

ECONOMIC DEVELOPMENT COMMITTEE

Annual Report under Standing Order 9.9

April 2001 to March 2002

Introduction

1. The Economic Development Committee is one of the Assembly's seven subject committees. This report is made under Standing Order 9.9 which requires subject committees to report to the Assembly from time to time on their progress in fulfilling their forward work programme. This report covers the activities of the Committee from April 2001 to the end of the spring term 2002.

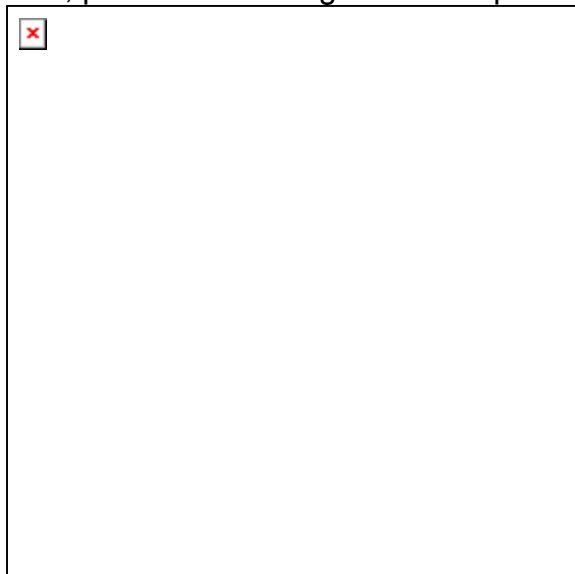
Membership of the Committee

2. The Committee was chaired for the majority of the year by Christine Gwyther who took over after the resignation of Val Feld due to ill health. Its other members are currently: Alun Cairns, Chris Chapman, Andrew Davies (Economic Development Minister), David Davies, Ron Davies, Mike German, Alison Halford, Elin Jones, Dafydd Wigley and Phil Williams.

The Committee's Remit

3. The Committee's remit is based on the portfolio of the Minister for Economic Development which currently embraces:

- Inward investment, promotion of indigenous companies and regional



development.

- European economic issues, including structural funding.
- Industrial policy and business support, including demand-side employment issues (minimum wage, working time, etc).
- Innovation and energy.
- Tourism.

- Urban development and regeneration.
- E-Minister with strategic co-ordinating responsibility for ICT.

4. This includes oversight of the Welsh Development Agency (WDA) and the Wales Tourist Board (WTB).

5. The responsibilities of subject committees are set out in Standing Orders – copy at Annex A.

The Committee's priorities.

6. The Committee's main aim, identified in its forward work programme 2001-2002, is "to help build an advanced, dynamic and more diverse economy in which everyone has a chance to prosper". Its priorities within this have been to assist the Welsh Assembly Government in developing new policies and to scrutinise existing policies to ensure they deliver the best possible solutions for people in Wales.

7. The Committee's other priority this year has been its Review of Energy Policy in Wales. It has devoted a considerable amount of time and effort gathering evidence for this from a wide range of bodies and organisations.

Meetings held

8. By the end of the Spring term 2002 the Committee had held 18 formal meetings including its first formal meeting outside Cardiff. This was in November at the North East Wales Institute of Higher Education in Wrexham.

9. In addition to these, the Committee has held 8 informal meetings/briefing sessions including visits to a number of companies in connection with its Review of Energy Policy in Wales.

Method of Working

10. The Committee recognises the speed with which the economy moves and has considered it a priority to keep abreast of topical and developing issues. In order to do this it has sought to organise its agenda flexibly to be able to respond to urgent issues as they arise – particularly in relation to the redundancies at Corus and the impact of foot and mouth disease on the economy of Wales.

11. Recognising the wide-ranging portfolio of economic development the Committee has worked closely with other subject committees on matters of joint interest. These included a joint session with the Education and Lifelong Learning Committee to scrutinise the Ministers' package of assistance to mitigate the effects of the job losses at the Corus plants in Wales.

12. EDC Members also joined discussions at the Agriculture and Rural Development Committee to discuss the Rural Recovery Plan following the outbreak of foot and mouth. In connection with the Review of Energy Policy, the Committee has extended an open invitation to members of the Environment Planning and Transport Committee to attend relevant meetings of EDC.

Work and Achievements in the past year

SO 9.7(i) - contributions to the development of the Assembly's policies within the fields for which the Assembly Minister is accountable to the Assembly;

Review of Energy Policy in Wales.

13. The Committee has devoted a considerable amount of time this year to its Review of Energy Policy in Wales and appointed Professor Jake Chapman as its expert adviser in November 2001. The Committee has been concerned that the scope of the Review, and the time necessary to complete it, should not be the cause of delays in decisions on investment and developments within the energy sector and therefore decided to address the subject in stages. It concluded its first report, on renewable energy, at the end of the year and this is scheduled for publication, and consultation, in April. Work on the next phase of the Review, energy efficiency is well in hand. Subsequent phases will address combined heat and power and economic drivers.

Review of Business Support and Development

14. The Committee's report on the Review of Business Support and Development was put out to consultation by the Minister for Economic Development following its debate in plenary session in February 2001. An initial summary of the responses was put to the Committee in June 2001 but at that time a number of key organisations had indicated that they could give final views only in the context of the NEDs consultation, which had not yet ended. A further report was put to EDC in October. The Committee welcomed the Minister's acceptance of most of their recommendations but were deeply disappointed with the decision not to establish an economic policy board, the recommendation for which had had cross-party, and largely unanimous, support from the Committee. EDC will continue to take an active interest in the development of support for business in Wales.

A Winning Wales

15. The Committee considered further the Minister's draft National economic Development Strategy following his consultation on it. This has since been published as A Winning Wales. Many members felt that the report was inadequate because it lacked detail concerning policies, resources and realistic targets. Since this document lies at the heart of the Welsh Assembly Government's economic strategy, the Committee intends to continue to monitor performance against the strategy, and to advise the Minister in the light of its conclusions.

16. In addition to its own review the Committee has contributed to the policy reviews of other subject Committees:

- In July 2001 it contributed to the Education and Lifelong Learning Committee's review of Higher Education in Wales specifically concerning the vital links that need to exist between higher education and economic development.
- it has considered and offered advice on the effects of economic development on the Welsh language, in connection with the Welsh language review currently being undertaken by the Culture Committee.

SO 9.7(ii) - keeping under review the expenditure and administration connected with their implementation.

European Structural Funds

17. EDC has maintained a close interest in the development of the European Structural Fund programmes and has continued to maintain an ongoing overview of progress with the funds. It regularly discusses these with the Economic Development Minister, as well as receiving regular quarterly reports from the Chief Executive of the Wales European Funding Office and from the Chairs of the Programme Monitoring Committees (PMC).

18. The Committee is also concerned about the future of these funds following the enlargement of the EU and has had discussions on this issue. Members of EDC attended a conference in May at the European Commission in Brussels to discuss the EC's Cohesion Report.

Regular scrutiny of Minister

19. The Committee has continued at every regular meeting to scrutinise rigorously the Economic Development Minister. For each meeting he has provided a written report detailing latest developments and responded to issues raised at previous meetings. He has also provided an oral update at each meeting covering more recent news. Discussions of these reports have formed a major part of most meetings.

20. The Committee also receives regular analytical reports on the economy in the form of the Quarterly Economic Report for Wales and the Quarterly Statistical Bulletin. It also receives a quarterly report on the operation of the Regional Selective Assistance scheme.

21. The Committee continues to monitor the development of economic Statistics as it considers it essential for Government to have sound information on which to base economic monitoring and planning.

SO 9.7(iii) - keeping under review the discharge of public functions in those fields by public, voluntary and private bodies:

Welsh Development Agency.

22. The Committee works closely with the WDA. In the Summer it discussed with the Chief Executive the Agency's draft corporate plan for 2002-3 to 2004-5 and its outturn performance for 2000-2001. In the Autumn it discussed the Agency's half year review with the Chief Executive. More recently the Committee considered the ED Minister's remit letter to the WDA for 2002-3 and has received the Agency's business plan for that year. It has also considered the role of the WDA in the implementation of the recommendations arising from the Committee's Review of Business Support and Development.

Wales Tourist Board

23. The Committee in the Autumn discussed with the Chair of the WTB and its Chief Executive, the draft Corporate Plan for 2002-3 to 2004-5 and in the Spring the ED Minister's remit letter for the Board for 2002-3. It also considered and advised on the terms of reference for the quinquennial review of the Wales Tourist Board and will be considering the draft reports from this in the near future. In the course of the year the Committee has also received informal briefings from the WTB on various developments.

Cardiff Bay

24. The Committee continues to be concerned about the arrangements for the development of Cardiff Bay and the barrage following the winding up of the Cardiff Bay Development Corporation. It invited Grosvenor Waterside to present a paper giving a commercial perspective on the development of Cardiff Bay and in January considered the long-overdue business plan for the Cardiff Harbour Authority and passed comments to the Lord Mayor. The Committee continues to be concerned that this investment yields benefits for the whole of Wales and feels it important to maintain a continuing overview of it.

S.O. 9.8 – other responsibilities

Economic Development Budget

25. The Committee has been closely involved with setting the priorities for the Assembly's economic development budget. It first examined expenditure performance in the current and recent years before considering and advising upon the ED Minister's proposals for the coming year. In the autumn it considered the economic development part of the Cabinet's detailed budget. It also receives reports from the Minister when in-year changes are made.

Public Appointments

26. Committee Members were involved in the appointments of the new Chair of the WDA and of members to the boards of the WDA and the WTB.

Forward Work Programme

27. The Committee has agreed its work programme for May 2002 until the next Assembly elections. In relation to its scrutiny functions, it will continue to keep a close oversight of the functions of the Economic Development Minister and a close overview of the development of the structural fund programmes and the operation of the WDA and WTB.

28. In relation to policy development it intends to continue the work it has started in the last year. A particular priority will be the conclusion of the Review of Energy policy.

ECONOMIC DEVELOPMENT COMMITTEE

FORWARD WORK PROGRAMME

May 2002 to May 2003

Introduction

1. The Economic Development Committee is one of the National Assembly's seven subject Committees. The responsibilities of subject committees are set out in the National Assembly's Standing Orders, an extract from which is at Annex A.

Duties of the Committee

2. The remit of the Economic Development Committee is based on the portfolio of the Economic Development Minister which includes:

- Inward investment and trade, promotion of indigenous companies and regional development;
- European economic issues, including structural funding;
- Innovation, energy and ICT development in the business sector;
- Industrial policy and business support, including demand-side employment issues (minimum wage, working time, etc);
- Tourism.

The Committee's Aims and Objectives

3. The Committee's aim is to help build an advanced, dynamic and more diverse economy in which everyone has a chance to prosper. In particular it will contribute to the achievement of results in the following key areas:

- build an advanced, competitive and a more diverse economy with a dynamic small and medium enterprise sector;
- increase the number and quality of jobs and reduce economic inactivity particularly in less prosperous areas;
- raise the international profile and influence of Wales and establish it as a first class place to live, study, visit and do business;
- stimulate development that conserves natural resources and respects the environment;
- put more of our investment in people and lifelong learning so that everyone, and particularly our youth, can gain the range of knowledge and skills required to fulfil their potential and prosper in the new economy;

- promote active citizenship, creativity and entrepreneurship;
- improve training, assist small businesses to grow, promote stability and encourage the new technologies;
- ensure we exploit the full range of development opportunities open to the Welsh economy through the granting of Objective One status;
- continue to seek high-quality inward investment and to strengthen support to overseas trade.

FORWARD WORK PROGRAMME

4. The Committee's work falls broadly into 2 categories – scrutinising the work of the Welsh Assembly Government and the Economic Development Minister, and contributing to the development of National Assembly for Wales policy through policy reviews and keeping abreast of, and responding to, issues as they arise. In practice, Agenda items often contain aspects of both of these.

5. Alongside these the Committee has a range of 'ongoing' business:

- receiving and considering the Assembly Minister's regular reports to it;
- annual reviews of the performance of the Welsh Development Agency and the Wales Tourist Board, and advising on their strategic development;
- considering proposals for the Assembly's budget;
- considering secondary legislation as appropriate.

A) Scrutiny

6. The Committee will receive and discuss reports on current and critical issues from the Assembly Minister at each of its meetings.

7. It will use these occasions to undertake a regular scrutiny of the Minister, his policies and their implementation.

8. It will obtain regular reports from the Minister and the Chairs of the Programme Monitoring Committees, on the progress of the various European programmes of support and will keep a close watch on the performance of the programmes.

9. It will consider the performance of the Welsh Development Agency and the Wales Tourist Board and consider their forward plans. It will continue to maintain an overview of the development of Cardiff Bay and the implementation of the business plan for the new Cardiff Harbour Authority.

10. It will analyse progress towards the achievement of the targets laid out in the National Economic Development Strategy.

B) Development of Policy

11. The Committee's major contribution to the development of policy will be through its Review of Energy Policy in Wales. It will undertake this in phases starting with Renewable Energy followed by Energy Efficiency. It proposes then to look at Combined Heat And Power and other drivers.

12. The previous forward work programme also indicated as priority areas for consideration: a Review of Information and Communications Technology insofar as it affects the business sector - and Wales' tourism strategy. These will be kept under consideration as subjects for study in the future.

13. The Committee will also continue to maintain an overview of, and as appropriate advise on, further issues arising in connection with the recommendations in the Committee's Review of Business Support and Development.

14. The Committee will advise further on the development of the National Economic Development Strategy as this is developed.

15. It will advise on the Welsh Development Agency's and the Wales Tourist Board's forward plans and the Minister's strategic guidance letters to these bodies.

16. It will maintain an overview of progress in the development of EU policies and in particular enlargement and cohesion.

17. It will maintain an overview of and advise on, developments in the Welsh economy - responding to urgent and significant issues as necessary.

18. It will advise on budgetary, financial, legislation, appointments and other matters as necessary and as required under Standing Orders.

DETAILED PROGRAMME

The Committee will publish a detailed programme for each term at the times specified for all Committees in the Committee Secretariat Management Plan.

It will endeavour to hold at least two formal meetings a year outside Cardiff.

RESPONSIBILITIES OF SUBJECT COMMITTEES

Standing Orders 9.7 and 9.8 set out the responsibilities of Subject Committees:

9.7 Each subject committee shall

- (i) **contribute to the development of the Assembly's policies within the fields for which the relevant Assembly Secretary is accountable to the Assembly;**
- (ii) **keep under review the expenditure and administration connected with their implementation; and**
keep under review the discharge of public functions in those fields by public, voluntary and private bodies.

9.8 Each subject committee shall also, within the relevant fields,

- (i) **advise on proposed legislation affecting Wales, including performing its functions under SO22;**
- (ii) provide advice to the Assembly Cabinet on matters relating to allocation of the Assembly's budget in accordance with Standing Order 19;
- (iii) perform its function under Standing Order 21(complaints);
- (iv) perform any functions assigned to it under the Code of Practice on Public Appointments Procedure made by the Assembly under Standing Order 20; and
- (v) consider matters referred to it by the Assembly within its fields."

2. Standing Order 9.9 requires the subject committee to maintain a rolling programme of work covering periods of at least 12 months.