Ieuan Wyn Jones):** I will first say where we are in relation to our own plans, which might be helpful as a backdrop. We made it clear in our response to the committee that we had completed what we called our soft market-testing phase and that we had issued our prior information notice to the *Official Journal of the European Union* on 20 December. That is a key stage in our procurement process and I understand that we are on track to issue the contract notice this month.

[10] Therefore, the idea is that once the procurement process is completed, we should be in a position to award a contract in about 12 months' time. This is a very ambitious programme for us; it will be one of the biggest contracts that my department will have issued in a very long time. We have made it clear that we want all businesses in Wales to have next generation broadband by 2015. We are funding that through our own core funding and we hope that some of it will come from European funding and that it will be matched by the private sector. We will be doing it only in those areas of Wales where there is a demonstrable market failure to deliver next generation broadband. So, that is the backdrop to this.

[11] The UK Government has made an announcement that, as I understand it, it will be top-slicing the BBC licence fee and then distributing a sum to the regions of England and Wales. I am not quite sure what the position is in Scotland, but, nevertheless, the idea was that it would cover England and Wales. We have made it clear to the UK Government that we should not have to bid for that money because licence-fee payers come from Wales as well as other parts of the UK and, therefore, we should be entitled to that sum. According to our Barnettised share—if I may use that expression—we reckoned that we should be getting around £25 million out of the pot. Lesley and I had a video-conference meeting with Ed Vaizey, the Minister for Culture, Communications and Creative Industries, during which we made a strong plea for the money for our programme, but the Chancellor of the Exchequer has now said that Wales will get £10 million. The UK Government has made it clear that that will not be the total sum and that we may get some more. We want that £10 million to go into the programme that we have announced, and, hopefully, if we could get our Barnett share, which is around £25 million, then that would be a significant contribution to our plan.

[12] **Brian Gibbons:** That is excellent news; £10 million is certainly better than nothing, however, £10 million is not our Barnett share, so that, in a sense, is bad news. The green investment bank got a lot less investment than people were expecting and this seems to be a similar situation. When you set the procurement details, were details on the amount of money that had been set aside put into the public domain or will this be procured purely on the basis of private companies bidding on the specifications? In other words, are you showing your hand?

[13] **The Deputy First Minister:** It is important for us to stimulate interest in the private sector. We have had open days, where I have been present, where a number of companies have expressed an interest in being the delivery partner, as it were, or the delivery company. There is a lot of interest out there, but at this stage it is bit difficult to quantify because we need to fully understand which parts of Wales need to be covered under the contract. There are areas where the market will deliver and areas where it will not, but there are also other parts of Wales that are grey areas. We need to work that out, but whichever way you look at it, it will be a substantial contract. We have made it clear that the department is prepared to

allocate sufficient funds to ensure that it is delivered.

[14] **Brian Gibbons:** As the business case is becoming clearer—and this is a point that I have raised with you before—I am worried that we are taking something like 50 per cent of what was used to provide direct business support and putting it into a broadband extension programme. Certainly, every home in Wales needs broadband capacity, as does every small business, however, has any comparison been made since our last hearing regarding cost effectiveness and job creation under the previous mechanism of supporting business directly and this broadband roll-out?

[15] **The Deputy First Minister:** It is a bit early to do that because the announcement was only made in July 2010, but what I can tell you—and I believe it to be true—is that, if we enable next generation broadband for all businesses in Wales by 2016, that means that every business will benefit from Government support. The trouble with business support through direct grants is that very few companies benefit. The number of companies that take up the grants is relatively small and the number that would benefit from next generation broadband is significant. We need only think of the competition that businesses face: for example, I visited a hotel the other day and was told that its major problems were its inability to take bookings on the web and the fact that everyone who stays there wants free Wi-Fi, but the hotel cannot offer it. It is missing a trick in the marketplace. So, businesses would benefit significantly, particularly in some of the more rural areas, where they are currently cut off completely from this sort of new technology that everyone wants. It is not just about hard-wired broadband, but also mobile connectivity—that is a major issue.

[16] **Brian Gibbons:** I am still surprised that a business case or cost-benefit analysis was not done before you went down this route. You are moving tens of millions of pounds away from direct business support and allocating it to this, and I am surprised that you did not prepare a cost-benefit analysis before deciding to do that.

[17] **The Deputy First Minister:** There was an analysis in the sense that, when we consulted businesses, by and large, the response was that the Government's role should be more of an enabling role, rather than one of making direct interventions at the company level, as we had done in the past. The problem that most businesses had with the previous policy is that we put virtually all our eggs in the grant basket. We have concentrated in the discussions on infrastructure, but what businesses were saying was that, yes, grants were important to some, but they actually wanted to be connected to broadband, they wanted mobile technology and they wanted the skills agenda to be addressed, along with research and development.

9.45 a.m.

[18] Businesses also said that they want better use of money on infrastructure. If you take the whole picture, I think that we have got it about right. What we have said is that we are still assisting companies with grant aid—although, in the majority of cases, that is now going to be repayable—but that we are able to assist a lot more businesses through the way we are doing it now.

[19] **Brian Gibbons:** I would still have liked to have seen some assessment of cost-effectiveness. The big message that we get from businesses is that there is a lack of access to capital and finance. I still feel that, before such a decision was taken, there should have been a cost-effectiveness exercise. I think that I have made that point now.

[20] **Gareth Jones:** It is a fair enough point.

[21] **The Deputy First Minister:** The other point that Brian makes is a different, but very important, point, which is about access to finance. We have identified that one of the biggest

blocks to Welsh companies successfully investing in growth is the lack of access to private equity and venture capital. What we are saying alongside the offer that we are able to make through repayable grants is that we are looking at ways in which we can support companies through the establishment of a fund that will enable us to attract private equity and venture capital into Welsh businesses. The problem is that, very often, that is not available to the size of company that we have in Wales, and there is a major block there. We are looking at other ways of assisting businesses, and not just through repayable grants.

[22] **Gareth Jones:** There are two aspects here. There is the initial analysis, which Brian referred to, with regard to taking on a particular strategy. The other aspect is difficult. Investing in broadband is inevitably going to bring about some multiplier effect within our economy—the local economy or whatever—and I would like to think that the Government would also assess the nature of that impact. I know that it is going to be difficult, but it is important that we understand the impact of that sort of investment. I am anxious to move on—

[23] **Mr Price:** I just wish to come in on the business case point. I ought to make the point that we are doing a business case. We already have a first-phase business case—I will bring Jeff in to talk about that—as we could not be going to the point of issuing a tender notice without one. As with any infrastructure case, we do that. To pick up on the point about the evidence base for the original policy, the evidence base that we had showed that, in general, investments in infrastructure have a higher pay-back than investments in business support. That is a general economic justification and argument rather than a specific one, but that was there and, certainly at a UK level, it is evidenced. Jeff can speak about the business case to put that on the record.

[24] **Gareth Jones:** I am sorry that I did not introduce you, Jeff.

[25] **Mr Collins:** I am Jeff Collins, director of the infrastructure group in the Department for the Economy and Transport. Within that portfolio is the broadband roll-out programme, transport and the property group. I have in front of me quite an extensive business case for broadband. We went through the Office of Government Commerce independent review prior to going forward with procurement, which, as the Deputy First Minister said, is scheduled for 24 February. We are going to go out with a contract notice to invite expressions of interest. The target at the moment is that we would have a preferred contractor by December this year, perhaps a little sooner if we can speed up the dialogue phase. To give you some headline figures, as appears in this report, there is evidence that broadband provides some enhancements in GVA and GDP.

[26] In Ontario, where there was a roll-out in 2003, they reported a 19:1 return on investment, which is certainly very high. In Switzerland, we have a return on investment of between 1.5 and 2.4 per cent. Conservatively, we are looking at about 2 per cent. So, there is a variety of figures. There are also issues such as the cost of ownership of broadband through this intervention. It looks at costs of about £30,000 for leased lines, going down to £6,000. That is evidence from Yorkshire. Therefore, there is some evidence that demonstrates an expected return on investment. We are looking at how to capture that and how to ensure that it is effective.

[27] **Paul Davies:** I would like to move the discussion on to skills. With regard to skills development, the economic renewal programme states that the Welsh Government is committed to substantive progress on seven core outcomes, which you have listed. You then state in the economic renewal programme that

[28] ‘we will achieve this by taking forward the ‘For Our Future’ Higher Education Strategy Action Plan and by implementing an updated ‘Skills That Work for Wales’ action

plan which will be published in the Autumn of 2010'.

[29] Has the updated 'Skills That Work for Wales' been published? If it has not been published, when do you expect it to be published? Could you also give us an idea of how the updated 'Skills That Work for Wales' action plan will implement the aims of the economic renewal programme?

[30] **Lesley Griffiths:** The decision was made by Leighton Andrews, the Minister for Children, Education and Lifelong Learning, not to update the 'Skills That Work for Wales' action plan. Instead, we will have a statement issued jointly by the Minister and me about skills for economic renewal.

[31] **Paul Davies:** Why did that change take place?

[32] **Lesley Griffiths:** That was decided in the autumn. As skills were such a central part of the economic renewal programme, the Minister decided to take that approach.

[33] **Mr Evans:** The Minister felt that another strategy probably would not help at this juncture and that it was better to realign what we were doing as a department to support the economic renewal programme. In doing so, we have been working with colleagues in DET on an alignment process that will hopefully be clear and precise about what we will actually support for each element of the ERP. As part of that, a statement will be issued by the Minister and the Deputy Minister within the next month.

[34] **Lesley Griffiths:** We need to build a partnership with businesses and individuals to meet their needs. We need to make sure that we align resources to the six key sector priorities in the ERP. Also, we will publish a list of anchor companies and regionally important companies, so we need to make sure that the skills that the sectors and the companies need are also there. That will be our main approach. Also, we have just brought in the shared apprenticeship scheme to focus on small and medium-sized enterprises. A company that feels that it cannot take on an apprentice on its own can participate in a shared apprenticeship scheme with other companies.

[35] **Paul Davies:** Therefore, to clarify, there is no action plan but a statement from the two of you. That is basically what you are saying.

[36] **Lesley Griffiths:** There will not be an updated strategy; the Minister decided that last autumn. Next month, there will be a statement issued jointly by me and the Minister on the skills for economic renewal.

[37] **Gareth Jones:** That is, clearly, a very important point, because concern has been expressed about the phasing in of the skills that we have, and the drive from the sectors that you have appointed or are integral to the plan. I think that it is to be commended that you are realigning, in a way, to that economic driver. I think that that has to be the case. I know that it is a more complex area than that, but that is, at least, the message that you are leaving with us today: that you are realigning with the driver, which is the economic renewal programme.

[38] Are there any further points on skills? I see that there are none. The next question is from Nerys.

[39] **Nerys Evans:** Yr wyf yn hynod o falch o glywed am y datblygiadau ar fand eang, a bod y broses dendro ar fin dechrau. Mae'n rhaid cofio nad mater bach yw'r newid sylfaenol yn rôl Llywodraeth Cymru o **Nerys Evans:** I am extremely pleased to hear about the developments on broadband, and that the tendering process is about to commence. We must bear in mind that the fundamental change in the way in which the

ddelio â datblygu'r economi a helpu busnesau. Yr wyf yn credu y bydd pawb yn deall nad yw hynny'n rhywbeth a all ddigwydd dros nos ac nad yw'n broses hawdd.

[40] Mae llawer o sôn wedi bod am helpu busnesau bach a chanolig. A allwch amlinellu sut yr ydych yn gweld y busnesau hynny—sydd mor hanfodol i'r economi yng Nghymru—yn cael help drwy raglen adnewyddu'r economi? Nid mater o helpu busnesau cynhenid yn unig yw hyn, ond o geisio denu buddsoddiad o wledydd eraill. Sut mae'r rhaglen yn datblygu diddordeb o ran buddsoddi o dramor?

[41] **Y Dirprwy Brif Weinidog:** O safbwynt busnesau bach, mae rhaglen adnewyddu'r economi yn nodi'n glir ein bod eisiau helpu pob busnes yng Nghymru—busnesau bach, mawr a chanolig. Rhaid cofio, yn ôl ffigurau 2009, bod 98 y cant o fusnesau bach yn y sectorau yr ydym wedi'u nodi. Yr ydym hefyd yn gweld bod nifer o'r busnesau bach yn y sectorau yr ydym wedi cyfeirio atynt fel rhai pwysig wedi ychwanegu gwerth ar ddwywaith graddfa busnesau eraill. Felly, mae'n amlwg bod buddsoddiad sylweddol mewn helpu busnesau bach, nid yn unig i'w hybu ond i'w datblygu'n eithaf sylweddol o dan y rhaglen hon. Mae rhyw 40 y cant o gyflogaeth yn y sectorau a nodir yn dod o fusnesau bach. Felly, bydd busnesau bach yn elwa'n sylweddol o'r sectorau, ac o'r cyfeiriad newydd yr ydym wedi ei gymryd.

[42] Pwynt pwysig arall yw ein bod yn gallu cymryd barn busnesau bach i ystyriaeth wrth ddatblygu rhaglenni'r sectorau. I'r perwyl hwnnw, yr ydym wedi cyhoeddi y byddwn yn cael panel arbennig o fusnesau bach i'n helpu ac a fydd yn cydweithio gyda thimau'r sectorau, fel y gallant gydweithio'n effeithiol. Felly, yr wyf yn teimlo ein bod wedi symud ymlaen ar yr agenda honno.

[43] O safbwynt buddsoddiad o dramor, fy nheimlad i yw y bydd gennym yn awr lawer gwell arbenigedd o fewn y timau sectorau er mwyn ei gwneud yn glir i gwmnïau sydd â diddordeb mewn buddsoddi yng Nghymru bod eisiau iddynt wneud hynny. Bydd ein hapêl yn llawer iawn

Welsh Government deals with economic development and helping businesses is no small matter. Everyone will understand that this does not happen overnight, and that it is no easy task.

There has been a great deal of talk about helping small and medium-sized enterprises. Can you outline how you see small and medium-sized enterprises—which are so crucial to the Welsh economy—being assisted through the ERP? This is not just about helping indigenous business but about attracting investment from other countries. How is the programme trying to generate investment interest from abroad?

The Deputy First Minister: From the point of view of small businesses, we made it clear in the ERP that we wanted to help every business in Wales—small, large or medium-sized. We must bear in mind that, according to 2009 figures, 98 per cent of small businesses were in the designated sectors. We are also seeing that a number of the small businesses in our designated sectors have added value at twice the rate of other businesses. Therefore, it is clear that there is significant investment in assisting small businesses, not only to grow but also to develop significantly under this programme. Some 40 per cent of employment in the designated sectors comes from small businesses, so small businesses will benefit substantially from this approach and the new direction that we are taking.

Another important point is that we can take the views of SMEs into account in developing sectoral programmes. To that end, we have announced that we will have a panel of small businesses that will assist us, and that will collaborate with the sectoral teams, so that they can work together effectively. Therefore, I think that we have moved forward with that agenda.

From a foreign investment perspective, my feeling is that we will now have much better expertise within the sectoral teams so that we can make it clear to companies that are interested in investing in Wales that they should do so. Our appeal will be much stronger and we will have expertise in the

cryfach a bydd gennym arbenigwyr yn y maes. Ar hyn o bryd, mae'r timau sector yn cynnal dadansoddiad o'r farchnad fyd-eang, er mwyn gweld lle mae ein cryfderau yng Nghymru ar hyn o bryd—ac adeiladu ar hynny—a lle yr ydym eisiau bod yn gryfach. Gallwn weithio ar hynny a sicrhau bod cwmnïau ar draws y byd sy'n edrych am leoedd i fuddsoddi yn edrych ar Gymru. Drwy hynny, gobeithiwn y gallwn ychwanegu gwerth i'r economi. Yr ydym hefyd yn adolygu lleoliadau ein swyddfeydd tramor; mae hyn yn digwydd ochr yn ochr â UKTI, sy'n gwneud yr un peth ar gyfer y Deyrnas Gyfunol. Gobeithiwn y gallwn wedyn wneud y defnydd gorau o'r adnoddau sydd gennym—ar y cyd â UKTI, mewn rhai enghreifftiau—er mwyn sicrhau bod Cymru yn cael ei chyfran o fuddsoddiad mewnol.

field. The sectoral teams are currently conducting an analysis of the world-wide market, in order to identify where Wales's strengths currently lie—and to build on them—and where we would like to be stronger. We can work on that and ensure that companies all over the world that are looking for places to invest look at Wales. In that way, we hope to be able to add value to the economy. We are also reviewing where our offices abroad are located; this is being done alongside UKTI, which is doing the same for the United Kingdom. We then hope to be able to make the best use of the resources that we have—alongside UKTI, in some instances—in order to ensure that Wales gets its share of inward investment.

[44] **Christine Chapman:** Will you say some more about the Wales brand? It would be fair to say that we have been talking about raising the profile of Welsh business since the beginning of devolution. I know that you are looking at this as a Wales brand framework, which, I understand, will be presented to you shortly. What differences are there between the situation now and what we have discussed in previous years? Quite often, it is difficult to quantify what we mean by a Welsh brand; we have an idea, but do you have anything more specific on that? If you are going to talk more about the Welsh brand, how will you know whether it is working? Are there any performance indicators attached to it; if so, what are they?

[45] **The Deputy First Minister:** The final point that you make is important, because a marketing exercise is sometimes a bit difficult to quantify. Where I saw the need for a coherent, cohesive and vibrant Welsh brand was the way in which the team worked to promote Wales during the Ryder Cup.

10.00 a.m.

[46] That was a step change in the way that we started to market Wales effectively. Trying to develop a Welsh brand is not just something for the Department for the Economy and Transport; it is an all-Government approach. It will be used in relation to the promotion of Wales in overseas markets and business investment, but also in tourism and cultural events and in promoting Welsh food. The whole of the outward-facing presentation of Government policy, in whatever department it might be, needs to be encompassed within the Welsh brand. In the past, we have used different ways to do it in different departments, but I think an all-Government approach will be far better.

[47] So, the idea is that we do two things. First, we will raise awareness of Wales in the world—there are still parts of the world where awareness needs to be raised. The second important thing is to deal with some of the negative perceptions around Wales that are still out there, to have a much more positive image. The success of it depends on whether we are successful in attracting more investment into Wales, whether we see the tourism figures start to go up quite significantly, and whether we are successful in attracting some of the more cultural events with our major events unit. We have been successful, and I hope that we will continue to be successful, in attracting major sporting events to Wales. I would like to see us having a similar success on the cultural front. So, it will be about being able to increase the

number of visitors to Wales, but also about our economic performance and some cultural events. Some of the key indicators will be around enhancing that value. Do you want to say something about how we would measure that, James?

[48] **Mr Price:** In terms of marketing? You are catching me on something that I am not an expert on. From an economic and marketing perspective, there are ways of doing it. Historically, we have always measured the number of people who are aware of Wales—for instance, the number of people who have positive perceptions of Wales. We scale perception on a value chart and look for the perceptions to go up over time. There are other things that can be done as well. All of that will be built into it. That is fairly standard metrics. If the marketers were here, I think that they would claim figures similar to Jeff's—a return of 18 to 1. They claim very high figures, but it has to be measured correctly.

[49] **The Deputy First Minister:** An analysis is currently being done of the impact of the marketing around the Ryder Cup. When that work is complete, I am sure that it could be shared with the committee, so that you could see a typical example of what has happened as a result of a marketing exercise.

[50] **Gareth Jones:** Thank you. Christine may well want to come back in, and I know that Brian has a follow-up question. However, Lesley, I am mindful that it is past 10 a.m., so is there anything that you want to leave with us or any comment you feel might be useful?

[51] **Lesley Griffiths:** Members will be aware of the ProAct scheme. We have just had some independent evaluation done on that scheme, which is very encouraging. To go back to pounds, for every £1 we spent, we got a GVA of £4. I will be issuing a written statement to Members next month about the evaluation of ProAct, because I think that it would be interesting for Members to see.

[52] **Gareth Jones:** Thank you for your attendance this morning. Diolch yn fawr.

[53] **Christine Chapman:** The information around how the framework will develop is very interesting. It quite difficult to pin down. James, when you talk about the surveys that you carry out with people, are you talking about visitors or overseas? Do you use the overseas offices?

[54] **Mr Price:** Historically, we have surveyed visitors, businesses and people who are overseas. We do an omnibus survey, looking at different factors about Wales. Knowledge is the basic factor, and then perception is built on after that. If people do not know about Wales, particularly from a business perspective, they will not think about coming here. When they do know about Wales, do they think that Wales is full of industrial dereliction or do they think that Wales is at the cutting edge of research and development, technology and a great place to live, which is the image that reflects the truth? So, that is what the marketing is about and that is what we try to measure. If you are interested, we could ask Roger Pride to prepare a one-page briefing note on it for the committee.

[55] **The Deputy First Minister:** I think that that would be very helpful to the committee.

[56] **Christine Chapman:** Finally, Ieuan, what you have said about a cross-portfolio approach is important. You are talking about businesses, but it also impacts on cultural events, links and so on. I am still concerned that unless we get some sort of proper measurement of such an approach, we could be saying the same thing in five years' time. Nobody would disagree with this objective—we obviously want to invigorate the Welsh brand—but we need to look at how we are moving forward and making progress, because the indicators are hard to define.

[57] **The Deputy First Minister:** That is a good point, because it is a little difficult to measure, for the reasons that you have outlined. However, we need to have a coherent attitude to one brand; the worst example of not adopting such an attitude is that one could land in an airport and find marketing that talks about the Welsh Development Agency, about International Business Wales, as the WDA then became, about the Welsh Assembly Government and about something else. We want to sell Wales and a consistent message about what Wales represents, because, to the outside world, the different entities do not matter. Marketing Wales as a country effectively would be a better approach; that is the advice that we have been given. However, I accept that we need some measurement of the success of changing our approach.

[58] **Brian Gibbons:** I am sure that you know about the nasty piece on Wales in *The Economist* two weeks ago, which I hope that somebody will choose to tackle, because I think that it was one of the worst examples of journalism about Wales that I have seen for a long time. I have to admit that I have no feel for what 'brand Wales' is. At the moment, we do not have a brand; there is nothing out there that encapsulates what you are saying. Do you share that view? Are you in the process of trying to develop a brand and a strategy, or is it your view that the brand is more or less there and that it is a case of selling it in some way? It would worry me if you were to say the latter, because I do not think that there is a brand identity for Wales out there at the moment. Looking at the information on business support on the website, if you can detect any business brand it is International Business Wales. I do not know whether that is due to the way that the site is set up, but you cannot see any consistent brand linking across into Visit Wales or anything else. Do you think that the brand has been looked at sufficiently? If it has not yet been launched, when will that happen?

[59] **The Deputy First Minister:** That is why it is important for us to wait until the work that Roger Pride is doing is complete. You have explained exactly why we need that work, because you rightly point out that the brand is not currently there. However, I am a bit surprised that you say that you have not seen any of it, because some of the work done over the Ryder Cup was superb. If you have not seen it, I invite you to look at some of the videos of the work that was done to sell Wales in a very clever way. That was some of the most successful marketing that I have ever seen involving our nation. If the committee shares Brian's view, I invite it to see the messages in those videos; for example, when one saw a shot of the tee-off position on the golf course, the image of Wales was clear every time. That is the kind of thing that I am talking about: the need to develop that image.

[60] **Brian Gibbons:** That was a positive, outward-looking image that reached out to the world. Nothing has happened on that in the five months since the event; that is the problem. That was outward looking, and invited the world to come to Wales, and we have had a hiatus ever since.

[61] **The Deputy First Minister:** It is not true that nothing has happened. Since then, there has been a lot of post-Ryder Cup marketing. The marketing that has taken place on transatlantic flights and in the United States since has been equally good, for example.

[62] **Gareth Jones:** I just have a comment, for what it is worth. The challenge with a brand is whether it is a simple message or a multifaceted brand. What exactly are we looking for?

[63] **The Deputy First Minister:** It is a positive image of Wales, but it needs to be tailored to the audience that you are addressing. It would be a particular kind of message for a tourism audience but it may be a different message for a business audience. If you are inviting people to come here for a visit, they are probably going to be here for a short amount of time, so they want to make the best of that period, but if you invite businesses to come here, as James said, quality of life issues also need to be incorporated.

[64] **Lorraine Barrett:** I am not a member of this committee, so I am just about catching up, but this takes me back to the days of the Culture Committee in the first Assembly when we wanted tourism to be part of its remit, and battled for that for years. Everyone around this table could have different views on how they want Wales to be branded. Brian made a point about what has happened since the Ryder Cup, and you can go back to the Rugby World Cup in 1999 and the opening of the Wales Millennium Centre. If you are looking for a brand, there are all those images of a cultural Wales, but it is an ongoing thing that will build up over the course of five to 20 years. However, the business brand is a message: it is good to do business in Wales, and it should be about green Wales, and green business in Wales. I am just thinking this through, and I can see that a pot pourri of different things can form the brand of Wales. I can remember somebody saying years ago that Wales is all harps and sheep: some of us want to get away from that image, even though that is a lovely part of Wales. It is different things to different people.

[65] **The Deputy First Minister:** Some of the comments that you have made highlight a more modern, forward-looking image. The difficulty that we always have with anything like this is that the brand has to be successful not with people who know something about Wales, but with those who know nothing about Wales. What we might think is a successful image of Wales must strike a chord with people who know nothing about Wales.

[66] **Gareth Jones:** You are working on that report. We are waiting for that report and hoping for good things from it, Minister.

[67] **The Deputy First Minister:** Yes, we are and I think that it is an exciting project.

[68] **Darren Millar:** Before I ask my question, I would just like to say that I think that we have done a pretty good job on the tourism front as regards our branding and image over the past few years in Wales. The most successful marketing exercise was 'Wales: the big country', which everyone remembers when you talk to them on the street. It is disappointing that we ditched the Welsh Development Agency brand, which was fantastically successful at attracting inward investment, but that is beside the point.

[69] I will turn to the financial support that is available through the economic renewal programme, Minister. You will be aware that the ERP was welcomed on a cross-party basis and by business and industry, generally, as regards its principles, looking at investment and repayable loans. However, not a penny has been given in financial support to a single Welsh business under the ERP since its inception. The single investment fund continued to operate in relation to applications until the end of August. What has been going on since then?

[70] **The Deputy First Minister:** Three offers have been made: a total of almost £3 million under the new repayable system.

[71] **Darren Millar:** When were they made?

[72] **The Deputy First Minister:** The offers were made between September, when it was launched, and now.

[73] **Darren Millar:** The reason why I ask when they were made is that in response to a freedom of information request, which is published on the Welsh Assembly Government's website, as of 10 January, not a single penny has been given.

[74] **The Deputy First Minister:** I am giving you the correct information now, Darren.

[75] **Darren Millar:** Therefore, the offers were made between January and now.

[76] **The Deputy First Minister:** I am not in a position to give you the precise dates on which the offers were made, but three offers have been made.

[77] **Darren Millar:** In the last few weeks.

[78] **The Deputy First Minister:** No. I am not giving you dates, because we do not have the dates—

10.15 a.m.

[79] **Darren Miller:** What happened in the gap between January and the end of August?

[80] **The Deputy First Minister:** Can I finish answering the question, Chair?

[81] **Gareth Jones:** Yes, carry on.

[82] **The Deputy First Minister:** In September, we introduced the biggest change in business support that this Government has ever seen. We launched it in July, and then, in September, we opened up the offers for repayable finance. In the previous system, grants were primarily delivered through the single investment fund, and the lead-in time for virtually all of those was very significant. From the time you opened discussions with a company to the time the offer was made was invariably a period of more than six months. That was in the nature of the offer, because the single investment fund worked in that way. Very often, you could be in negotiations with a company for up to two years before an offer was made. It is hardly surprising, therefore, that in the first three months of the new system, no financial offers were made. Since then, three offers have been made, worth a total of almost £3 million. That shows that the system is beginning to work.

[83] There are a number of discussions in the pipeline, which are at a very sensitive stage, on a number of inward investment projects that would be highly significant for Wales. The truth, which I think everyone recognises, is that when you open discussions with companies, not all of them will come to fruition because, clearly, you are in competition with other parts of the UK and the world. However, a healthy number of discussions are in the pipeline with a number of companies. It is hardly surprising, given that the scheme only started in September, that only three offers have been made. Significantly more offers will be made during the course of the next financial year.

[84] **Gareth Jones:** I think that that is the key point. I accept and understand the question raised by Darren; it is obviously significant. Nevertheless, you are convinced, Deputy First Minister, that the methodology is right, are you?

[85] **The Deputy First Minister:** If you are changing a policy in a significant way, you are not sure what the response of business is going to be. Although businesses have told you that they do not mind if you make grants repayable, but until you put your foot in the water, you do not know what the response is going to be. I think that it has been remarkably positive. Not a single one of companies that I have spoken to has said that it would like to go back to the old system. The companies have said that they fully understand why we are doing this. They believe that for our department to be successful, and for Wales as a nation to be successful, the investment being made in skills and infrastructure and all the other facets of support that you can give is important. I am confident that we have this right.

[86] **Darren Millar:** I appreciate that there is a lead-in time, Deputy First Minister, and I accept that there will always be a delay before an award is made. However, given that the old scheme finished in August, it is discouraging that no financial support had been given or

offered under the new scheme until very recently.

[87] **The Deputy First Minister:** I would like to add something.

[88] **Darren Millar:** Could I move on?

[89] **The Deputy First Minister:** I would like to add something.

[90] **Gareth Jones:** Please clarify that point, Deputy First Minister.

[91] **The Deputy First Minister:** You have to remember that we kept the single investment fund open for substantially longer, in order to ensure that the pipeline was open. So, we have officials working on the legacy single investment fund, and substantial offers of support have been made since September to those companies, which will continue as this matter progresses. The other scheme will then start to increase.

[92] **Gareth Jones:** So, there was a parallel tranche.

[93] **The Deputy First Minister:** Yes, there was. If the question of how many single investment fund bids were received had been asked, I would have answered it, but that question has not been asked.

[94] **Gareth Jones:** Darren, could we move on to another question?

[95] **Darren Millar:** Yes, I want to move on. Deputy First Minister, we are moving from a grant system to a loan system. You are right that this has been welcomed by business, and it is the right thing to do. How flexible will those repayable loans be? How soft will they be in reality? Are you expecting to recover 100 per cent of them, or are you expecting to recover only 75 per cent of what is given out over a period of time? What are the calculations that you have built into the process?

[96] **The Deputy First Minister:** It is a bit difficult to say at this stage. The intention is that these repayable grants—we are not calling them loans—can be repaid over a period of between five and seven years. The terms of the repayments will depend on the individual circumstances and the terms that we can agree with the company. The intention is that the grant is repaid. This will then enable us to assist other companies. That is the system that we want to operate. It is a bit like Finance Wales, in that the money is lent and then it comes back to help other businesses. So, it will be over a period of between five and seven years.

[97] **Darren Millar:** Thank you for that. You have appointed the leads for the key sector teams this week, which I welcome, but how long will it be before the teams are in place for each of those individual key sectors?

[98] **The Deputy First Minister:** There are two things to put in place. First, the sector teams, namely the officials, are more or less in place. In fact, I think that they are all in place now, are they not?

[99] **Mr Price:** We will be giving the final approvals this week.

[100] **The Deputy First Minister:** Alongside the sector teams are the sector panels, which are representatives from the private sector. Those will meet in March, and the plan is that they work with the teams to develop a programme for each sector to develop that sector. There will be discussion between the team and the panel to ensure that they are taking the right approach. They will then have a plan for developing the sector, which I think will be a three-year plan. This will be considered in order to develop that particular sector. That will address

the needs of indigenous businesses and look for inward investment projects.

[101] **Darren Millar:** In terms of the publication of the economic renewal programme document, you anticipated that the evaluation framework would have been published last year, but it still has not been published. At what stage is that now?

[102] **The Deputy First Minister:** It is still under consideration. It is quite a complex document. There are issues around how we should approach it, primarily because, under the old system, grants were paid and the effect of those grants could be evaluated and success measured quite quickly, but some of the lead-in times for what we are doing under the ERP are going to be significantly longer. For example, with regard to the broadband project, because not all businesses will be connected until 2016, it is difficult to talk about evaluating how successful that investment has been. So, it is about grappling with some of those issues. However, the intention is that we will be in a position to publish that in March.

[103] **Darren Millar:** I have one final question on broadband and communication. The focus on broadband has been most welcome and I am delighted that the UK Government recognises the importance of broadband, so that there can be some synergy there in order to get the job done. However, we often forget about mobile telephone communications. Where does that fit into the ERP, if it fits in at all? There are large not spots for mobile communications across Wales, particularly in rural areas. Are you looking at how you can develop the mobile telephone network?

[104] **The Deputy First Minister:** Yes, we are. Sometimes, it is possible to deal with both issues at once. We are looking at ways to do that. Within the ERP, there was a lot of concern about the lack of mobile connectivity in Wales. We are all aware of that in our lives, particularly those of us who travel between north Wales and Cardiff. It can be quite frustrating at times. Therefore, we understand the point that you are making and we are addressing that. In certain areas, we are working with the mobile operators to see whether we can increase the number of masts. The difficulty in rural Wales is that we do not want there to be too many. We are trying to work out a system that allows the operators to share a mast in a particular area, which would lead to greater connectivity. So, we are looking at that.

[105] **Gareth Jones:** Yr wyf yn ymwybodol bod amser yn mynd yn ei flaen; a fedrwch aros am ryw bum munud arall? **Gareth Jones:** I am aware that time is running out; could you stay for another five minutes or so?

[106] **Y Dirprwy Brif Weinidog:** Mae'n amlwg eich bod yn ddyn sydd llawn perswâd. **The Deputy First Minister:** You are clearly a persuasive man.

[107] **Gareth Jones:** Diolch yn fawr. Mae gan Brian gwestiwn, ond gwelaf fod Jenny wedi cyrraedd. **Gareth Jones:** Thank you. Brian has a question, but I see that Jenny has arrived.

[108] Would you like to ask a question at this stage, Jenny?

[109] **Jenny Randerson:** Although you knew that I would be late, I apologise for being late. I would like to ask a quick follow-up question on the mobile issue. I remember being told many years ago that the sharing of masts would be the norm. It must be at least 10 years ago that I was told that. You said just now that you are trying to work out a system. Are you having problems with that?

[110] **The Deputy First Minister:** Although there was a desire to do it in the past, it has not physically happened. I think that it happens in certain areas, but it is not happening consistently enough, because, as you know, Jenny, you can have good reception with one

provider, but not with another. So, they are clearly not sharing masts. We want them to share masts, and where we can provide new masts—which we are looking at—it would be better if we could do that. In recent examples, when people have come to us about particular issues, our discussions with some of the providers have been a lot more positive. So, we hope that mast sharing will happen.

[111] **Gareth Jones:** Finally, Brian, do you have a question on exports?

[112] **Brian Gibbons:** Well—

[113] **Gareth Jones:** It is up to you to say what your question is on. [*Laughter.*] I am sorry about that, Deputy First Minister. That was a bit of a slip.

[114] **Brian Gibbons:** You can see who the puppeteer is and who the puppet is in this committee.

[115] You addressed the issue on inward investment, but on issue of developing the Welsh brand, while I must admit that I am not a nationalist at all, the idea of us promoting Wales through UKTI causes me a little concern—anyway, we will leave that aside. The question that I was interested in was about property, because, certainly in my part of Wales, getting property for businesses to develop is a big issue. It is not the case so much now with the recession, but before, businesses could not set up, simply because the property was not there. You said that you were proposing to sell off what property assets remain, presumably, in the ownership of the Welsh Assembly Government—

[116] **The Deputy First Minister:** Not all of it.

[117] **Brian Gibbons:** All right, not all of it. That is—

[118] **The Deputy First Minister:** I would like James to give an update in a minute on where we are, because we will be making a property offer.

[119] **Brian Gibbons:** The timing of any sale in a recession is crucial. In my area, the recession notwithstanding, a lot of sites are lying empty, and on a number of sites that have been sold to the private sector, particularly when they were not sold as a single lot, it is nearly impossible to get anything done, because different owners have different agendas and you cannot move anything forward. There are a couple of sites, such as Kenfig Hill, which people will see from the motorway on the way to Swansea, where it has been difficult to make progress because there is a hotchpotch of owners. I wonder, first, where the strategic approach to these properties is and, secondly, what the offer is in relation to making those properties viable. I do not know whether the old property development grant still exists. Is it still available?

[120] **The Deputy First Minister:** I will ask Jeff to come in on the property side, because we are working up the property offer, but I hope that I can give you a little comfort with regard to your earlier reference to UKTI. As I think you will be aware, the majority of inward investment projects come in through our efforts. Some come in through UKTI. We are saying that we will not in any way diminish our opportunity to use our efforts, but we need to work with it where we can in order to increase Wales's share of the inward investment that comes through UKTI. I hope that that gives you some comfort.

10.30 a.m.

[121] **Mr Collins:** In structuring the response, the property team has been reorganised within the ERP to have a number of distinct objectives. There is generating cash, basically to

support investment in broadband and other activities. Then there is support for what we call property offers. There are two aspects to that: one is where there is attractiveness anyway and the other is where there is a lack of attractiveness to the market, which is sometimes called market failure. If we talk about the property sale, we know what the asset is valued at, we have a disposal plan, and we have a framework for consideration of any joint ventures that we might be involved in, and how to dispose of them. We look at the values and the return on recent marketing strategies and sometimes they have been as low as a 50 per cent return on expected value. We are looking at that and tying it to the spend profile anticipated for broadband. All this information is available and we are looking at the money that we would need and beginning to put a plan together. We are trying to understand where we are regarding the bottom end of the market and whether the market will rise—it is a difficult crystal-ball exercise at the moment.

[122] On the offer, where it is considered an attractive area, we have a property database and we have a response that means that, routed through the sector teams or by taking a direct approach, we can tell people what is available and how to make things available, and we can steer them through planning and give them assistance on what is required for the private sector. That is established and available at the moment. Then we talk about a low market offering or a low market of attractiveness. The dilemma that we face is whether we build infrastructure and wait for it to be populated, which is not likely to be the way that we will go in the future, or whether we use our infrastructure plans that are on the shelf. The idea is that we have a service site, we get through all these conflicts of ownership and we have a portfolio of opportunities, so that if people want to come to a place in Wales, we can tell them that we can deliver a certain site through a developer, at a certain time, and it will all be ready to go. I would like to have a list of sites on the shelf, all lined up and ready to go. Those are the two established services that we offer, which we are detailing and will be providing to the Deputy First Minister shortly.

[123] **Brian Gibbons:** You will remember the old property development grant that used to support people so that they could develop sites, particularly the private sector. It allowed the business case to stack up—

[124] **Mr Price:** May I come in on the back of that and just broaden it slightly? There was a whole range of grants available previously, but the grants are really just an approved legal mechanism for discharging the powers of the Welsh Development Agency, as it was, and then the National Assembly, and now Welsh Ministers. The fact is that we have more powers than previously, so ‘yes’ is the answer to your question—we still have those powers and we would still be able to use them via the repayable finance offer available to sectors and, in some instances, non-sectors. That will be part of the offer, but we will probably not call it that. That is still on the books and could still be used. We are looking to widen the range of options, not to narrow it.

[125] **Brian Gibbons:** I think that we need to say that the website has improved considerably and, in some respects, there is now almost too much information. It is quite difficult to negotiate your way through all the information, but a lot of it—

[126] **The Deputy First Minister:** Can you find the information, Brian? That is the important thing.

[127] **Brian Gibbons:** Finding the site is easy now and a lot of it is intuitive, but there are tonnes of information. I just could not see stuff in relation to property development and so on.

[128] **Mr Price:** That is a fair comment. The final property offer paper will be going to the Deputy First Minister in the next couple of weeks, at which point it will all get uploaded. It is not that we are not doing anything now, but we are not proactively marketing it.

[129] **The Deputy First Minister:** I was particularly anxious to take a good look at the property offer because, in the past, there has been a lot of activity, if I can put it like that, on the property side, which we needed to do a lot more coherently. We needed to make the property offer a lot better and a lot clearer for businesses, to make clear our direction of travel in relation to how we would maximise assets for investing in broadband, and what offer we would make to businesses. You are absolutely right that, in certain cases, what prevents a company from either setting up or expanding is the lack of good property and availability of space.

[130] **Brian Gibbons:** Sometimes, the property is available, but the return on the investment is not good enough and that is where you see market failure, as Jeff said. We need some intervention to balance the scales.

[131] **Darren Millar:** If Brian has any businesses that are struggling to find properties, I will find them properties in Clwyd West. My second point is in relation to the website. I had a quick look on the website yesterday as well and one of the links is broken. This is just a point of information. The broken link is in terms of microsupport. I cannot remember exactly what it was, but it is a link on the front page that is broken. It works from another menu, but not from the front page and I am not quite sure why.

[132] **The Deputy First Minister:** I am very encouraged that members of the committee are fully aware of our website and the information provided there.

[133] **Gareth Jones:** Ar y nodyn calonogol hwnnw, mae'n rhaid imi ddod â'r rhan hon o'r cyfarfod i ben. Diolch yn fawr i chi a'ch swyddogion, ac i Lesley Griffiths yn ei habsenoldeb, am ymuno â mi. Bu'r cyfarfod hwn yn ddefnyddiol iawn achos, fel dywedodd Darren yn gynharach, mae rhaglen adnewyddu economi Cymru wedi cael croeso trawsbleidiol yn y lle hwn. Yr ydym i gyd yn ymwybodol o gyfrifoldeb a phwysigrwydd y rhaglen, a'r hyn a oedd gennym dan sylw oedd ceisio cael gwell dealltwriaeth o'r hyn sydd yn digwydd. Yr ydym yn deall bod yn rhaid i chi wneud penderfyniadau hollbwysig ac yr ydym yn dymuno'r gorau i chi wrth eu gwneud fel ein bod yn mynd i'r cyfeiriad iawn. Yr wyf yn siŵr y byddai Aelodau yn cytuno y bu hwn yn gyfarfod defnyddiol iawn, oherwydd yr oeddem yn teimlo fod angen mwy o eglurhad ar rai pethau ac yr ydym wedi cael hynny drwy drafodaeth y bore yma ac hefyd drwy'r dystiolaeth ysgrifenedig ychwanegol. Nid hwn fydd y tro olaf i chi ddod gerbron y pwyllgor—yr wyf yn meddwl y byddwch yn ymddangos mewn un cyfarfod arall—ac edrychwn ymlaen at hynny. Gyda hynny o eiriau, ac ar ran y pwyllgor, diolch yn fawr iawn i chi a'ch swyddogion.

Gareth Jones: On that encouraging note, I must close this part of the meeting. I thank you and your officials, and Lesley Griffiths in her absence, for joining us. This meeting has been very useful because, as Darren alluded to earlier, the Wales economic renewal programme has received cross-party support in this place. We are all aware of the responsibility and importance of the programme, and we wanted to gain a better understanding of what is happening. We understand that you must make crucial decisions and we wish you all the best in making them so that we move in the right direction. I am sure that Members would agree that this has been a very useful meeting because we felt that we needed further explanations on some aspects and we have had those through discussion this morning and also in the additional written evidence received. This will not be the last time that you come before the committee—I believe that you will appear in one other meeting—and we look forward to that. With those few words, and on behalf of the committee, thank you to you and your officials.

[134] **Y Dirprwy Brif Weinidog:** Diolch **The Deputy First Minister:** Thank you to

yn fawr iawn i chithau, Gadeirydd.

you too, Chair.

[135] **Gareth Jones:** Mae un papur i'w nodi, sef cofnodion y cyfarfod blaenorol.

Gareth Jones: There is one paper to note, namely the minutes of the previous meeting.

10.37 a.m.

Cynnig Trefniadol Procedural Motion

[136] **Gareth Jones:** Cynigaf fod

Gareth Jones: I move that

y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog Rhif 10.37.

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37.

[137] Gwelaf fod y pwyllgor yn gytûn.

I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10.37 a.m.
The public part of the meeting ended at 10.37 a.m.*