



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

Y Pwyllgor Menter a Busnes **The Enterprise and Business Committee**

Dydd Mercher, 20 Chwefror 2013
Wednesday, 20 February 2013

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal,
cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol **Committee members in attendance**

Byron Davies	Ceidwadwyr Cymreig Welsh Conservatives
Keith Davies	Llafur Labour
Yr Arglwydd/Lord Dafydd Elis-Thomas	Plaid Cymru The Party of Wales
Alun Ffred Jones	Plaid Cymru The Party of Wales
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Nick Ramsay	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
David Rees	Llafur Labour
Kenneth Skates	Llafur Labour
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Tracey Burke	Cyfarwyddwr, Strategaeth, yr Adran Busnes, Menter, Technoleg a Gwyddoniaeth, Llywodraeth Cymru Director, Strategy, Department for Business, Enterprise, Technology and Science, Welsh Government
Jeff Collins	Cyfarwyddwr Cyflawni, yr Adran Busnes, Menter, Technoleg a Gwyddoniaeth, Llywodraeth Cymru Director of Delivery, Department for Business, Enterprise, Technology and Science, Welsh Government
Edwina Hart	Aelod Cynulliad, Llafur (Y Gweinidog Busnes, Menter, Technoleg a Gwyddoniaeth) Assembly Member, Labour (Minister for Business, Enterprise, Technology and Science)

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

Ffion Emyr Bourton	Dirprwy Glerc Deputy Clerk
Andrew Minnis	Y Gwasanaeth Ymchwil Research Service
Gareth Pembridge	Cynghorydd Cyfreithiol Legal Adviser
Siân Phipps	Clerc Clerk
Ben Stokes	Y Gwasanaeth Ymchwil Research Service
Kath Thomas	Dirprwy Glerc Deputy Clerk
Gareth Williams	Clerc Clerk

Dechreuodd y cyfarfod am 11.04 a.m.
The meeting began at 11.04 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Nick Ramsay:** I welcome Members and any members of the public to this morning's meeting of the Enterprise and Business Committee.

Y Bil Teithio Llesol (Cymru): Cyfnod 1—Dull o Graffu
Active Travel (Wales) Bill: Stage 1—Approach to Scrutiny

[2] **Nick Ramsay:** The purpose of item 2 of this morning's meeting is for the committee to agree its approach to scrutiny of the Active Travel (Wales) Bill. The Bill was introduced in

the Assembly on Monday, 18 February by the Minister for Local Government and Communities, and the Business Committee has referred the Bill to the Enterprise and Business Committee for Stage 1 scrutiny, with a reporting deadline of 24 May 2013.

[3] The role of the committee is to consider and report to the Assembly on the general principles of the Bill. The committee has had some informal discussion on its approach to scrutiny. Members need to agree the following: the framework for scrutiny, which is in paper 1, paragraph 9; the approach to scrutiny, in paper 1, paragraphs 10 to 14; a six-week consultation period and the list of consultees, in paper 1, paragraph 13, annex 1; and the provisional list of witnesses in paper 1, annex 2. Are we happy with those aspects of the paper? I see that we are.

[4] Subject to the committee's agreement, the public consultation will be launched on Friday, 22 February, and the committee will begin taking evidence on the Bill at its meeting on 6 March, when the Minister for Local Government and Communities will be in attendance. Are Members content with that approach? I see that you are.

[5] I should have pointed out earlier that we have an apology today from Julie James. Mick Antoniw has agreed to substitute for Julie James for the second part of the meeting.

[6] **David Rees:** Can you confirm, Chair, that we are entitled to add more names to the list?

[7] **Nick Ramsay:** Yes; it is a provisional list. So, if Members have any further suggestions or, indeed, if there are some you do not want as witnesses, you should let the committee know. Is that okay? I see that it is. We will now have a short break until the ministerial evidence session.

*Gohiriwyd y cyfarfod rhwng 11.07 a.m. a 11.32 a.m.
The meeting adjourned between 11.07 a.m. and 11.32 a.m.*

Polisi y Sector Economaidd—Sesiwn i Graffu ar Waith y Gweinidog Economic Sector Policy—Ministerial Scrutiny Session

[8] **Nick Ramsay:** Welcome back to this morning's meeting of the Enterprise and Business Committee. We are today looking at economic sector policy, and I am pleased to introduce this ministerial scrutiny session. I welcome our witnesses to this morning's meeting. Would you like to give your name and title for the record?

[9] **The Minister for Business, Enterprise, Technology and Science (Edwina Hart):** Yes, I am Edwina Hart, the Minister for business.

[10] **Ms Burke:** I am Tracey Burke, the director of strategy.

[11] **Mr Collins:** I am Jeff Collins, the director of delivery.

[12] **Nick Ramsay:** Thank you for being with us this morning. We have a large number of questions for you, so I propose that we go straight into them.

[13] **Edwina Hart:** I wonder, Chair, whether I could give a brief introduction to put some flesh on the bones.

[14] **Nick Ramsay:** Yes, very briefly, Minister.

[15] **Edwina Hart:** I think that it would help to set the scene and remind ourselves that the economy and transport ministerial group, back in 2008, under Richard Parry-Jones, undertook a comprehensive review of the economic trends likely to be important influences on Wales. It then adopted this sectoral approach, which it thought could be of considerable benefit to the Welsh economy. It also concluded in its deliberations that the private sector had an important role. The coalition Government reviewed this in 2009, because of the economic circumstances, and the conclusion remained the same, namely that a sectoral approach was the right one for the economic renewal programme. I have remained committed to this direction of travel.

[16] At the time, we had six sectors identified, but when I took over, as Members are aware, I introduced another three. The key to the success of these panels is the involvement of the private sector, and I have been pleased by the enthusiasm and expertise that the panels have provided me, the clarity of thought and the fact that they are prepared to challenge things. They have made good progress, and the panels are all very different. I think that I have to stress that. The construction sector panel is currently looking at the construction industry and how it uses opportunities in construction. The finance and professional services panel is pursuing opportunities for companies to relocate to Wales, and the creative industries panel is pursuing high-end drama productions, with successes such as *Da Vinci's Demons*, which was produced in Swansea. So, although we talk about sector policy as if it is a single policy, it is not. We need to be clear that all of these sectors are diverse and that one size does not fit all, which is the general, underlying theme from my perspective.

[17] **Nick Ramsay:** Many of these issues will be teased out by our questions. It was remiss of me not to mention that Mick Antoniow, who had agreed to substitute for Julie James, has sent his apologies. He will not be able to make this morning's meeting. We have a number of questions, and the first is from David Rees.

[18] **David Rees:** Good morning, Minister. Before I start, may I remind you that *Da Vinci's Demons* was actually in Neath Port Talbot, not Swansea?

[19] The sector panels that you have identified have delivered sector delivery plans, which I think were published in January. They talk about the short, medium and long term, and I think that one might have identified three years as the short term, but can you clarify what the short term, the medium term and long term are, and what measures you are going to look at to ensure that they are meeting the targets for the short, medium and long term?

[20] **Edwina Hart:** We will publish an update on delivery as part of the annual statement on business support alongside the programme for government, which will be very useful. In terms of the short term, it is actually about 18 months ahead, so they look at what we need to do in that timescale. The medium term is up to about three years, and the long term could be 20 years, for example, because if you are looking at city regions, you are looking at very long-term priorities. Some of the short-term goals have become immediately clear with regard to what some of the sector panels have done. The life sciences fund was an immediate response to what the life sciences panel thought. We have looked at the new job opportunities across Wales and how we have to reflect on those and help. We have taken a creative look at the digital fund set-up and what it could do, and advanced manufacturing has clearly looked at the issues around the supply chain within manufacturing and we must ensure that we are part of that supply chain.

[21] With regard to medium-term opportunities and life sciences, the life sciences hub is the focus of the medium-term activity. Medium-term activities also include the preparation of Ebbw Vale for enhanced utilities, the new electricity grid and all of those particular issues. On some of the others, there is the Circuit of Wales project in Ebbw Vale, which I know Members are interested in, and work with manufacturers. However, in the long term, it is

about the skills we require perhaps in ICT and all of those areas, as well as assisting construction. It is those areas that I would think we look at in terms of the short, medium and long term.

[22] **David Rees:** Thank you for that. How will they know whether they have achieved in the short, medium or long term? What are the targets and indicators that they will be looking at, so that we can also look at them?

[23] **Edwina Hart:** These are private sector-led boards and it is up to them how they prioritise and what they include. I value their independence and the fact that they have known exactly what they wanted to do in terms of what they are undertaking and horizon scanning. I think that it is fair to say that they have all chosen different parts to prioritise in terms of their work, and that goes back to my introductory remarks that one size does not fit all. Looking at some of the issues around key performance indicators, which the committee is probably interested in, and how we will deal with some of those performance monitoring areas, the main way in which we will judge the performance of the priority sectors is through sector statistics. There is an excellent publication that shows all these statistics, which has been produced by the statistical directorate. We published information about the nine sectors in November and we will publish this annually. That information will show the size, shape and so on of the sectors and we will be able to see what growth is developing from the private sector.

[24] There are some internal issues regarding KPIs; I do not know whether either Jeff or Tracey wants to cover that, and we obviously look at some of the indications, the spend against budget and the number of jobs created or safeguarded. We also track the start-up of new business for example, but it would be helpful if Tracey said a bit more about how we are dealing with these issues.

[25] **Ms Burke:** Members may be aware that statistical bulletins are produced quite regularly. In November of last year, we produced the priority sector statistics, which is a very rich source of information, on the nine priority sectors. It includes information on the number of enterprises, the number of jobs in those sectors and additional information around gross value added, hourly earnings and the levels of qualifications of people in those sectors. So, this really helps us to see how the sectors are developing. I know that there is an issue about attribution because Government intervention will not necessarily lead to those increases, but it helps us to see if the sectors are moving in the right direction in terms of their growth and development. So, that is the macro level of how we are looking at how the sectors are progressing in Wales. Internally then, Jeff, there are more performance measures.

[26] **Mr Collins:** As you would imagine, there is a range of statistics available within the department. If you organised all departments' efforts against some of those particular activities, you might perversely incentivise some of the delivery. An example or a figure of merit for a department like ours is the direct foreign investment that you would achieve. If I organised the teams to just pursue that, then it could be at the expense of the indigenous industries, especially if you are thinking about the construction industry, where if you applied a foreign direct investment incentive and said, 'Right, as a construction sector, I want the following construction companies and I will score you as a positive if you get foreign construction companies', you could understand how some of the issues might occur.

[27] Secondly, we have the 03000 60 3000 number, which is our primary channel for leads and inquiries. That receives 24,000 calls a year, so I log those. You then wonder whether, if you get 24,000 calls in 2011-12, you will get 24,000 or 25,000 in 2012-13. So, you look at the trends and whether they go up or down.

[28] **David Rees:** How have you dealt with those 24,000? How do you respond to them?

[29] **Mr Collins:** That is absolutely it. If you are not careful, what you see is just 24,000 calls and you do not look at the follow-up to those. So, I have introduced an ethos or a single business model that says to the teams that this is not about scoring how many times you answer the phone, but what comes out at the end of the pipe. I would like to see a leads and inquiries register, so you would have a note of, 'There were this many leads', 'This many leads qualified', 'This many leads are going through appraisal' and 'This many leads are delivering', and so on. So, we need to run it as a business. If you have a dreadful service at the end of the phone, just scoring 24,000 phone calls answered is not a good figure to measure.

[30] **Edwina Hart:** We must also recognise that we are talking about what we are doing across the sectors in terms of attracting investment. Landing one big company skews everything else in terms of numbers and how you might have dealt with one inquiry. However, when you look at small and creative companies, they are quite small numbers. We have to get that type of balance right. I do not think that this is a science in terms of how we do it and how we manage the sectors. There are different expectations in the sectors about where they are going and what they can get hold of.

[31] **David Rees:** Are you able to identify that information per sector in that case?

[32] **Mr Collins:** Across sectors, there are very high-level things like progress against budget expenditure, but, for example, if you pursue job creation, then you may be at odds with the creative industry that is looking at preparing access to what it considers to be a \$4 trillion marketplace, which is one or two people working on application developments. That application development is finite—you have got to be able to respond within weeks and months. The digital development fund talks about £10,000 or £15,000 investments. However, when you are looking at internal technology for jet engines that need huge sites, that might be a three-year gestation period. So, it is very difficult to apply a stringent, robust set of standards against every sector because they all operate differently and the sector chairs all pursue things at different rates.

[33] **Edwina Hart:** On the sectors, what we have got in the sectors is clearly identified, but we have a vast swathe of manufacturing and other jobs outside the sectors and priorities. We have to give weight to them in terms of how we develop things when they come forward with proposals, and follow up on their leads and in terms of their management. However, I firmly believe that the fact that we highlighted the whole-sector approach has been enormously helpful in terms of the expertise that we have had to develop the strands of work in sectors. It is fair to say that when Jaguar Land Rover was landed by UK Trade and Investment and we had that good news announcement, we were able to respond effectively as a sector in advanced manufacturing to the issues within the supply chain and in terms of how we could get the supply chain mechanisms in place. Advance manufacturing has concentrated on that supply chain.

[34] We have also linked our other funds, like the Wales economic growth fund, to companies that might have wanted to be part of that supply chain. We have been able to allocate money, when they made a bid, to get new resources and equipment in, so they are now into that. If we look particularly at Llanelli and Gestamp Tallent Ltd and everything that has gone on there, the money that is going in there will protect them in the future in terms of jobs. So, it is all integrated.

[35] We also need to remember that some of the sector panel members and chairs are involved in other developments, including enterprise zones, so it all crosses over very well in terms of what they do. I will remind you that we went through a public appointments system with the first lot of sector chairs, so we have a lot of high-class individuals—I am not saying

that the chairs appointed to the other sectors are not high-class—who really know their business. The beauty of the system that was set up by Ieuan Wyn Jones, as Deputy First Minister, was that we used that expertise and were prepared to be guided by it, against perhaps our own inclinations about what we thought was right, because they actually know what is right within their sectors.

11.45 a.m.

[36] **David Rees:** Obviously, therefore, the plans are available. Are we going to see more detail in the plans as they come out, because as we go down the line, we expect to see more detail? Will there be more detail in future plans?

[37] **Edwina Hart:** We will be looking at what we will publish, but we are actually reviewing the sectors. It is important to recognise that we are reviewing what we are doing with the sectors, because they have been in place. Sector chairs are looking at their roles and responsibilities to see how they feel they have moved forward. The life sciences sector feels that the creation of the fund and looking at the hub almost mean that its role and function has been fulfilled, so it will then keep a watching brief on things. Manufacturing is quite different in that regard. So, they are all developing at the moment. In terms of the detail, we hope that we will be publishing.

[38] **Mr Collins:** Some of the details within the plans mean that it would make it difficult for them to be available to the broader public, because it could influence the market. If the finance and professional service sector says that it needs more office space in a particular area, it could mean that you harness the resource of the Welsh Government to go in and strategically purchase land, but if that got out early, the price of the land would go up and have a knock-on effect, or if we are not focusing on an area, it might depress prices in that area. Some of the companies that we are working with are very commercially sensitive. With multinationals, we find that there is a competition with places in north America or eastern Europe, where we hope that the UK/Welsh representation of that company will compete nationally.

[39] **Nick Ramsay:** That is helpful. We are quarter of the way through the session and I want to bring other Members in. Alun Ffred Jones has the next question.

[40] **Alun Ffred Jones:** Rwy'n mynd i ofyn rhai cwestiynau yn dilyn yr hyn a ofynnodd David Rees ynglŷn â rôl y paneli sectorau. Gofynnaf eto: a fyddwch yn cyhoeddi'r strategaeth mae'r paneli wedi ei mabwysiadu a'r KPIs maent wedi eu gosod iddynt eu hunain? **Alun Ffred Jones:** I will ask some questions following on from David Rees's question about the role of the sector panels. I will ask again: will you publish the strategy that the panels have adopted and the KPIs that they have set themselves?

[41] **Edwina Hart:** I think that I have dealt with some of the points around KPIs in response to David Rees. We will publish what we are able to in terms of the delivery of the sector. When I conclude the review on how I will deal with the sectors, I will be giving the policy approach and direction that all the sectors will be taking. As I have already indicated to you, I have constant feedback from the panels in terms of the direction of travel that they wish to undertake, and they will be refocusing what they want to do. For example, the construction panel has concentrated in the main on the delivery of how the industry can adapt to ensure that it can deliver. It has had quite a high-level discussion; it was involved in the McClelland review. It will now be settling down, perhaps into a pattern of more dialogue with industry, as opposed to making strategic decisions, because I have used it to look at legislation and other things for me.

[42] The creative industries sector panel will look more at how it runs its fund, how it can do more mentoring, and the work that we are doing jointly with education and training. So, when we conclude the review, we hope to give more detail on these particular areas.

[43] **Alun Ffred Jones:** Mae'r cwestiwn yn eithaf syml. Os ydym ni fel panel yn trio monitro gwaith y Llywodraeth, mae'n rhaid i ni gael rhyw syniad beth yw'r strategaeth o fewn y sectorau hyn, gan mai dyna'r ffordd mae'r Llywodraeth yn gweithredu. Byddai'n ddefnyddiol i ni wybod a yw'r paneli hyn wedi gosod rhyw fath o dargedau iddynt eu hunain ai peidio. Felly, y cwestiwn yw: a fyddwch yn cyhoeddi strategaeth a thargedau ar gyfer bob sector neu beidio?

Alun Ffred Jones: The question is quite simple. If we as a panel are trying to monitor the Government's work, we must have some idea what the strategy is within these sectors, because that is how the Government operates. It would be handy for us to know whether these panels have set some targets for themselves or not. Therefore, the question is: will you be publishing a strategy and targets for every sector or not?

[44] **Edwina Hart:** I will give consideration to what I think is applicable in each sector. Some sectors have already come to a conclusion: the food and farming sector, for instance, has done a fairly detailed report that will go for implementation purposes. I do not know whether there is any need for a sector panel after that, because it feels as a task and finish group that it has finished its work, and that can be mainstreamed. When it goes into the mainstream and they have looked at issues around the provision of food, and so on, we will know exactly where we are going. The others will look at stuff. It is far more complicated than saying, 'Wake up in the morning and your target is 300 jobs'; it is not as simple as that. I have never used the sector panels like that.

[45] The sector panels are there to give advice and to influence policy. They are very useful in terms of who they speak to and what advice they give, and where they see the general direction of the economy going. So, in terms of the level of detail, I do not think that we will have to tick every box on this; I do not think that we can take this tick-box approach. We have gone openly to the private sector to ask for its help and advice. It says to me what it thinks is the direction of travel and asks whether we are content with it. It asks me whether it can look at certain things that I require in terms of investment. So, it is a very different concept while working with the private sector; it is not like the work that we do when we have all our targets—how many houses we are going to build and so on. It is really quite different, because the dynamics in the economy and in the sectors are changing all the time—business is changing all the time.

[46] **Alun Ffred Jones:** Mae'n ddrwg gennyf, ond mae'r cwestiwn yn un eithaf syml. A ydych yn mynd i rannu'r strategaethau yr wyf yn cymryd bod y paneli hyn wedi'u mabwysiadu gyda ni fel pwyllgor neu gyda'r cyhoedd? Hefyd, os oes targedau—nid wyf yn dweud y dylid eu cael—a ydynt yn mynd i gael eu gwneud yn gyhoeddus?

Alun Ffred Jones: I am sorry, but the question is quite simple. Are you going to share the strategies that I take it that these panels have adopted with us as a committee or with the public? Also, if there are targets—I am not saying that there should be—are they going to be made public?

[47] **Edwina Hart:** The sector delivery plan is in the public domain. The plan that is currently there will be updated in due course, and we will look to see what needs to be updated. If the committee has any particular views on additional information that is required, I would be more than happy to consider putting it in. However, I do not intend to tie the hands of the sector panels with regard to how they want to develop the work and advise the Government, because they are in the private sector, and we are using them and they are giving us a lot of time to discuss where they see the opportunities for growth.

[48] **Alun Ffred Jones:** Rydych yn dweud eich bod yn cynnal adolygiad o rôl y paneli sector hyn, sydd wedi bod mewn bodolaeth ers 15 mis. Pryd ydych yn disgwyl i'r adolygiad hwnnw ddod i ben, a phryd fyddwch yn gwneud cyhoeddiad am unrhyw newidiadau?

[49] **Alun Ffred Jones:** You say that you are undertaking a review of the role of the sector panels, which have been in existence for 15 months. When do you expect that review to be completed, and when will you be making an announcement about any changes?

[50] **Edwina Hart:** I am currently reviewing the future role of the panels. I am considering papers that are on my desk currently. As soon as I have made the strategic decisions on that, I shall advise you of those in a written statement.

[51] **Alun Ffred Jones:** Rydych yn dweud bod y paneli hyn yn gweithredu mewn ffyrdd gwahanol, ac rwy'n siŵr bod hynny'n wir. Fodd bynnag, a fyddai'n briodol i ni gael gwybod, er enghraifft, pa mor aml y mae'r paneli hyn wedi cyfarfod dros y 15 mis diwethaf, er mwyn i ni gael rhyw syniad o lefel eu gweithgarwch?

[52] **Alun Ffred Jones:** You say that these panels have operated in a different way, and I am sure that that is true. However, would it be appropriate for us to know, for example, how often these panels have met over the last 15 months, just for us to have some idea of their level of activity?

[53] **Edwina Hart:** The decisions on when the panels meet are entirely in the hands of the chairs of the panels and the membership. I do not think that you can look at their activity solely in terms of meetings. If we, as Assembly Members, were evaluated on how many meetings we had, it certainly would not show the nature of the work that we do across the piece. The panels meet when they need to do so: some meet monthly and some are going to move to a quarterly arrangement. It depends on their work programme and what they think that the issues are.

[54] **Alun Ffred Jones:** Rwy'n derbyn hynny, ond a yw'n bosibl i ni gael gwybod beth yw'r amserlen a sawl gwaith y maent wedi cyfarfod? Byddai'n ddefnyddiol i ni gael clywed hynny. Rwy'n derbyn nad yw hynny'n arwydd o ba mor effeithiol y mae'r paneli, ond rwy'n meddwl y byddai'n wybodaeth ddefnyddiol.

Alun Ffred Jones: I accept that, but would it be possible for us to be told what the timetable is and how often they have met? It would be handy for us to be told that. I accept that that is not a sign of how effective the panels are, but I think that it would be handy information.

[55] **Edwina Hart:** Of course, if that is information that the committee thinks that it requires, it is more than welcome to have it. I am not sure how the number of meetings that the panels have will reflect the fact that they are doing a good job, because they have a lot of other ways of engaging with industry as well.

[56] **Alun Ffred Jones:** Mae naw panel sector yn gweithredu. Rydych hefyd wedi sefydlu rhyw 14 o fyrddau neu gyrff eraill, gan gynnwys cyrff yr ardaloedd menter. Sut mae gwaith y paneli sector yn cyd-fynd efo'r gweithgarwch arall yr ydych wedi ei roi ar waith?

Alun Ffred Jones: There are nine sector panels in operation. You have also established around 14 boards or other bodies, including the enterprise zone bodies. How does the work of the sector panels correlate with the other activity that you have put into place?

[57] **Edwina Hart:** It does correlate. If we use financial and professional services as an example, which is the focus of the Cardiff enterprise zone, Chris Nott, who is the chair of the financial and professional services sector panel, sits on that enterprise zone's board. It is

necessary, when we are looking at creating a hub in Cardiff, that he is actively engaged in that. Gareth Jenkins, who chairs the advanced manufacturing sector panel, is also chair of one of the enterprise zones, so there are excellent relationships across panels and enterprise zones.

[58] In terms of other work that I have put in place, such as discussions on business rates, as part of his report, Dylan Jones-Evans will liaise with chairs of enterprise zones and with the sector panels as he takes his inquiry forward. We are confident that we have that integration and understanding. We have to realise that even with the sector panels and enterprise zones, we are talking about a small pool of people who meet each other. When I gave a speech at 7.30 a.m. at a breakfast event in Cardiff this morning, all of the key players with whom I am engaging were all in the same room. That is the question in Wales in terms of size. So, we are quite confident that we have that level of engagement and cross-fertilisation. However, it also happens to be my job, and the job of my officials, to make sure that things are picked up in terms of what happens in the sector that might feed into discussions on enterprise zones, as well as into discussions in terms of other vehicles that we are looking at, such as local growth zones.

[59] **Eluned Parrott:** Minister, I think that we all recognise the value of bringing in expertise from the sector, but these panels have been asked to deliver Welsh Government policy and direction, and there is a balance to be struck between the freedom to operate and the control that the Welsh Government has over these policies. Our role is to scrutinise the policy and its delivery. There is a democratic deficit inherent in these arm's-length models, which is why quangos such as the Welsh Development Agency were abolished in the first place. So, as part of the review that you are undertaking at the moment, will you set up a formal, annual reviewing and reporting structure for the sector panels so that we as an Assembly have an opportunity to hold them to account in a formal way?

[60] **Edwina Hart:** I do not agree with you about the democratic deficit issues, to be frank. These panels report to me as a Minister and they give me assistance on a wide range of issues. When we have discussions about building regulations, I can ask the construction panel for a view, because that is the view of the industry. When other things have been raised, such as intellectual property, I was able to go to the relevant panel to ask its view. At the end of the day, all the information comes back here, and policy decisions are made by Government. We are just using the panels and their expertise to try to get us better policy. The criticism is that we are always looking internally to civil servants and not externally to the world. I feel that there is an element here, because I am looking externally to the world and am prepared to give a free hand, that I almost have to get more control. However, I do not want to control Sir Chris Evans, I want his ideas to soar so that I can make the life sciences fund work. I do not want to be exerting control over Ron Jones; I am quite happy that he is buying businesses in Los Angeles, but still has time to give his expertise on the creative industries.

[61] We cannot have it both ways: either we have the state taking a strategic look and deciding what it is doing, taking no advice from anyone and dogma prevailing, or we have the freedom of expression that I allow by having these panels. I am not at all against doing an annual report of how I see their role and function, if that would be helpful for the committee, and if that would help in terms of your comments on democratic deficit. I would be quite happy to appear before you annually to be scrutinised and, if there is anything that you particularly want to be included in a report on sector panels, I could include that, as long as it does not impact on matters of commercial confidentiality or their freedom of expression. Currently, the panels know that, when they come to me, they can have a discussion behind closed doors about their concerns, and it will not go any further. When they make suggestions on policy development, they know that they can be taken forward, because they have that element of confidence. I do not want to lose that, because it is very important that they are there to help us.

[62] I think that it was Vince Cable, the Secretary of State for business, who commented on the importance of having strategic partnerships with key sectors and Lord Heseltine has also said that it is very important that we have these links. We are doing the right things in terms of our relationships, as a result of a policy that was not instigated under me as Minister. I do not have these criticisms from business about the engagement of the panels. Business thinks that what we are doing with the panels is absolutely correct. The people on them have really made a success of their own businesses, they understand about the links in Welsh society and, most importantly, they have an international dimension.

[63] I am happy to work with the committee, Chair, if you feel that I could do something more constructive in terms of a report that might be more helpful to you, and I will certainly consider that when looking at the future role and remit of the nine sector panels in terms of how I might report back and advise the committee on an annual basis about some of the issues. If you have suggestions about things that you particularly want included—if I cannot include them, because of reasons of sensitivity, I will say so—I would be more than happy to do so.

[64] **Nick Ramsay:** Minister, I apologise for the building work that seems to be going on next door. You might not have noticed, but there is a banging noise coming from behind my chair. We are trying to locate the source of the interruption.

[65] **Edwina Hart:** Somebody is trying to get out.

[66] **Nick Ramsay:** Or trying to get in. That is a frightening thought. Byron Davies is next.

[67] **Byron Davies:** Thank you, Chair. Good morning, Minister. As you know, research by the Federation of Small Businesses and Cardiff Business School has been published today and I will come to that in a moment, if I may, but has any research and evaluation been undertaken by your department into the effectiveness of the sector approach to economic development?

12.00 p.m.

[68] **Edwina Hart:** We did a lot of work before we established them to look at how we would evaluate them.

[69] **Ms Burke:** I think that we need to go back to when the sector approach was first adopted. There was a very rigorous analysis to look at the sectors and establish which business sectors Wales could best advance. That involved looking at a range of macroeconomic trends, things such as demography, technology development and various technology trends. It also looked at evaluating historic performance of the sectors and looking at forecasts of how they would progress. In 2009-10, as part of the development of the economic renewal programme, a review was conducted into whether or not this was a good approach. It was to assess whether the Government should pursue it. That review concluded that the sectoral approach was the right approach and that we were working in a good way in terms of advancing those sectors and it was something that we should pursue. In 2011, at the start of this Government, there was another look at the sectors to review. It was at that point that the decision was taken to expand the sectoral approach based on the implement quotient of the three additional sectors. There have been a few checks and balances in the process over the years.

[70] **Byron Davies:** I wonder whether there are any similar findings in what you have discovered and what today's report says. In particular, one issue that is highlighted is that the vast majority of small and medium-sized enterprises were unaware of whether they fitted into

a priority sector. There was a lack of awareness among SMEs regarding the financial support available from the Government. It found that SMEs lacked awareness of the financial funds available to them: for example, less than 10% of respondents were aware of the Finance Wales JEREMIE fund. It also found that the majority of respondents indicated that the operational activities of SMEs were being funded through highly costly means, including credit cards. Do you consider that a failure?

[71] **Edwina Hart:** I have to be honest with you that I have not had the opportunity to see the research, as you have, and to read the report. The committee must be excellent in horizon-scanning in being able to ask me questions on something that is in the public domain only today. Regarding awareness of our funds, we have used social media, advertising and so on. We had a two-page advertisement last week, I think, on the Wales economic growth fund and we use the Business Wales website, and we have the one-stop shop system. Also, on what you said, and I do not want to be facetious or dismissive in any way, I understand that this work has been done with members of the FSB. I thought that the point of a membership organisation that you paid a subscription to was that it kept you informed of developments. I am a member of a trade union and I pay my subs and, if anything happens in the wider world, for instance, changes in Government pension arrangements, my union—when it sends me my monthly update on what is going on in the world—informs me about all of this. So, I think that there is some duty on organisations, if they are membership organisations, to impart information. However, obviously, we will look at the report in terms of what we need to do, because I am keen—I found the debate, which I think your party tabled, on how we got information out to businesses, very useful—and I take very seriously how we can get more and more information out. So, I am not dismissive of it in the wider sense, and I hope that, when we have the Government debate next week about small businesses, I can perhaps address some of these issues, having had the opportunity to look at this report.

[72] **Byron Davies:** Thank you. That would be very useful. On that issue, the economic renewal programme said that we need to concentrate resources on where we can add most value. This report published this morning, which I did, actually, have time to read before I came in, says:

[73] ‘However, one thing not directly alluded to in the ERP is the distribution of firm sizes among the priority sectors, and whether support needs to be tailored to firms of very different size bands.’

[74] **Edwina Hart:** We are doing that. Since I have been Minister, I have had the microbusiness review under Robert Lloyd Griffiths—another independent-minded person—that took a group from the private sector to look at the subject. The report was done and it has been implemented. It has gone into a microbusiness fund and a one-stop shop and I think that we implemented that quickly. When I talked to businesses at the launch of the one-stop shop, they were pleased at how quickly we engaged and undertook the recommendations. When we had concerns about what lending there was outside to SMEs, which are businesses of up to 250 employees, we looked at what kind of SME fund we could have and how we could set it up. When we had concerns with creative industries, we set up the digital fund. So, we have a wide range of funds that reflect what we need to do. Also, with regard to the Wales economic growth fund, because some companies could not get the money they wanted out of the banks, we re-established a grant fund on top of our repayable finance. So, I think that we have started to address some of the key issues here. I did not want to stop at that, because there were so many issues being raised. Dylan Jones-Evans, whom I was speaking to this morning, has already had tremendous interest in what we have been doing in looking at how banks are lending and what the future holds. So, we are trying to encompass, within our limited resources, everything that we can do on this particular agenda. Hopefully, Professor Dylan Jones-Evans’s report will also be useful to the UK Government, because of the large amount of money it has assisted the banks with to try to get them lending. So, we do know what we

want. With regard to the creative industries, we support companies with two or three people, and then there is the large support you do when you have organisations interested in coming to Wales. For them, we have to look at site clearance or building a building for them and leasing it back. So, I think that we have diversity of support. I was with Finance Wales yesterday, discussing the importance of loaning quite small amounts of money to individuals. We have also looked at how to extend credit unions into organisations that can lend to small businesses in communities. So, we are doing it.

[75] **Ms Burke:** To add to that, when people think about sectors, they tend to think about the larger companies. However, we have to remind ourselves that 98% of the Welsh business base is SMEs—that is, companies with under 250 employees. I know that we need to take care with statistics, but around 98% of businesses in the priority sectors are SMEs—so, with under 250 employees—and just over 40% of those are classed as microbusinesses. We must be careful not to assume that it is all about bigger business.

[76] **Byron Davies:** Finally, when you come to have a look at this report, there is a very interesting table under business performance. Without going into it in any detail, one thing that stands out is tourism. It shows a decrease in tourism of 71.8%. That cannot all be down to the weather, can it?

[77] **Edwina Hart:** I would hope not. I have just signed off the tourism panel's review of what it wants to do in terms of the tourism industry, which I think will help this agenda with how we are going to market and some of the things that we are going to do. Tourism is key to the economy in certain parts of Wales, particularly tourism-related industries. I think that we have to look at other policies, not just tourism directly, but accommodation and various other things that have come through, the grant schemes that are available and the tourism times. The single investment fund grant system, which Alun Ffred Jones introduced, I think, has been successful in assisting tourism projects. However, we will certainly pick up that point.

[78] **Nick Ramsay:** Ken Skates is next.

[79] **Kenneth Skates:** Thank you, Chair. Good morning, Minister. Turning to the budget, are you able to provide some information on the outputs expected to be achieved from the sectors and the business delivery budget in the current financial year?

[80] **Edwina Hart:** The budget is quite complex in this area, if you look at the two years. I should not really say this, because I see Dafydd Elis-Thomas sitting there, but the rural affairs budget's underspend on Glastir last year came into my budget, which has made quite a difference between those years. I think that was around £20 million. Then, of course, the profiling of the single investment fund budget also had an effect on my budget. That explains some of the differences between the years. However, in terms of the cash, we do have the flexibility, because we have reallocated money from projects into this year's budget. I cannot discuss those projects with you because they are commercially confidential. However, that has allowed me to have cash in the 2012-13 budget, transferred in from elsewhere, to utilise, hopefully by the end of the financial year, in terms of what we are able to do.

[81] On the budget position, there will be greater clarity by the end of the financial year regarding all the changes. I will provide a note when we get clarity on some of those issues, if that would be helpful.

[82] **Eluned Parrott:** Minister, you mentioned the single business model that is being introduced to help improve the service that we are offering in relation to business support. The information provided earlier and in your paper is not terribly clear as regards how the single business model operates. What is the difference between this approach and the approach that you were taking previously?

[83] **Mr Collins:** The important thing to remember in all of this, as the Minister stressed when I joined the department, is that we are one group that has some simple goals—to increase jobs and economic development. So, that is really the single business model. It is more of an ethos. It is not a case of reorganising or introducing new processes; it is just a case of getting the staff together and reminding them that whatever we do, there should be an outcome, and we should be pursuing jobs growth and wealth. As I mentioned earlier, if you were running it like a business, you would like to see a leads and inquiries register and how that register was progressing through investment appraisal and through offer. Again, if you were running it like a business, you would want to make sure that your customers were relatively content that you were getting offers to them in a reasonable time. When we did the economic growth fund, we held to a service level agreement of about 21 days and we were trying to work with people in that way. Small and medium-sized enterprises and all these people are our customers who are operating a simple, single business. I would not like to give people the impression that it is a matter of reorganisation—stopping and then reorganising. It is about harnessing the staff to ensure that they all understand what they do and why they are in business.

[84] **Edwina Hart:** I will give you an example of this, which is quite important. One of the concerns expressed by the many companies that I visited was regarding who they dealt with and how matters were dealt with. You have all probably had that discussed with you when you have gone around your constituencies—who the lead person is and why they have to talk to 24 people when one person could put them in touch with the relevant people. We tried to get that ethos in. This morning, I was out on a company visit—not reading the FSB plan—and the company’s representatives were talking about their proposals in terms of additional jobs and what they require. The point is that this principle will be adopted and we will now put somebody in there, a primary contact, who will ask them what they require, for example investment into the plant in relation to education and training, whether they have problems with the local authority in terms of planning and question them on the details of their transport infrastructure. It is about trying to get that motivation across. It is no good just having the inquiry. The inquiry has to deal with it in a satisfactory manner and there has to be an end game. If there is no end game after the inquiry, then it has to be closed. They have to operate far more like they would in the private sector when dealing with customers. Either the customer’s problem is dealt with or it is a problem that you cannot deal with and it is passed elsewhere. You have to deal with that properly. That is what we are trying to get in here.

[85] **Mr Collins:** There is one other facet here. We have created a business solutions group, because a lot of the inquiries that we get are not on simple bespoke offers. So, the business solutions team will go in to find out whether the company wants to do something that will affect distribution charges, whether there is a cash or training issue and what level of assistance is allowed. It will work within the rules to develop and deliver a bespoke package of support for that company. The Government’s ambition is to provide a much more customer-orientated service to businesses.

[86] **Alun Ffred Jones:** Wrth gyfeirio at siop-un-stop, cyfeirir at Busnes Cymru. Beth yn union yw Busnes Cymru a sut mae’n gweithredu? **Alun Ffred Jones:** In referring to a one-stop shop, reference is made to Business Wales. What exactly is Business Wales and how does it operate?

[87] **Edwina Hart:** Business Wales is the one-stop shop that we used to deal with the microbusiness report. It is located all across Wales. I think that I have issued a statement on it to show some of the detail of where it is located and what it is doing. Forgive me if I have not done so; I will make sure that you have it. We have launched that across Wales and you can have all the information that you require on the one-stop shop. I am not sure whether the committee is aware of that, so do you want me to provide a note?

[88] **Darren Millar:** Yes, please.

12.15 p.m.

[89] **Eluned Parrott:** Returning to the single business model, I am making the assumption that the change of approach will be matched with the change in measurements for success, because you seem to be moving away from an outputs model to an outcomes model. Is that accurate? Would you be able to provide the committee with an idea of what you are measuring with regard to staff and outcomes?

[90] **Mr Collins:** As I said, there are some fundamentals, such as the foreign direct investment, which I would call an output. I am a little worried about outcomes because they are quite intangible when you are driving resource to deliver. An output is something that you can measure. My job is to make sure that people deliver outputs that would then be aggregated. With FDI, spend against budget and so on, we need a plan of activities that would then accumulate into a spend profile. One thing that I monitor regularly is whether we are spending against the plan, to see whether that is a proxy indicator for progress. It is not really a change in approach. I have communicated this to the chairs of the sector panels and said how we will harness the resource. My ambition is that if someone in life sciences walks into an opportunity that may not be in life sciences, they will know how to deliver it and how to bring it back; they will not just say, 'I'm not quite sure how to respond'.

[91] **Eluned Parrott:** Coming to the point of entry, when people are approaching you, how do you decide how much resource you can invest in taking forward a particular inquiry? Is there a difference between the level of support that you are willing to invest in an inquiry from someone in a priority sector as opposed to someone who is not identified as being in a priority sector?

[92] **Edwina Hart:** We regard all non-sector businesses with equal respect if they are offering jobs, prosperity and the retention of jobs. We are prepared to look at everything with the sector approach as well. We need to know what area they are in, whether they are assisted areas and whether structural funds are involved and so on. We deal with them on that basis. We respond to the business community right across the piece. Even though we prioritise the growth areas, you cannot say 'bye, bye' to a good business in a non-key area if it is keeping staff and likely to employ more staff. We have assisted and dealt with companies quite recently that are not in our key areas. They are manufacturing companies—not advanced manufacturing companies—but you need to keep those jobs. The level of skills that they require is sometimes not as high so there are good job opportunities for individuals. That is a fair comment, Jeff, in how we deal with this, is it not?

[93] **Mr Collins:** The 03000 603000 phone number should route you through to a channel of inquiries, which means that you will just be supported. If a Microsoft office walks through the door unannounced, the hope is that you will recognise that and apply resource appropriately. As part of the single business model, a peer review team looks across all aspects of it. Teams can come in to say that they have a challenge with a particular industry or business and ask how a solution can be provided. That is when I will introduce the business solutions team. These companies could be quarries that have had a landslide, or major manufactures or a range of industries. Hopefully, we will deal appropriately with these inquiries.

[94] **Edwina Hart:** We try not to get this regimented approach. We have to be on the ball in terms of how we respond. When you are in an economic downturn, as we have been, we have to be fleet of foot. Even though it is nice to have rules and regulations, which is second nature to the civil service, we are trying to be more upfront with regard to how we deal with

the companies and what we can offer them. If we have a particular problem or issue that may emerge, we just set up a team. We have that team approach because we can use officials in north or west Wales, for example. They go in and look at the situation and assess what they want. Sometimes they will deal with companies involved in energy projects, which may want to look at biomass or at their capabilities for generating energy. We have to be able, across the piece, to provide what they require. Intrinsic to this is our relationship with local government. The relevant local authority was part of the meeting during my visit today, and the local authority and I have agreed to set up, at an official level, the provision of a key official from us and a key official from the authority, so that the company can have dialogue with both. The company can then come back to say what each part of the whole needs to undertake.

[95] **David Rees:** I want to pick up on the time span of this. As you say, people in business want things done quickly. Is there a set target time in which you would expect to achieve certain stages?

[96] **Mr Collins:** There will be a set time span with the economic growth fund. We operate weekly investment panels, so I would not accept much of an excuse not to be able to respond with offers in principle within a couple of weeks. The Minister highlighted an opportunity with a major manufacturer and we were on a plane within two days and an offer in principle was made within five days. So, to some extent, we are all customers with some industries, and it is what you would expect yourself. As I said, the investments under a certain value are reviewed every week and those over £1 million go to a group called the Welsh Industrial Development Advisory Board, which is a monthly occurrence. When we need to move more quickly than that, we can have extraordinary meetings of WIDAB. So, I have my own expectations and I would not accept excuses that we could not respond within two weeks.

[97] **Nick Ramsay:** We are entering the last 10 minutes of this session and we still have a few areas to cover. I want to bring in Keith Davies next.

[98] **Keith Davies:** Diolch, Gadeirydd. Bore da. Hoffwn wybod ynglŷn â'r paneli sector sydd ddim â'r un blaenoriaethau â'r ardaloedd menter sydd gennych. Gwn fod pobl yn gofyn i chi os ydych yn mynd i gael ardaloedd menter newydd, ond a yw'r paneli sector yn gofyn am ardaloedd menter newydd? Faint o waith fydd i'r rhai sydd ddim â'r un blaenoriaethau?

Keith Davies: Thank you, Chair. Good morning. I would like to know about the sector panels, which do not have priorities that correlate with your enterprise zones. I know that people ask you whether you are going to have new enterprise zones, but are the sector panels asking for new enterprise zones? How much work will there be for those that do not have the same priorities?

[99] **Edwina Hart:** This is quite a complex area for us. When we announced the enterprise zones, I indicated that those areas that did not have anything would be entitled to come back to me about enterprise zones. There is a lot of discussion about whether we should have a creative industries enterprise zone, but the sector panel decided that that was not a good idea. Other local authorities have come back and asked whether they can do anything with their little hub zones. Also, the Chair has asked me about a 'virtual' enterprise zone between Monmouthshire and Torfaen, on which we are considering proposals. That would be a technology link—a virtual one, not a physical enterprise zone like the Haven waterway. So, we are looking at such issues.

[100] The sector panels were consulted and asked what they thought about enterprise zones; where the issues were and where they thought that the direction was. When we had some of the bids in, we talked to them about what we thought was worth while and how we could approach it. So, there is that joining up.

[101] In terms of enterprise zones, you cannot spread the jam too thinly. We had a very successful negotiation on capital allowances with the Treasury, which, I have to say—do not quote me in Westminster—was more than generous with the support that it has given us on enterprise zones. Capital allowances work very well in terms of what the enterprise zone boards and the sectors wanted. If we consider Ynys Môn—the energy island—and what we are doing in Milford Haven, it all works and comes together quite well.

[102] **Eluned Parrott:** Moving on from that, in terms of sectors, enterprise zones and the other interventions that you have announced, such as the work on city regions, how do those panels interrelate with one another? We have some enterprise zones that have cross-overs with sector panels, and others where there is no cross-over. We have a number of other layers and something like 14 different task and finish groups. There are a huge number of policy interventions here; are there formal structures for those to interrelate with one another?

[103] **Edwina Hart:** No. They are in quite an informal structure at the moment, but I am in the centre of the web, so I know how they interrelate. On city regions; you are right. It is an area of policy that we are taking forward, which I very much like, but it is extremely complex and difficult. That is why we have a task and finish group on city regions, which is jointly chaired by the public and private sector, to focus on how that can be delivered. Its first port-of-call is the structural funds, which is another dimension to all this discussion on sector panels et cetera. I think that it is starting to focus and I will be asking the city regions task and finish group to look at how city regions link into some of our other approaches with the enterprise zones and sector panels, once it is clear about how it wants to strategically take this forward.

[104] I am also conscious that there needs to be a bottom-up approach in terms of city regions and an understanding about collaboration—not an enforced approach. When you look at the build-up of city regions, in Lille, Stuttgart or in England, you will see that it has taken generations, but they all feel as though they have been a part of it. For example, in south-west Wales, the city region partnership is developing, which is key. However, there are issues. Pembrokeshire County Council has indicated already indicated that it would like to be the lead authority of the four, to take forward tourism. That would fit into discussions it may or may not want to have with the tourism panel about how it can make the tourism structures work well in the city region. This is evolving work, and some of those task and finish groups will finish. The group on business rates, and so on, will come to a natural end once we have collated the information and when we know where we are going on them. There is a very hard discussion out there about the city region. People assume that this is something that will be achieved overnight, and when you think how long some of the city regions in Europe have taken to develop, it will not be overnight. That integration is very hard. There is a lot of interest, and people want to be involved in it, but perhaps they are not prepared to forsake their own borders to be involved in it.

[105] **Nick Ramsay:** We have five minutes left. Alun Ffred Jones has a brief supplementary question, and then Joyce Watson.

[106] **Alun Ffred Jones:** Rwyf eisiau mynd yn ôl at bwynt o fonitro a gwerthuso achos rwy'n credu eu bod yn bwysig iawn i ni fel pwyllgor wrth wneud ein gwaith. Yn eich papur, rydych yn cyfeirio at: **Alun Ffred Jones:** I want to go back to the point about monitoring and evaluation, because I believe they are very important to us as a committee in our work. In your paper, you refer to a

[107] 'wide range of Key Performance Indicators (KPIs) across the sector teams focussed on Jobs and Growth',

[108] and these KPIs are used to monitor the effectiveness of each sector team.

[109] **A ydych yn barod i rannu'r 'KPIs'** **Are you prepared to share those KPIs with us**
hynny gyda ni fel pwyllgor? **as a committee?**

[110] **Edwina Hart:** Yes. I think that you have had a lot of information on some of these areas. I will consider, as I undertake the review, what more information I can share on this particular area, if that will be helpful. When I finish my review of the sectors, I will give some consideration to the issue that is raised by Alun Ffred. I do not want to appear difficult on this, but I want to make sure that you have information that is worth while.

[111] **Alun Ffred Jones:** A yw'r KPIs yn y **Alun Ffred Jones:** Are the KPIs among the
priority sector statistics y cyfeiriwyd atynt **priority sector statistics that Tracey referred**
gan Tracey yn gyny? **to previously?**

[112] **Edwina Hart:** Yes.

[113] **Ms Burke:** There are some in the statistical bulletin that is produced annually, and that covers a range of statistics to do with the number of enterprises in the sector—

[114] **Alun Ffred Jones:** Are those the KPIs referred to in the report?

[115] **Ms Burke:** They are performance indicators, yes. As my colleague Jeff mentioned earlier in the meeting, there are also internal performance indicators.

[116] **Nick Ramsay:** I need to move things on. Joyce Watson is next.

[117] **Joyce Watson:** Good afternoon, Minister. On international marketing and branding, can you tell us about the progress that has been made in developing an identifiable brand for Wales that incorporates trade, inward investment and tourism?

[118] **Edwina Hart:** I think we are almost there in terms of identifying Wales as a brand, with all the issues that we need underneath it. We have been very successful in terms of how we looked at the particular marketing agenda and how we see Wales looking abroad. We have certainly done a lot of work internally about how we sell Wales, how we brand our product and our offer, which fits into the whole. Obviously, the tourism sector has also looked at some of those issues, and I think we will see a distinct difference in how we are doing things in this particular area. We have the marketing activities with all sectors, and that is important for us to recognise. Then you think of some of the conferences—BioWales, is it?

[119] **Mr Collins:** BioWales, Digital Wales—

[120] **Edwina Hart:** They showcase what we are doing, so we see that as part of our marketing activity in selling Wales as well.

[121] **Nick Ramsay:** That has probably answered your next question. Eluned Parrott is next, on inward investment.

[122] **Eluned Parrott:** We have talked mostly about how we support indigenous businesses this morning but, obviously, a key part of the economic development strategy has to be how we deal with inward investment and balancing that with the sector strategy. Can you give us your assessment of the latest UK Trade and Industry figures, which show that Wales got 1.6% of the UK total for inward investment last year, which represents a reduction of 39% on the previous year?

[123] **Edwina Hart:** I think there was an issue, was there not, over the figures in 2011-12?

I had a letter of apology from Lord Green about the 2011-12 figures from UKTI, because they were not complete when they were published. In 2013, we have projected figures that improve on that. The final figures are not available yet because they have to be validated at the end of the year, and we do not set FDI targets for individual sectors because they are more diverse. That comes back to the point I made originally—you could set figures, and the creative industries sector would end up with 10 companies with three, and then you would have the major manufacturers, about 1,500, in one go. In terms of the pipeline, I do not want to sound too optimistic or pessimistic about this. We very much hope that we will see an improvement in the figures. To recap on the 2012 figures, UKTI published them when they were not complete, because the final figures were 30 projects—

12.30 p.m.

[124] **Mr Collins:** There were seven additional projects, which took the number up to about 3,700.

[125] **Edwina Hart:** Yes, because that includes the safeguarding of jobs as well.

[126] **Eluned Parrott:** Will you be able to provide us with figures on that so that we can see how they compare with the UKTI ones?

[127] **Edwina Hart:** We would be more than happy to do so.

[128] **Lord Elis-Thomas:** I am very interested in the exchange of correspondence that you had with the UK Minister and an apology. I am sure that the committee would love to read this correspondence. [*Laughter.*]

[129] **Edwina Hart:** I cannot remember whether he spoke to me or if we had a letter, but he was exceptionally helpful once we drew this to his attention. We have an excellent relationship with UKTI and with Ministers. Irrespective of politics, we are all following the same agenda of creating jobs. It is quite important that we have trust in that relationship, because sometimes concerns and difficulties arise that have nothing to do with individual Ministers, but, dare I say it, with their civil servants and their engagement.

[130] **Nick Ramsay:** Minister, I have a final question, which may be a devil's advocate type of question. Given the report from the FSB and certain evidence that smaller businesses do not benefit so well from a sector approach, given what you said earlier about the need for flexibility and given that a third of businesses in somewhere like Merthyr are outside the sector approach, are you completely confident that a sector approach is the right way to move forward over the years to come, or do you think, having diluted it so much, that there comes a point at which it might be worth going back to the drawing board? It is just a blue-sky-thinking question.

[131] **Edwina Hart:** I think that the approach that we took in the first instance was absolutely correct, and an awful lot of work went into developing the sector approach. In certain key areas, especially the creative and advanced manufacturing sectors, it is certainly the answer. I am not sure about the Merthyr figures, because I am not sure about retail in some of the areas here. We will certainly look into that. We are constantly reviewing what we are doing, which is why we had three new sectors and why we might change the format of some. Some sector chairs feel that they have done the bulk of their work and that they are going into a process of engagement over the coming year with members of the sector. It is something that we keep under constant review, and I always think that it is helpful if Members raise any issues.

[132] **Nick Ramsay:** Is there a point at which you widen things out so much that you lose

the initial sector approach?

[133] **Edwina Hart:** I do not think that we have diluted it so far, but I think that we are in a very different place in terms of the economy. The economy as it is now means that we have to be really in there in terms of how we can help and assist. If 300 jobs are there and there is nothing in the sector approach, I will take the 300 jobs thank you very much, and that is what you would expect me to do.

[134] **Nick Ramsay:** On that note, I thank you, Minister, for being with us today. That was a very helpful session of questioning. I thank Edwina Hart and her officials.

Daeth y cyfarfod i ben am 12.33 p.m.
The meeting ended at 12.33 p.m.