

MINUTES

Date 9 May 01
Time 2.00-5.30pm
Venue Committee Room 3, National Assembly for Wales Building.

Attendance

Members

Constituency

Christine Gwyther (Chair)	Carmarthen West and South Pembrokeshire
Alun Cairns	South Wales West
Christine Chapman	Cynon Valley
Glyn Davies	Mid and West Wales
Ron Davies	Caerphilly
Val Feld	Swansea East
Mike German (Economic Development Minister)	South Wales East
Alison Halford	Delyn
Brian Hancock	Islwyn
Dafydd Wigley	Caernarfon
Phil Williams	South Wales East

Officials

Derek Jones	Director Economic Affairs
David Pritchard	Director Economic Development Department
Emyr Roberts	EPD
Rachael Clancy	OCG
Gary Davies	EEAD
Chris Johnes	EEAD

External Contributors

David Quarmby	Chairman BTA
Bernard O'Donoghue	Head Govt. and Corporate Affairs
Peter Hampson	Director BRA
Cllr Madeleine Moon	Chair BRA

Tim Manson
Mel Edwards
Nigel Adams

Officers Advisory Committee BRA
Officers Advisory Committee BRA
WTB

Secretariat

John Grimes
Sian Wilkins

Clerk
Deputy Clerk

Item 1: Chair's opening remarks.

1. Opening the meeting the Chair welcomed Members and observers and invited people to speak in either Welsh or English.
2. She said that Dafydd Wigley needed to leave part way through the meeting and that Elin Jones would substitute for him.
3. Declaring an interest, she said that her partner ran a small consultancy business. Brian Hancock said that he was a director of a small company specialising in advice on health and safety.
4. The Chair reminded members that in line with plenary policy laid down by the Llywydd the Westminster election campaign should remain outside the door of the Committee.
5. The Chair said that having taken over from Val Feld she wished to pay tribute to her predecessor for the hard and innovative work she had done in her time as Chair of the Committee. She referred to her open and enthusiastic style and in particular her contribution in improving the interface between the Committee and the operation of European Structural Funds, and her direct personal contribution to the Committee's review of business support. She admired her ability to keep the Committee focused on its work, getting to the heart of the Welsh economy and improving its performance. She concluded by saying that Val had left this post to look after her health but fortunately was not leaving the Committee. She knew the Committee members would wish to join her in thanking Val for all her hard work and to wish her a speedy recovery.

Item 2 Minister's report

1. Introducing his report, the Minister referred to a number of issues which had not been covered in the written version.
2. He said that there were a number of measures being made available to companies affected by the outbreak of foot and mouth disease:

- The WDA would make available their diagnostic and consultancy support programme to businesses in areas affected by the outbreak. This provided two days of free consultancy and could be accessed through the Business Connect network.
- Agreement had been reached with the DfEE on relaxing the entry criteria for schemes to provide work-based learning for adults and the New Deal 25+ scheme for the unemployed.
- A £24 million rural recovery package had been announced for England and a consequential for Wales was expected.
- He was talking to the Wales Tourist Board about strengthening their marketing. This included the production of a new advertising campaign titled 'A Day in Wales'
- Advice was being issued to local authorities to encourage them to prepare a plan for re-opening footpaths in their areas.
- Hardship funds were now available for all those in Wales affected by the outbreak.

1. The Minister said that tourism business over the Bank Holiday had been busy but not as good as in the previous year. He emphasised the importance of re-opening footpaths and added that 22 out of 63 nature reserves in Wales were now open.
2. In discussion on the Glas Cymru acquisition of Hyder he said that he could confirm that the contracting out arrangements did not conflict with the information given to the Committee by the Company. However, a number of members indicated that they were unhappy with recent developments and felt that the company was not acting within the spirit of what EDC had been told. In particular, there was concern about the close tie-up with WPD, who appeared to have a strong influence on the company. The Minister said he would investigate this aspect further. [**Action: ED Minister**]
3. The Minister made a number of announcements concerning recent job gains.

- Kysor Europe at Caerphilly- 40 new jobs.
- Cyrus Engineering – 41 jobs have been safeguarded.
- Blaenau Plastics – A £7m investment has safeguarded 300 jobs and created 35 new ones in North Wales.
- Dunelm – 100 new jobs at a new store in Newport.
- Whitbread – 190 new jobs.

2.6 The following items were raised in further discussion.

- The Minister confirmed that officials were working with Friction Dynamics and the company were aware of the RSA grant conditions.

- He referred to meetings of the UK Rural Taskforce, which appeared likely to coincide with meetings of EDC. He said that in the meeting that day, the Assembly was represented by officials. Members indicated that they thought it important that there was political representation and the Minister indicated that he could do this but might not be able to attend EDC until around 3.30.
- The Minister noted the recent job losses at 3M at Gorseinon and said that, while these had not been as high as originally feared, he would ensure that the situation at the company was kept under review.
- A Member referred to the ONS statistics which showed a worrying trend of decline in the Welsh economy and linking this to the overall level of public expenditure.
- On Corus, the Minister agreed to ask the Finance Minister to provide a report showing the make up of the Barnett consequential arising from the March budget. [**Action: ED Minister**]
- As regards the restoration of the site, it was agreed that Corus were under an obligation to restore the site to one suitable for redevelopment. The Minister indicated that the signs from the company were that they intended to meet their responsibilities.
- On RSA, the Minister said that the Assembly was committed to finding resources to meet any demands on the scheme. While he indicated that it would be a challenge to increase the number of jobs to be supported by RSA by 5,000, he was confident that if this level of success were achieved then adequate resources would be found to meet it.

Item 3: British Tourist Authority

1. The Chair welcomed the BTA to the meeting and invited the Chair, David Quarmby to introduce the paper.
2. He introduced Bernard O'Donoghue and passed on apologies from the Chief Executive Jeff Hamblin. He explained that the BTA's role was to promote Wales overseas and their aim was to build inbound tourism rather than the home market. They worked closely with the WTB as equal strategic partners.
3. They shared the Assembly's concerns over the effect of foot and mouth disease on the tourist industry and had felt that the effects on the industry in Wales were disproportionate, although this did apply to other regions of the UK also. The Treasury had agreed £14.2m to support the BTA and they would be using this to counter mis-information abroad, sustain bookings and rebuild the image of Britain as a tourist destination.
4. In answer to questions from Members David Quarmby commented that if the impact of foot and mouth in Wales was similar to that in the UK this would mean a loss of tourism income of approximately £40m. However, given BTA's belief that the proportionate effect in Wales would be greater than that, he estimated a figure of somewhere between £45-£70m for this year. The BTA's role in countering the loss of income was on the marketing side and they were working to remove the distressing images and drive up inbound tourism.
5. Some Members felt that the BTA should be marketing Wales as a separate

destination in its own right, rather than as a short add on to a stay elsewhere in the UK. However, others said that it was unrealistic to compete with other regions and that if the image of Britain overseas was of London or England, then it would seem sensible to promote Wales as an add on trip. If you took London out of the figures Wales had 8% of overseas visitors and 9% of domestic visitors.

6. The BTA confirmed that it was difficult to express the numbers of total visitors to Wales as a percentage of total visitors to Britain. This was largely because the overseas tourism pattern was different to the home market. Over half of all overseas tourism spend goes to London. However, only a small number of domestic visitors go to the capital.
7. On the issue of branding they said that it was important to promote those things that were unique and different rather than things that Wales had that other regions had as well. The BTA did not set out to promote London, as it sells itself. It was, however important to promote it as a gateway to the UK. In its promotion overseas the BTA gave a prominent position to Wales.
8. The BTA felt confident that they were keeping up with the changing images of Wales and provided different marketing materials for different sectors of the market. They acknowledged that there was a clear need for them to have targets for Wales on which they could be measured. Work in this area was ongoing, but one of the initial targets may be simply to increase tourism spend in Wales.
9. Transport continues to be an important factor and a high proportion of overseas visitors rely on public transport. It was important for these visitors to have information on local transport.
10. The BTA thanked the Committee for allowing them to speak to them and added that the speed of action in Wales over the foot and mouth crisis was a very positive aspect of devolution.

Item 4: British Resorts Association

1. The Chair welcomed the representatives from the BRA and invited their Director Peter Hampson to introduce his colleagues and the paper.
2. He explained that the BRA was a long established association of authorities. He detailed their membership and especially the membership in Wales. He said that the BRA had a unique UK-wide remit, which was important as tourism industries could not work in isolation. Coastal tourism in Wales was an important sectoral group and there was an urgent need for a holistic approach to the regeneration of seaside resorts. There were also important social and economic issues attached to their regeneration. Members added that the BRA should be looking at promoting seaside resorts as a gateway to the rural hinterland.
3. Members felt that the report on UK seaside resorts was a good analysis of what was wrong but felt that it did not offer many positive actions. The point was also made that Objective 1 covers almost all the resorts in Wales. The BRA responded that whilst they could improve the product, they could not influence improvements

to the infrastructure and they would welcome specific measures for tourism within the Objective 1 funding.

4. On the subject of regeneration it was felt that this was an issue not just for closer working with the WTB but also with the WDA and members urged the BRA to explore this area.
5. The WTB said that in attracting overseas visitors it was important to concentrate on quality. Wales currently had 22 blue Flag beaches which was more per mile of coastline than in the rest of the UK. There was currently a consultancy study being carried out in Swansea titled 'Integrated Quality Management' which was looking to tackle the total visitor experience. Peter Hampson explained that LA membership in Wales was proportionately higher than the rest of the UK. He said that gaining new members was difficult particularly in the light of funding issues for LAs. However they were attracting new interest recently from local councils as well as the unitary authorities. Membership of the BRA for LAs was generally in addition to membership of RTP's or the WTB as it provided added value in the opportunity to learn from other UK resorts. The point was also made that the issue for those in tourism was not just the LA budget for tourism but also the impact of things such as cleaning the roads. In this LAs are falling behind and it is vital to have the support of the BRA.

Item 5 EU Cohesion Report

1. Chris Johnes introduced the paper and outlined the background to the debate the Report was intended to stimulate. He referred to a forthcoming forum to be held in Brussels to which the Minister and representatives of EDC had been invited.
2. In discussion, members commented on the changes that were likely to result from further enlargement of the European Union. There were a number of forces behind these. First, there were the natural differences between the existing EU members and those seeking to join. If one of the aims was to pursue policies of convergence between Member States then this could have resource implications. It was also important to be clear about the aims of the expansion. In its early days the European Community revolved around rigid policies for the production of iron and steel and for agriculture. Current economic policies were focused more on environmental and sustainability issues and called for a different approach.
3. A number of members expressed concern that the EU report had omitted a number of important issues. While equal opportunities and employment issues were there, little mention was made of Wales' cross-cutting themes such as sustainable development. The report was very qualitative in style and gave little analysis of the impact of structural funding on policies. Members noted the acknowledged weakness of the evaluation of existing schemes and commented that additionality needed to be seen more on a programme basis than a country

basis.

4. From the point of view of the Welsh economy, an enlarged EU presented both opportunities and threats to Wales. It was important that we quickly identified what these were. Officials said that the Wales European Centre had prepared a paper on this.
5. Members agreed that it would be important for the Committee to be represented at the Cohesion Forum on 21/22 May and it was agreed that the Chair, Phil Williams and Alun Cairns (or a substitute) would attend. The Economic Development Minister was already attending in an official capacity.
6. It was agreed that members attending the Forum would provide feedback on what emerged from it and that it would be important to engage Programme Monitoring Committees in the discussions about the priorities that should be pursued.

Item 6 EDC Forward Work Programme and Annual Report

6.1 Members agreed the Forward Work Programme subject to the following amendments:

Paragraph 4, line 2 – Delete ‘Assembly’s’ and insert ‘Government of Wales’. Delete final sentence.

New paragraph after 11 – It will analyse progress towards the achievement of the target laid out in the National Economic Development Strategy when complete.

2. It was agreed that the detailed plan would contain reference to joint meetings with the Education and Lifelong Learning Committee to discuss Corus and with the Culture Committee to discuss the creative industries. Glyn Davies said he would discuss with the Agriculture and Rural Development Committee the possibility of a joint meeting this term to consider issues following the foot and mouth outbreak.

6.3 Annual Report

This was agreed subject to the following amendments:

Paragraph 18 – Insert after first sentence "Members expressed their reservations about the report in its present form but noted that it was the Economic Development Minister’s intention to publish it as the basis for further consultation."

Insert after 22 "The Committee identified the need to have greater clarity in the identification of sources of match funding and recognised that the absence of full match funding from HM Treasury will mean that the Structural Fund programme will have less impact than it would otherwise." and

"The Committee was concerned to ensure greater clarity in the source and identification of resources being applied to the consequence of the Corus closures".

6.4 Members also agreed that a reference should be included on their work on operating aids: "The Committee expressed a strong desire that operating aid schemes be developed in Wales and called on the Minister to pursue such schemes.

Item 7 Minutes of Meeting on 4 April 01

The minutes of the meeting on 4 April were agreed subject to clarifying that action in respect of Item 1 on the action outstanding summary fell to the Minister. It was for him to prepare a paper referring to the breakdown of the Barnett consequential. (See para 2.6 above.)