



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

Y Pwyllgor Amgylchedd a Chynaliadwyedd **The Environment and Sustainability Committee**

Dydd Iau, 18 Hydref 2012
Thursday, 18 October 2012

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Yn y golofn chwith, cofnodwyd y trafodion yn yr iaith y llefarwyd hwy ynnddi. Yn y golofn dde, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

In the left-hand column, the proceedings are recorded in the language in which they were spoken. The right-hand column contains a transcription of the simultaneous interpretation.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mick Antoniw	Llafur Labour
Mark Drakeford	Llafur (yn dirprwyo ar ran David Rees) Labour (substitute for David Rees)
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Russell George	Ceidwadwyr Cymreig Welsh Conservatives
Vaughan Gething	Llafur Labour
Llyr Huws Gruffydd	Plaid Cymru The Party of Wales
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
David Rees	Llafur Labour
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives
Kenneth Skates	Llafur (yn dirprwyo ar ran Keith Davies) Labour (substitute for Keith Davies)

Eraill yn bresennol
Others in attendance

Gill Bell	Y Gymdeithas Cadwraeth Forol Marine Conservation Society
Dan Crook	WWF Cymru
Gareth Cunningham	RSPB Cymru
Alun Davies	Aelod Cynulliad, Llafur (Y Dirprwy Weinidog Amaethyddiaeth, Bwyd, Pysgodfeydd, a Rhaglenni Ewropeaidd) Assembly Member, Labour (The Deputy Minister for Agriculture, Food, Fisheries and European Programmes)
Dr Christianne Glossop	Prif Swyddog Milfeddygol a Chyfarwyddwr, Swyddfa'r Prif Swyddog Milfeddygol, Llywodraeth Cymru Chief Veterinary Officer and Director, Office of the Chief Veterinary Officer, Welsh Government

John Griffiths	Aelod Cynulliad, Llafur (Gweinidog yr Amgylchedd a Datblygu Cynaliadwy) Assembly Member, Labour (The Minister for Environment and Sustainable Development)
Beth Henshall	Ymddiriedolaethau Natur Cymru Wildlife Trusts Wales
Rob Hunter	Cyfarwyddwr Cyllid a Pherfformiad, Llywodraeth Cymru Director, Finance and Performance, Welsh Government
Matthew Quinn	Cyfarwyddwr, yr Amgylchedd a Datblygu Cynaliadwy, Llywodraeth Cymru Director, Environment and Sustainable Development, Welsh Government
Andrew Slade	Cyfarwyddwr Polisi ac Ariannu'r UE a Phennaeth y Grŵp Rhaglenni Ewropeaidd, Llywodraeth Cymru Director of EU Policy and Funding and Head of European Programmes Group, Welsh Government
Terri Thomas	Pennaeth Is-adran Cynllunio PAC, Llywodraeth Cymru Head of CAP Planning Division, Welsh Government

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

Alun Davidson	Clerc Clerk
Catherine Hunt	Dirprwy Glerc Deputy Clerk
Nia Seaton	Y Gwasanaeth Ymchwil Research Service

Dechreuodd y cyfarfod am 9.34 a.m.
The meeting began at 9.34 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Yr Arglwydd Elis-Thomas:** Bore da, a chroeso i'r cyfarfod. **Lord Elis-Thomas:** Good morning, and welcome to the meeting.

9.34 a.m.

Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2013-2014: Craffu ar Waith y Dirprwy Weinidog Amaethyddiaeth, Bwyd, Pysgodfeydd a Rhaglenni Ewropeaidd
Welsh Government Draft Budget 2013-2014: Scrutiny of the Deputy Minister for Agriculture, Food, Fisheries and European Programmes

[2] **Yr Arglwydd Elis-Thomas:** Ddirprwy Weinidog, a wnewch chi gyflwyno eich tîm, cyn inni symud at y cwestiwn cyntaf, a ofynnir y bore yma gan Llyr Huws Gruffydd? **Lord Elis-Thomas:** Deputy Minister, will you introduce your team, before we move to the first question, which will be asked this morning by Llyr Huws Gruffydd?

[3] **Y Dirprwy Weinidog Amaethyddiaeth, Bwyd, Pysgodfeydd a Rhaglenni Ewropeaidd (Alun Davies):** Cyn **The Deputy Minister for Agriculture, Food, Fisheries and European Programmes (Alun Davies):** Before I

imi gyflwyno fy swyddogion, hoffwn ddechrau, Gadeirydd, trwy ddymuno pen-blwydd hapus i chi.

introduce my officials, I would like to start, Chair, by wishing you a happy birthday.

[4] **Yr Arglwydd Elis-Thomas:** Rydych yn garedig iawn, ond nid yw, fel maen nhw'n dweud, yn ben-blwydd arwyddocaol. [*Chwerthin.*]

Lord Elis-Thomas: You are very kind, but it is not, as they say, a significant birthday. [*Laughter.*]

[5] **Alun Davies:** Mae Rob Hunter, cyfarwyddwr cyllid a pherfformiad, ac Andrew Slade, cyfarwyddwr polisi ac ariannu'r Undeb Ewropeaidd a phennaeth y grŵp rhaglenni Ewropeaidd, gyda mi y bore yma.

Alun Davies: Joining me this morning are Rob Hunter, director of finance and performance, and Andrew Slade, director of European Union policy and funding and head of the European programmes group.

[6] **Llyr Huws Gruffydd:** Bore da. Rwyf eisiau dechrau drwy holi am rai o'r blaenoriaethau strategol a sut y maent yn clymu gyda'r gyllideb. Mae'r modd y mae'r gyllideb yn cael ei mapio yn erbyn ymrwymadau'r rhaglen lywodraethu yn fuddiol o ran craffu ac atebolrwydd. A ydych yn fodlon y bydd yr ailgysoni hyn ar eich cyllidebau gyda blaenoriaethau'r rhaglen llywodraethu yn eich galluogi i gyflawni'r holl ganlyniadau yr ydych yn gyfrifol amdanynt?

Llyr Huws Gruffydd: Good morning. I want to start by asking about some of the strategic priorities and how they tie in with the budget. The way in which the budget is mapped against the commitments in the programme for government is beneficial for the purposes of scrutiny and accountability. Are you content that this realignment of your budgets with programme for government priorities will allow you to deliver all the outcomes for which you are responsible?

[7] **Alun Davies:** Ydwyf. A minnau'n Ddirprwy Weinidog, hoffwn gael mwy o adnoddau ac rwy'n siomedig, ambell waith, nad oes gennym fwy. Yn amlwg, byddai pethau y gallem eu gwneud gyda mwy o adnoddau, ond rydym yn gwybod lle'r ydym ac rydym yn deall lle mae'r gyllideb ar hyn o bryd. Rwy'n credu bod gennym ddigon i gyflawni'r pethau rwy'n gyfrifol amdanynt. Fe'ch atgoffaf fod 80% o'r gyllideb rwy'n gyfrifol amdani yn rhan o ddelifro'r cynllun datblygu gwledig yng Nghymru, felly mae llawer ohoni wedi'i gosod yn barod ac nid yw'n newid o flwyddyn i flwyddyn. Nid yw'r capasiti gennym i'w newid o flwyddyn i flwyddyn fel gyda rhai cyllidebau domestig. Felly, rwy'n hapus ac yn fodlon—efallai yn fwy bodlon na hapus—fod gennyf yr adnoddau sydd eu hangen arnaf ar hyn o bryd.

Alun Davies: Yes. As a Deputy Minister, I would like to have more resources, and I am sometimes disappointed that we do not have more. Clearly, there is more that we could do if we had more resources, but we know where we are and we understand where the budget stands at present. I believe that we have enough to deliver the things that I am responsible for. I remind you that 80% of the budget for which I am responsible falls into the delivery of the rural development plan in Wales, so a great deal of it is already allocated and does not change year on year. We do not have the capacity to change it year on year as we do with certain domestic budget lines. Therefore, I am happy and content—perhaps more content than happy—that I have the resources that I need at the moment.

[8] **Llyr Huws Gruffydd:** Diolch am hynny. Mae cwestiwn mwy hirdymor o ran cynaliadwyedd y gyllideb. Rydych yn sôn am rai o'r ffynonellau allweddol sydd heb sicrwydd o gyfnod i gyfnod, er, unwaith yr

Llyr Huws Gruffydd: Thank you for that. There is a longer-term question about the sustainability of the budget. You talk about some of the key funding sources that are not secure from one period to the next, although,

ydych yn cael y sicrwydd, rydych yn gwybod ei fod gennych am flynyddoedd. Efallai y gallech ddweud ychydig am sut yr ydych wedi mynd ati i asesu cynaliadwyedd ariannol hirdymor eich cyllideb, yn enwedig gan fod polisiau a blaenoriaethau yn newid ond bod cyllidebau yn lleihau ac mae mwy o bwysau yn dod o wahanol gyfeiriadau.

once you have that security, you know that you have it for years to come. Perhaps you can say a little about how you have gone about assessing the long-term financial sustainability of your budget, especially as policies and priorities change, but budgets are decreasing and there is more and more pressure coming from different directions.

[9] **Alun Davies:** Rwy'n mynd i ofyn i Rob i ddod i mewn yn y fan hon, achos mae wedi bod yn edrych ar draws yr adran BETS i gyd, ond mae dy osodiad yn hollol deg. Mae her yn wynebu'r Llywodraeth a phob un adran a rhan ohoni. Un peth sy'n fy meco i ambell waith yw pe baem yn colli elfen ddifrifol o'r gyllideb ddomestig, ni fyddem yn colli'r arian hwnnw yn unig ond arian a fyddai'n dod o Ewrop yn rhan o hynny. Felly, mae hynny yn bryder i ni. Hefyd, o ran y gyllideb wledig, nid oes gennym y cyfleoedd sydd gan rai adrannau i ddatblygu modelau ariannol gwahanol achos rydym yn gweithio gyda'r hyn sydd gennym. Fodd bynnag, rwy'n hyderus am y ffordd y mae'r trafodaethau yn mynd rhagddynt am y cronfeydd newydd, megis y gronfa pysgodfeydd, sy'n enghraifft dda, ac y gallwn integreiddio mwy o'r cronfeydd sydd ar gael i ni a, gobeithio, drwy hynny, cawn fwy o effaith yn y dyfodol. O ran eich gosodiad gwreiddiol, rwy'n cytuno bod hynny'n her ac rydym yn trafod ac yn edrych ar sut y gallwn sicrhau cynaliadwyedd i'r hirdymor.

Alun Davies: I am going to ask Rob to come in here, because he has been looking at this across the whole of the BETS department, but your statement is entirely fair. There is a challenge facing Government and every department and part of it. One thing that concerns me sometimes is if we were to lose a significant element of the domestic budget, we would not just lose that money, but also the European match funding. Therefore, that is a concern for us. In addition, in the rural affairs budget, we do not have the opportunities that some departments do to develop alternative financial models because we work with what we have. However, I am confident about how the negotiations are going regarding the new funds, such as the fisheries fund, which is a good example, that we will be able to integrate more of the funds that are available to us and, hopefully, through that, we will have a greater impact in the future. On your original statement, I agree that that is a challenge, and we are discussing and reviewing how we can ensure that long-term sustainability.

[10] **Mr Hunter:** One of the issues here relates to the fact that such a large element of this budget is linked to the rural development plan. The RDP was set out in 2007 and will run to the end of its programme period. We have not gone anywhere near the RDP, because, as the Deputy Minister said, if we take money out of it, we also lose money to Wales from Europe. So, that budget, to a large extent, is ring-fenced.

[11] On being able to use innovative financing and so on, we are limited because of that, but across the BETS department, we have taken advantage of quite a few innovative financing packages in relation to next generation broadband Wales, for example, and some other things, which basically means that we can make the Welsh pound go a bit further. To some degree, if we can use innovations in the areas of the budget where that is applicable, we can protect areas like this when it is essential that we draw down the maximum that we can from Europe and deliver the maximum benefit to the people of Wales.

[12] **Russell George:** What use have you made of invest-to-save funds within your portfolio?

[13] **Alun Davies:** As I suggested in my previous answer, the room, if you like, for us to use more innovative funding is limited in these budget areas, but perhaps some of the areas that Rob touched upon in his earlier response might give you a good example of how we are

looking at what we do and responding to the needs of our customers. This department actually provides services to people, which makes it quite unique within the Welsh Government. In most cases, the Welsh Government funds service providers, but you will know yourself that, with Rural Payments Wales, we provide a direct service to the public, and that means that we have a direct relationship with the public that other departments do not have.

[14] If you look through the budget papers, I think that you will see considerable investment taking place at the moment to take rural payments online. I have made it clear that I want us, by the end of this fourth Assembly, to be working in an entirely online environment. If you look through the budgets, you will see that we are putting that investment in at the moment, and you may correct me here, Rob, but in 2015-16 that investment is withdrawn.

[15] **Mr Hunter:** That is right. The investment is £8 million in total for rural payments online. I think that the profile was something like £2.7 million last year, £2.7 million this year, and then it tails off in the following year. We had some last year.

[16] **Alun Davies:** So, if you take that as an investment to save, we are investing that money at the moment, and we expect to free up financial resources, but also staff and other resources, and achieve our working smarter objective of having a far less cluttered working environment for both the farming community and the Welsh Government. In the budgets as a whole, that is the example that I would give of how we are using public money today to increase efficiency and deliver a more efficient system in the future.

[17] **Russell George:** I will just ask a follow-on question. What have you achieved through invest-to-save so far? What savings have you made?

[18] **Alun Davies:** Well, there is the example that I have just given you, and we are in the middle of that investment at the moment, so we would not expect to accrue any—

[19] **Russell George:** No, but what I am asking is whether anything else has taken place that has been completed where you can see a financial saving.

[20] **Mr Hunter:** Not specifically through the invest-to-save fund. What we have been doing—and it is within the delivery of all our funds over previous years, and within our staff budgets—is looking at driving efficiencies through the business to ensure that as much money goes to the front line as possible. We have not been doing that—that is, there are no funds in here that we have obtained specifically through invest-to-save. We are actually doing that within our resources.

[21] **Antoinette Sandbach:** Deputy Minister, given what you just said in relation to the online projects, what budget overlap is there to deal with rural broadband notspots with that online programme in mind? If the rural payments agency will be doing everything online, that will be a real concern. Is there going to be an overlap between you and the BETS department specifically to deal with those issues?

[22] **Alun Davies:** Clearly, the BETS Minister has a significant budget for her department to deliver rural broadband. I can ask Rob to clarify the background to that. That is a matter for that Minister, not for me. I will say to the committee—and I think that we had this conversation in the summer, briefly—that the delivery of an online system will clearly be supported by significant investment in rural broadband services. Our plans to deliver that rural broadband service are the most ambitious across the different countries of the United Kingdom. However, I am also looking to change the way in which we deal with the community that requires these services, and that means that we are looking at how we develop outreach services as well. So, yes, you have the delivery of a broadband service

across the face of the country, and yes, we are doing that, but what we are not doing, Antoinette, is relying simply on that. We are looking at how we can free up the resources from some of our divisional offices, which will clearly be freed up by having an online system, to provide and improve the services that are currently being provided throughout the country. We are not simply relying on broadband to do that. I am trying to work at the moment on some plans to develop a far more comprehensive outreach service to deliver that.

9.45 a.m.

[23] **Mr Hunter:** Within this, there are two really big, important programmes, the larger of which is next generation broadband Wales. The contract has been signed this year. It will provide a superfast broadband connection to 96% of the population of Wales by 2016, and, next year, we will be looking at proposals to fill the gap for the other 4%. So, that should cover that. In effect, everyone in Wales, by 2016—or the absolute vast majority—should have good access to broadband.

[24] In the interim, we also have the broadband support scheme, which people can bid into if they want a broadband connection. It may not be super fast, but it would certainly be of quite a reasonable speed, using such things as satellite and mobile technologies et cetera. So, the coverage is there.

[25] As the Deputy Minister said, within the roll-out of the online scheme, they are very much taking the customers along on the journey. There is a pilot scheme at the moment, with 50 users across Wales on the system, and they are really taking feedback from the farmers to make sure that the system is developed absolutely to meet their needs. Actually, over the next 12 to 18 months, that sort of steps up, so the pilot scheme gets bigger and bigger, and they are also looking at provision for those who may not be able to access it. As the Deputy Minister said, there are outreach facilities, and it may be that something paper-based will be left in the system to help those who cannot access it for other reasons. So, this is a careful project that spans a long range of time to make sure that we cover all eventualities.

[26] **Russell George:** On next year's project to cover the 4%, has that been budgeted for? Which budget line will that come from?

[27] **Mr Hunter:** We will discuss that in future budget rounds. In effect, BETS will bid for the money, some of which may come from our budget, so we may need to have discussions on the funding for that.

[28] **Vaughan Gething:** Good morning, Deputy Minister. I just want to go back to some of the evidence that you gave at the Royal Welsh Show, and in particular your statement that you would consider advice from the food and farming sector panel, and how its advice would inform your discussions with the BETS Minister on shaping strategic priorities. I am interested in how that advice has or has not shaped your current budget allocation to promote Welsh food and drink in particular.

[29] **Alun Davies:** We received four advice papers from the food and farming panel in July, and those papers contained 12 recommendations. At the moment, I am looking at a policy response to some of those things. Let me give you an example. One of the recommendations was to establish a retail or supermarket forum in Wales. Clearly, we need to discuss that with the multiples and the retailers, to see whether they would consider that a useful way forward. I have started those conversations, but that proposal would not put significant pressure on any of the budget items that you see here. If we were to do that, we would simply fund it from existing resources.

[30] Another example, I think from the panel's final report, focused on how we measure

our impact. Clearly, that would be important to us in producing delivery plans and our strategic approach, but it would not necessarily impact on the budgets here.

[31] As for where I am at the moment, I do not foresee any significant changes to the budgets, particularly the £5 million food budget, as a direct consequence of those reports. However, I also said in July that I have a strong feeling that we need to review the way in which we in Government ‘do food’, and that is a piece of work that I am anxious to start. Well, I say ‘start’, but that is misleading, as we have started work on it. It is just that I feel that, at the moment, my political priority is to get the best deal for Welsh agriculture and Welsh food producers through the common agricultural policy negotiations. I hope that more time and resources will be available to us to provide a much harder focus on food when those negotiations are complete. So, it might well be that we do make changes and we will report those changes to you in future budgets.

[32] **Vaughan Gething:** So, just to be clear, are you saying that the advice that you have had so far from the food and farming panel is largely a policy response and does not have budgetary consequences for this budget round? There is a difference between saying that there is no budgetary consequence and saying that you have the report but it is too close to this budget round for us to take it into account, so it may appear in later budget rounds. I want to clarify what you are saying. Are you saying that it is a bit of both potentially?

[33] **Alun Davies:** I might be saying a bit of both. I have given you two examples—

[34] **Vaughan Gething:** Yes, of policy responses.

[35] **Alun Davies:** I will give you a third example: maximising public procurement of Welsh food and drink. That would not necessarily be delivered through these budgets, but through wider budgets and would be a responsibility for the Minister for Finance. So, on how we are taking these matters forward, we are continuing our conversations with the food and farming panel. Where there are quick wins to be achieved in existing budgets, we will achieve those. However, my personal view is that we need to take a far more fundamental look at how we do food, not simply in this portfolio, for which I am responsible, but across the whole face of Government. We need a more fundamental reworking of how we do food. At that time, and I hope, Vaughan, that you are looking at next year’s budget rather than subsequent years’ budgets, we will be in a position to report to this committee any changes that we propose to make in future budgets to accommodate those future policy directions. However, at the moment, we are still having those conversations in Government. Until they are concluded, we will not be in a position to report any changes in existing budgets.

[36] **Vaughan Gething:** Okay, so that is about future budgets, but in terms of this year’s budget and your own priorities for promoting Welsh food and drink, are you satisfied that there is enough money in the budget—the £5 million—to achieve what you want to do this year, bearing in mind that you are also talking about future policy development that will lead into further budgets? That is not just about whether there is sufficient money and flexibility this year, but about how you expect to measure outcomes that you want to see from the money that you will be spending on promoting Welsh food and drink.

[37] **Alun Davies:** I will be clear with you: we would always want more money. However, if you look at what we are doing during the current regional development plan period, which finishes in 2014, you will see that we are investing a total of £65.8 million of public funds in the food sector, which is leveraging in a total of £135 million investment to the sector as a whole. So, a considerable investment is taking place through the portfolio for which I have responsibility. The food sector is able to access the support available through the main business, enterprise, technology and science budget and through support from BETS, which Rob will be in a better position to discuss with the committee.

[38] The food sector has access to specific funding from the RDP, which enables it to deliver investment. We have seen examples of that in different parts of Wales. It also benefits from the £5 million that we have to promote ‘Welsh food’ in totality, and it has the opportunity to benefit from the wider BETS support network.

[39] I think that you will already know this because I mentioned it in answer to a question from the committee Chair last week, but I am travelling to Paris on Sunday to promote Welsh food at one of the biggest international food fairs. One thing that the BETS Minister has been exploring is how we work closer with UK Trade and Investment to deliver support for Welsh exports and Welsh food on a far larger scale than we have done before. So, although the budget might seem quite small, we are seeking to ensure that food and farming is now mainstreamed in Welsh Government and in Welsh Government economic policy. That means that, although it has the access to support, which we are discussing this morning, in some ways that is only the tip of the iceberg and there is far greater support available to it.

[40] **Vaughan Gething:** I have one final follow-up question. I welcome what you say about trying to ensure that food promotion is not just seen to be coming from one pot and how different Government levers can help, particularly to ensure that the food and farming panel, as a relatively small panel, is not squeezed between the other sector panels. I am still interested in the question of how you then expect to be able to measure the value for money that you get not just from this one particular budget line, but from the Government’s activities in spending money to promote Welsh food and drink. How can you demonstrate that real value has been achieved from the money that the Government has invested, rather than saying, ‘We are spending x amount and we are doing fine’? On occasion, there is temptation to say, ‘Look at the money; is that not good?’ rather than looking at what the money has done.

[41] **Alun Davies:** Yes, or say, ‘Feel the quality of the cloth’. You are right about that. However, each one of the grants that we have outlined—for example, the processing and marketing grants scheme—will have objectives set for it. Those objectives would involve either turnover or jobs, and are more likely to involve both. You do not give support to a business by saying, ‘We will give you £10 million; go and do what you like’. It is usually, but not always, linked to investment.

[42] I see Ken Skates in the committee this morning, and we have invested in a business in Clwyd South that is linked to the development of greater production facilities for that business. That will mean greater turnover and more value goes back to the business, thereby strengthening its place in that location. That will then lead to the creation of more jobs. There is very much an economic focus on those investments, and I think that you will see each one of those grant schemes having clear objectives set for it. It might be useful for us to undertake the exercise that you suggest—we do it in a global sense with the rural development plan, in asking about the impact. We report to the Commission on how we spend RDP money, and we need to be able to demonstrate that there is a clear economic impact. Those numbers are available, and they are reported regularly as part of our reports on the RDP.

[43] **Yr Arglwydd Elis-Thomas:** Dylwn fod wedi croesawu Ken Skates i’r pwyllgor ar y dechrau, a nodi ei fod yn dirprwyo ar ran Keith Davies. Rwy’n siŵr ein bod yn dymuno’r gorau i Keith Davies ac i Julie James.
Lord Elis-Thomas: I should have welcomed Ken Skates to the committee at the outset, and also noted that he is substituting for Keith Davies. I am sure that we all send Keith Davies and Julie James our best wishes.

[44] **Kenneth Skates:** Deputy Minister, I am delighted that there is yet more investment in my constituency of Clwyd South.

[45] **Alun Davies:** I knew that you were coming this morning. *[Laughter.]*

[46] **Kenneth Skates:** With regard to farm-gate prices for milk, there has been a threat to legislate, although that is not the preferred option of the Welsh Government. Are you satisfied that any such action can be accommodated in the budget?

[47] **Alun Davies:** All of the announcements that I have made on dairy are within budget. I would not want my words to be interpreted as a threat—that is a very hard word to use. We want to hardwire fairness into the whole food chain regarding the dairy supply chain. We want to ensure that all elements of that supply chain are able to derive a fair profit—the farmer, processor and retailer—and that the consumer has a fair deal.

[48] The conversations that we have been having over the summer and into the autumn with the Department for Environment, Food and Rural Affairs and the Department for Business, Innovation and Skills have referred to the fact that we have what I think is a good voluntary code of conduct. I have argued for that throughout my time in office, and I think that I asked Members to vote against a Conservative amendment some months ago that demanded that we legislate immediately for the European Union dairy package. I wanted to give time to that voluntary code of conduct, which I think is more valuable to the whole industry than simply legislating. However, I believe that we need a statutory framework for it. At the moment, the groceries code adjudicator legislation is going through the Westminster Parliament. I have asked BIS to strengthen that legislation, as have others, to ensure that it is able to cover the dairy industry and the dairy supply chain so that we have fairness in the system. I hope that BIS will reflect further on that legislation and ensure that it is able to achieve that aim.

10.00 a.m.

[49] We have the ability to legislate in Wales on the EU dairy package. I gave undertakings over the summer—at the Royal Welsh Show and on other occasions—that we would legislate if necessary. I have a meeting immediately after this one—perhaps I should have had it before I came here—to discuss the timing of that process. Politically, we are prepared to legislate to bring the EU dairy package in. I am prepared to do so if the industry believes it is required and if the consultation supports that. I was at the dairy show in Carmarthen this week, and I did not see a great groundswell of demand for that but, politically, we are content to move in that direction if that is what the industry believes is required. Do you want to add anything, Andrew?

[50] **Mr Slade:** I think that most of the points have been covered. The industry is well aware of the Deputy Minister's position in relation to legislation. The voluntary code of conduct is now in place; it is early days, but a lot of work went into that and it seems that the key parties in the supply chain have bought into it. We need to take the Deputy Minister through the options in relation to legislation and what other parts of the UK are doing, because, as the committee will be aware, the liquid milk market is GB-wide and you have to be clear about what is happening elsewhere in GB before you intervene, but a range of legislative options are available to us.

[51] **David Rees:** I would like to ask about the fisheries and agriculture budget action. In your paper, you indicate that there is a reduction in the budget for this section of perhaps 7.5% in revenue and 17% in capital. You do not say much in your paper about what you expect to achieve with this budget action, but you do say that the change is due to the comprehensive spending review. All reductions are probably based on the comprehensive spending review. You also stated in your meeting at the Royal Welsh Show that you were

[52] 'anxious to strengthen the fisheries department in Government and to ensure that we

have sufficient resources to deliver a strategy that reflects our priorities today.’

[53] Do you have confidence that the changes that are taking place actually deliver that?

[54] **Alun Davies:** It is always terrible when people read back your words to you.

[55] **Lord Elis-Thomas:** It is part of the function of this committee, Deputy Minister. You should be glad that we are so interested in what you do.

[56] **Alun Davies:** It is a function that I welcome warmly. I believe that we have the flexibility to deal with the additional activity relating to the fisheries strategy. One of the conversations that we will be having at the Council of Ministers next week will be on the agreement of the new common fisheries policy and, particularly next Monday, there will be conversations about the European maritime and fisheries fund. That will create a new context for our work from 2014 onwards. Since I met the committee at the Royal Welsh Show, we have strengthened the fisheries department within Government, with the appointment of new senior officials who have brought a great strength to the department in terms of policy.

[57] One of the things I found when I was appointed was that we had been given new responsibilities through the marine Act, but that we had not fundamentally changed either our strategy or the resources that we provided to fisheries. We are now—I do not like to use the phrase ‘catching up’—strengthening the fisheries department to ensure that we have the resources available to us to deliver our statutory responsibilities. I can write to the committee if it wishes to bring some clarity on this, but I signed the UK fisheries concordat in May this year. It provides for the devolution of quite substantial new elements over the next few months, such as management of the fleet, which we are currently negotiating, and quota management, which will come to us next year. So, we need a much stronger fisheries department over the next period.

[58] Something else that we are discussing in Government at the moment—I will probably come back to the committee with some of these matters in the future—is replacing our sea assets and the vehicles that we use to patrol the coast. That is covered in existing budgets. We have two patrol vessels, which are 27 and 16 years old. They are no longer fit for purpose. We will also have more waters to patrol than we had in the past. We cannot rely on the Royal Navy, as we have done in the past, because of wider issues within the Ministry of Defence—not for any other reason. So, we have quite significant issues around enforcement that perhaps we did not have in the past. We need to look at how we deliver our statutory responsibilities within Welsh waters. We will potentially be looking at significant capital costs in the future.

[59] **David Rees:** I know that my colleague, Antoinette Sandbach, wants to ask questions on enforcement. However, on the capital budget issue, you mentioned replacements, but, the capital budget seems quite small in that area. Are you looking at central funding as a consequence to perhaps support that capital budget?

[60] **Alun Davies:** The replacements of sea assets will clearly be significant capital matters, and they will be one-offs—I do not like to use the term ‘one-off’; I do not know if it is a financial term, but this is not something that we will be doing on an annual basis. So, I expect it—I am looking at you for help here, Rob. Perhaps I need life support myself. We are looking to replace those sea assets and that will come from central budgets.

[61] **Mr Hunter:** It is worth noting the stages we would go through to look for the resources for this. First, we would look at the rural budget to see if there was any flexibility within it to fund this. Then, we would look across BETS. If it was an absolutely necessary strategic project, we could go to the Minister for Finance. At the moment, we are at the stage of considering the business cases. We are looking at the quantum at the moment and we will

work through that process.

[62] You raised the issue about the explanation that this was related to a reduction due to the comprehensive spending review. It has absolutely nothing to do with the CSR. I apologise for that going into the brief. About 12 months ago, the team were looking at the forecast requirements for this line and they adjusted it down based on what they believed they required. So, it has nothing to do with the CSR.

[63] **David Rees:** You have already mentioned the extra responsibilities that have come in as a consequence of that. Is the budget sufficient to look at those extra responsibilities that have come in as a result of the change in the marine Act and the strategy you mentioned? The reason I ask is because I do not see any—[*Inaudible.*]—outcomes for this budget action. It is not even on the BETS page of the paper. This section is not there.

[64] **Alun Davies:** We have taken on extra staff to manage our new responsibilities. We have more officials. There are other specific costs, mainly IT costs, to ensure that we have quota management and licensing systems in place. At the moment, we are looking at building on the existing IT infrastructure to ensure that we are able to meet these additional responsibilities within existing budgets.

[65] **David Rees:** On the European fisheries fund, is the match funding within this budget or within rural development?

[66] **Ms Thomas:** It is in this budget. There is sufficient funding there to deliver the match funding requirement.

[67] **Lord Elis-Thomas:** We will take that as an answer, not just a whisper from the gallery. That was heard.

[68] **Mr Slade:** The budget is there to match fund the programme until the time when the money has to be spent, which is the end of 2015.

[69] **Lord Elis-Thomas:** We like officials who speak frankly and give us an honest answer.

[70] **Antoinette Sandbach:** Minister, in that budget line, enforcement is specifically mentioned. What proportion of that budget is in enforcement action prosecution?

[71] **Mr Hunter:** I do not have the breakdown to enforcement. We can get that. My colleague might know what the percentage is—

[72] **Ms Thomas:** No, I do not have it with me.

[73] **Mr Hunter:** We can provide that to the committee.

[74] **Antoinette Sandbach:** I would be very grateful for that.

[75] I will move on to the electronic identification database. Minister, there was an option to buy an off-the-shelf database, as it were, related to the Scottish EID database. You have decided to develop a Welsh one, if I can put it that way. From where will the funding for that be drawn? From which budget expenditure line will that come? Will it come from invest-to-save or another?

[76] **Alun Davies:** With respect, I think that you may have confused two issues. The decision I announced earlier this year was that I would establish a Welsh database. Databases

already exist in Scotland, and DEFRA is developing one for England. I took the decision in February or March this year that I would seek the development of a Welsh system. I did not say at that time, and I have not made further definitive statements on this matter since then, but we are looking at developing the Scottish system, and we are looking at an off-the-peg system rather than investing in a system that is unique to Wales. The database systems need to talk to each other across the other UK administrations. We are looking for something that we can control, but not necessarily something that is tailor made for Wales.

[77] We are evaluating the offer from the Scottish Government and, at the moment it is ticking boxes, but I would not wish to mislead the committee. We are undertaking further consideration of this matter, and the reason, Antoinette, I have not made any statements on this at the moment is that officials have not yet completed that work. When the evaluation is complete, we will understand the costs involved and the technical delivery of that. So, I am anticipating—these are very early indicative costs—that it could cost somewhere between £2 million and £3 million for a system that will be developed from the Scottish system, but, at the moment, these are still issues that officials are working on and are yet to be resolved.

[78] **Antoinette Sandbach:** Which budget line have you—

[79] **Alun Davies:** We are still working on these matters.

[80] **Antoinette Sandbach:** So, it is not included in the budget lines.

[81] **Alun Davies:** It is not included in the budget in front of you today, but that does not mean that the money does not exist.

[82] **Lord Elis-Thomas:** Of course not, Deputy Minister.

[83] **Alun Davies:** I saw that Antoinette was making a note. I wanted her to get it right for once. [*Laughter.*]

[84] **Lord Elis-Thomas:** Could you continue with this argument in the Chamber? [*Laughter.*]

[85] **Mick Antoniw:** I have relatively short questions on the responsibility and cost-sharing agenda, which is an item that appears in your paper with a modest budget. Will you provide more information about what precisely has been done or what is prepared to be done or whether this really is just a token amount just in case something emerges from the Government's working smarter recommendations?

[86] **Alun Davies:** It is £20,000. I am told that it supports development work, which covers the costs of consultation events, publicity information and community activity. As you say, it is a modest amount. We would not normally take our budgets down to this level. It is something that I will review regarding whether we need to maintain a budget line of this sort, but, essentially, it is to maintain the communications with the industry, so it is very much based on publicity and community events from the larger communications budget.

[87] **Mick Antoniw:** Can we take that the Government's working smarter recommendations were areas that you felt that impacted on these budgets and the work that your portfolio is responsible for?

[88] **Alun Davies:** In terms of working smarter, we have now agreed that Gareth Williams will return to carry out an independent evaluation of how the Government is delivering on his report. I expect him to start work on that in the next few weeks and it may be a good opportunity for Members to speak to him about your views on how that is being taken

forward and to have conversations with him yourselves. Working smarter is a process and a philosophy whereby we look at how we can make greater efficiencies within Government, simplify our systems within Government and reduce the administrative burden on individual businesses and on the way in which we do regulation within Government. So, it is not simply a report that has been gathering dust for 10 or 11 months. It is a process and a philosophical approach to how we want to do Government in the future.

[89] **Mick Antoniw:** I suppose that we have all been misled by the fact that it appears for this particular amount in that format.

[90] **Alun Davies:** Yes. I would not want to agree with people being misled by the way in which we produce our figures, but perhaps a new title may aid transparency.

[91] **Lord Elis-Thomas:** As long as we are not deliberately misled, I am quite happy.

10.15 a.m.

[92] **William Powell:** I would like to move to some issues around the prioritisation of RDP funding. In the context of the demise of Tir Mynydd, what will the allocation within the Tir Mynydd budget expenditure line for 2013-14, and the subsequent year, 2014-15, fund, and how will the outcomes of that be measured?

[93] **Alun Davies:** We made final Tir Mynydd payments, as you will be aware. I think that we have residual funding for Tir Mynydd in the budgets available, but that is for almost technical reasons. I do not wish that to be misread as covering anything else, but there are issues relating to probate, for example, where payments might be delayed for whatever reason. So, we have residual and indicative funding numbers within the Tir Mynydd budget for the 2013-14 or 2014-15 financial years, but we do not expect those to be fully used or to give any indication that payments are continuing in any realistic way. It is simply for payments that were not made for technical reasons.

[94] **William Powell:** So, it is a matter of tidying up.

[95] **Alun Davies:** Tidying up is a better way of describing it; thank you.

[96] **William Powell:** There has already been reference to the dairy plan in an earlier set of questions, but will the Farming Connect support that you recently announced for the dairy sector be available in 2013-14? If so, are you satisfied that there is sufficient resource allocated in the budget to meet that need?

[97] **Alun Davies:** Yes, I am, within the RDP programme. Did you say 2013-14?

[98] **William Powell:** Yes.

[99] **Alun Davies:** In terms of where we are going, the answer is 'yes' in terms of the current RDP. There are some issues that we are trying to finalise our understanding of, if you like, in terms of post-2013 funding within the RDP for some of the agri-environment schemes. However, in terms of where we are going, you will be familiar with the N+2 process—

[100] **William Powell:** Yes.

[101] **Alun Davies:** There are no other issues that I am aware of within the RDP that could create difficulties there. The new RDP, of course, provides a fantastic opportunity for us to look at how we support and shape the industry into the future, and also invest in economic

activity across the whole of rural Wales. You will be aware that I have asked Peter Davies to lead a group that is looking at that. I met Peter yesterday to discuss how that is going, and I will be meeting the group before Christmas. It may well be useful for the committee itself to take a look at the results of Peter's work when that is available. Certainly, the purpose of pillar 2 and Farming Connect is to help farm businesses become more efficient.

[102] **William Powell:** So, are you reasonably confident that there will not be a need to transfer support from any other programme or Farming Connect to meet the dairy need? I think that there has been some anxiety out there.

[103] **Alun Davies:** Yes.

[104] **William Powell:** A final question that I would like to raise, if I may, Chair, is something that has been brought up by a number of stakeholders recently, which is the potential impact upon the availability of RDP funds linked to disappointing Glastir take-up thus far. Could you give an account of any links and connections that are there, and the impact on Glastir participation levels thus far?

[105] **Alun Davies:** I think that we are taking a look at the profile of take-up on Glastir. I mentioned the advice that we have had on agri-environment schemes that can be supported to the end of December 2015. We understand that the Commission's view on the treatment of some multi-annual agri-environment schemes has now changed and that we can only use the money allocated under the current RDP until the end of December 2013, and that it must be spent by that date. We are looking at how we re-profile the drawdown of EU funds to ensure that we maximise expenditure on that. With Glastir, specifically, we are confident that, as a result of the stock take, uptake of the scheme will increase in the coming period.

[106] You will be aware, Bill, and I know that most people are aware now, that, since the result of the stocktake in July, there has been a far more positive view of Glastir and the take-up of the scheme is increasing. So, we are looking at how we allocate match funding and the year in which that match funding is allocated. We are looking both at the quantum and the profile of the spend. We are reviewing that at the moment.

[107] **Antoinette Sandbach:** I want to move on to discuss rural-proofing and meeting the needs of rural communities. However, before I do that, I want to correct your comment about the Welsh Conservatives' motion.

[108] **Lord Elis-Thomas:** Order. I do not think that that is a matter for this committee.

[109] **Antoinette Sandbach:** I would like to put it on the record.

[110] **Lord Elis-Thomas:** You can put it on the record elsewhere. Please get on with your question.

[111] **Antoinette Sandbach:** No, I am sorry, but the Deputy Minister made a comment that we called for immediate legislation—

[112] **Lord Elis-Thomas:** Order. This is not the space for a party political discussion on any matter. You can take up with the Deputy Minister on a separate occasion anything that he has said. We are not here to discuss policy, except Government policy in relation to the budget.

[113] **Antoinette Sandbach:** I shall take it up with the Deputy Minister separately.

[114] **Lord Elis-Thomas:** Thank you very much.

[115] **Antoinette Sandbach:** However, the position was not accurately represented.

[116] In relation to rural communities and rural-proofing, rural-proofing, of course, is the action taken by the Welsh Government to ensure that other departments' policies do not impact negatively on rural communities. There has been quite a substantial cut to that budget and, indeed, a cut in the budget for support to new farm entrants. In relation to new farm—

[117] **Alun Davies:** No, let me clarify that, as it is important that I do so. There is no cut to the young entrants support scheme. Actually, I thought that we were looking at increasing the funding available to that. Please do not misunderstand any figures here, as we are certainly not delivering any cut. I will ask Andrew to come in on that, but we are certainly not cutting YESS in any way.

[118] I understand what the budget heading says, but rural-proofing is not supported by this programme expenditure. It is an advice and support service that my officials will provide, and it is funded through the delegated running costs. I will ask officials to look again at how this action is described. What is described here in this expenditure item, Antoinette, is the £1.7 million for YESS, the young entrants support scheme, and then a further £1 million from the Department for Environment, Food and Rural Affairs for the companion animal welfare scheme, and maintaining the animal movements licensing system, which is probably not how that action is best described. I am advised that it does more than simply buy pet food. However, we will take a look at this action and find a way of describing it better to allow better transparency for the committee, because I think, Antoinette, that you are right on this and that it is somewhat misleading. We need to find a way of ensuring that rural-proofing is seen as a function of Government rather than an expenditure item in Government. In addition, I would not want anyone to leave this committee or any other forum believing that we are reducing our commitment to the YESS when, in fact, we are looking at ways of increasing it.

[119] **Mr Hunter:** On that line, the reduction is—*[Inaudible.]* That is nothing to do with YESS, but is down to the fact that DEFRA has reduced through tapering its support for the animal welfare priorities until 2015. So, it is very specifically not YESS.

[120] **Antoinette Sandbach:** I am glad to hear that, because I was surprised as I know of the Deputy Minister's personal support for that scheme and, in the upcoming CAP regulations, there are specific provisions for supporting young entrants, and it does appear on the budget line, given that it is described as new farm entrants, as though there is a reduction to that budget.

[121] **Alun Davies:** YESS has been a very successful scheme and has had a very high take-up and we are looking at ways to expand it in the future. So, we are going in an entirely different direction.

[122] **Yr Arglwydd Elis-Thomas:** Mae gennyf ddau gwestiwn cyffredinol, ond eithaf pwysig, i gau pen y mwdwl, gan ein bod yn trafod materion amaethyddol. Yn y dystiolaeth a gawsom gan y Gweinidog ar 27 Mehefin, bu iddo ddweud ei fod yn chwilio am broses i sicrhau bod y gyllideb yn cael ei harwain mewn gwirionedd gan ddatblygu cynaliadwy. A yw hynny wedi digwydd?

Lord Elis-Thomas: I have two general questions, but quite important ones, to conclude our discussions, as we are discussing agricultural matters. In the evidence that we received from the Minister on 27 June, he stated that he was seeking a process to ensure that the budget is truly led by sustainable development. Has that been the case?

[123] Mae'r ail gwestiwn am gydraddoldeb o fewn polisïau. Eto, dywedodd y Gweinidog The second question is on equality within policies. Again, the Minister told us in his

wrthym yn ei bapur fod rhaid datblygu ymhellach ystyriaethau a wnelo â chydaddoldeb yn nyranid y gyllideb at y dyfodol. Felly, mae dau gwestiwn am gynaliadwyedd fel egwyddorion yn y gyllideb a chydaddoldeb.

[124] **Alun Davies:** Mae'r ddwy egwyddor yn gyrru'r gyllideb yn ei chyfanrwydd. Oherwydd natur y gyllideb sydd ger ein bron y bore yma a'r ffaith bod dros 80% ohoni yn rhan o raglenni Ewrop, mae gennym gyfrifoldeb i sicrhau ein bod yn adrodd yn ôl ar y ddau bwnc yr ydych wedi'u hamlinellu. Felly, rydym wedi sicrhau bod asesiad o effaith y gyllideb wedi'i wneud, ond rwyf am bwysleisio nad ydym yn gwneud dim ond yr hyn y mae'n rhaid ei wneud i gadw o fewn y rheolau a'r gyfraith. Rydym eisiau mynd yn bellach ac yn ddyfnach na hynny. Rydym eisiau sicrhau bod yr egwyddorion yr ydych wedi'u disgrifio yn gyrru'r athroniaeth sydd y tu hwnt a'r tu fewn i'r gyllideb hon, ac yn ein rhaglen lywodraethu fel Llywodraeth yn gyfangwbl.

[125] Rwyf wedi dweud wrthyf mewn trafodaethau eraill fy mod yn gweld y cynllun datblygu gwledig yn gyrru syniadau am gynaliadwyedd o fewn y Llywodraeth, ac rwy'n gobeithio y bydd hynny'n digwydd. Er enghraifft, rwyf wedi siarad â Peter Davies yn ystod yr wythnosau diwethaf am sut yr ydym yn cefnogi polisi ynni drwy'r RDP, ac rwyf eisiau ein gweld yn cefnogi ac yn ariannu ffurfiau gwahanol o ynni adnewyddadwy i gefnogi polisi ynni cyffredinol y Llywodraeth. Felly, rwyf eisiau gweld sut y gallwn fuddsoddi yn yr economi werdd. Wrth drafod ehangu a chryfhau'r economi wledig a *vitality* economaidd cymunedau gwledig, rwyf eisiau gweld sut y mae'r RDP yn gwneud hynny drwy greu swyddi gwyrdd a chryfhau'r economi werdd.

[126] Rwy'n gobeithio bod y ddau bwnc yn arwain y gyllideb, ond hefyd yn rhan o bob eitem o wariant o fewn y gyllideb. Rwy'n hapus iawn i drafod hynny ymhellach os yw'r pwyllgor yn dymuno gwneud hynny.

[127] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr, Ddirprwy Weinidog. Byddwn yn sicr yn craffu ar y modd y byddwch yn gweithredu. Diolch yn fawr hefyd i'r

paper that we need to further develop considerations regarding equalities in the budget allocations for the future. So, there are two questions on sustainability as a principle within the budget and equality.

Alun Davies: Both principles drive the budget as a whole. Given the nature of the budget that is before us this morning and the fact that over 80% of it is part of European programmes, we have a responsibility to ensure that we report back on those two issues that you have highlighted. So, we have ensured that an impact assessment has been undertaken for this budget, but I want to emphasise that we are not just doing what we have to do to stay within the rules and the law. We want to go further and deeper than that. We want to ensure that the principles that you describe drive the philosophy that lies beyond and within this budget, and in the programme for government that we have as a Government as a whole.

I have told you in other discussions that I view the rural development plan as driving ideas about sustainability within Government, and I hope that that will happen. For example, I have talked to Peter Davies during the last few weeks about how we are supporting energy policy through the RDP, and I want to see us supporting and funding different forms of renewable energy to support the Government's overall energy policy. Therefore, I want to see how we can invest in the green economy. When we talk about expanding and strengthening the rural economy and the economic vitality of rural communities, I want to see how the RDP can do that by creating green jobs and strengthening the green economy.

I hope that those two matters are leading the budget, but are also an intrinsic part of every item of expenditure within the budget. I would be content to discuss that further if the committee wishes to do so.

Lord Elis-Thomas: Thank you, Deputy Minister. We will certainly be scrutinising the way in which you operate. Thank you also to officials at the table and behind the

swyddogion wrth y bwrdd a'r tu ôl i'r ford table who have contributed to the
sydd wedi cyfrannu at drafodaethau'r committee's deliberations.
pwyllgor.

[128] **Alun Davies:** Diolch i chi fel **Alun Davies:** Thank you as a committee.
pwyllgor.

*Gohiriwyd y cyfarfod rhwng 10.28 a.m. a 10.34 a.m.
The meeting adjourned between 10.28 a.m. and 10.34 a.m.*

**Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2013-14—Craffu ar Waith
Gweinidog yr Amgylchedd a Datblygu Cynaliadwy
Welsh Government Draft Budget 2013-14—Scrutiny of the Minister for
Environment and Sustainable Development**

[129] **Yr Arglwydd Elis-Thomas:** Croeso **Lord Elis-Thomas:** A warm welcome to the
mawr i'r Gweinidog a bore da. Bore da, Minister and good morning. Good morning,
Christianne a Matthew. Gofynnaf i David Christianne and Matthew. I ask David Rees
Rees agor y cwestiynu. to open the questions.

[130] **David Rees:** Good morning, Minister. I will start off with a general question. The
budget line for departmental expenditure has reduced in cash terms by about 4%, with the
bulk of that being capital. We understand why. If I asked you the simple question of whether
you think that you will be able to achieve your outcomes as set out in the programme for
government, I would expect you to say 'yes'. So, are there any areas where you think it will
be challenging to meet those programme for government objectives as a consequence of the
budget?

[131] **The Minister for Environment and Sustainable Development (John Griffiths):**
What I would say in response to that, David, is that it is genuinely challenging across the
piece, and we all understand that. We are in difficult times. We know that the economic
situation across the UK is difficult, and the block grant that we get from the UK Government
presents us with considerable budgetary challenges, as is the case across the piece, so my
budget is no different. So, we are challenged to deliver more with less, basically. That is the
situation that we are all becoming increasingly familiar with, so it is challenging. However, it
is often said that when times are hard in that way, it drives new energy, new ideas and new
dynamism in Government, in the public sector in general, and in other organisations so that
we do find ways of doing more with less. It is genuinely challenging, but I would not
highlight any particular areas as involving any particular challenges. We have our
prioritisation in line with the programme for government, and those are the areas that we
concentrate on more than others.

[132] **David Rees:** Thank you for that. In the budget review that you undertook for this
year, did you look at the possibility of future impacts, particularly as we have heard from
Danny Alexander that about £16 billion-worth of cuts are still to come, and have those been
factored into your considerations on how allocations have been made and on the prioritisation
of your budget expenditure?

[133] **John Griffiths:** It is difficult to anticipate what the future funding picture will be. We
know, or we expect, that we will be in straitened times for a number of years to come, but, as
I said, we are in the position at the moment of trying to do more with less and to find better
ways of working. We will continue that effort to meet those challenges in future years.
Perhaps an example is the single body which, as well as integrating services and creating a
more user-friendly system, is about making better use of the resource. So, you can do more

with the same sum of money or even a reducing sum of money, because you have better organisation, you have integrated, and you have realised efficiencies in the back-office functions, for example. That is an example of where, going forward, we will find better ways of delivering, and the challenge is to do that across the piece.

[134] **David Rees:** May I ask about one final point, Chair? Fiscal sustainability is an important area for the long term, but grant management will also have an impact on ensuring that that is improved. Have you looked at the implications of better grant management in the budget that you have for your department?

[135] **John Griffiths:** Yes, we have. It is an ongoing effort, but minds have been concentrated by recent difficulties, so we have done some work on how we can ensure that we get better delivery, that there is closer monitoring and supervision so that the expected outcomes are delivered, and that, if there are any issues or problems, they are detected early on and can then be addressed and rectified.

[136] **Antoinette Sandbach:** What efficiencies have you been able to deliver in cash terms as a result of the invest-to-save funds that you have accessed in relation to the creation of the natural resources body? You will recall this committee's inquiry into the natural resources body and the particular concerns that it had about IT and HR functions.

[137] **John Griffiths:** The invest-to-save system is predicated on repayment at the time the savings are made. We are not yet at that stage. As we go forward with the single body, repayment will be made when the savings are realised. I think that 2014-15 is probably the first budget that will be affected in that way.

[138] **Antoinette Sandbach:** In relation to the Gartner UK Ltd report, which specifically identified IT issues, a number of unknowns were identified. Where in your budget line have you reflected those unknowns, which might then appear as budgetary costs at a later stage?

[139] **John Griffiths:** I will ask Matthew to come in here, but the business case was always predicated on the basis of certain uncertainties with regard to IT, for example. Contingencies were built in to allow for those factors. For example, there is provision for the continuation of the existing IT systems rather than moving to a new IT system from day one, and financial provision has been made for that. There is also further provision for IT risks with regard to the single body. However, on where that is expressed in the budget, perhaps I could ask Matthew to come in.

[140] **Mr Quinn:** The business case was predicated on a flat budget for the body and then on achieving efficiencies and investments over the period. So, we are talking about the budget as it is currently set out in the paper. As the Minister said, there was specific provision both for double-running and reinvestment in ICT, which included the 30% contingencies recommended through the Gartner report. As it looks at the moment, we are broadly within that scope. We will know the final figures in terms of the cost for the double-running, to continue to access the legacy body's systems, shortly. That is being based on a green book, full-cost recovery, so it is a Government open-book approach—there are no additional costs or charges, but we will be repaying the full costs for that. We are refining that figure with the bodies at the moment in terms of precisely which services we will be taking. However, there was a provision in the business case of around £3.5 million over the first two years for accessing legacy services. So, that will be the figure to which we will need to compare what the costs will be.

[141] **Antoinette Sandbach:** Would you be willing to provide the committee with that green-book figure?

[142] **John Griffiths:** Absolutely.

[143] **Yr Arglwydd Elis-Thomas:** Mae pob pwyllgor sy'n holi Gweinidogion sy'n dal cyllidebau yn gofyn i ba raddau y mae'r gyllideb wedi ei harwain gan ddatblygiad cynaliadwy fel egwyddor. Byddem yn cymryd yn ganiataol fod hyn yn wir am eich cyllideb chi—neu rydym mewn trwbl mawr. Dywedasoeh wrth y pwyllgor ar 27 Mehefin eleni eich bod yn edrych ar sut y byddai modd dod i sefyllfa, drwy ymarfer cyllidebol o fewn yr adran, lle gallech sicrhau bod gennych broses gyllidebu a oedd yn canolbwyntio hyd yn oed yn fwy ar ddatblygiad cynaliadwy. A allwch esbonio i ni, ac felly i'r Pwyllgor Cyllid, sut y mae hyn wedi digwydd a sut y mae wedi gweithio?

Lord Elis-Thomas: Every committee that scrutinises budget-holding Ministers asks to what extent the budget is driven by sustainable development as a guiding principle. We take for granted that this is true of your budget—otherwise, we are in big trouble. You told the committee on 27 June this year that you were looking at how you could reach a situation, through budgetary planning within the department, where you could make the budgeting process even more focused on sustainable development. Could you explain to us, and therefore the Finance Committee, how this has been done and how it works?

[144] **John Griffiths:** Yes. As you rightly say, sustainable development is even more central to our thinking than it is to the Government's thinking as a whole, which has it as a central organising principle. The programme for government comes from that central organising principle, and then the budget is there to implement that programme. So, it is quite clear how central sustainable development is to that whole process. However, we have undertaken a review of my budgets to ensure that they are fully aligned with that programme for government, which, as I say, is predicated on sustainable development. However, we have also worked with a strategic budgeting team to look at the budget planning process in terms of how we can make sustainable development more meaningful as part of that process. For the first time, we asked all of our officials to evidence their approach to sustainable development in their spending plans. So, that is the first time that that approach has been taken by us and by other departments.

[145] Chapter 7 of the draft budget deals with that, and I hope that it is useful to the committee to make it more explicit and clear as to how the principles of sustainable development are reflected in that budget.

10.45 a.m.

[146] **Mick Antoniw:** Minister, you have what is probably the most challenging of the legislative programmes that the Government is going to carry forward, with four Bills of some substance—the sustainable development Bill, the environment Bill, the planning Bill and the control of dogs Bill. I have a number of specific questions. To what extent are the cost implications of that legislation built into the forward budgeting?

[147] **John Griffiths:** It is always the case with legislation that we have to wait to see the shape of legislation before specific budgetary provision is made, otherwise it rather presumes what the responses will be to all the consultation and engagement that takes place. In general terms, we have the departmental running costs budget, which is not allocated to departments—it is one general budget for all of the Government. Obviously, that is not reflected anywhere in my departmental budget, because it is about staffing costs, allocations and so on. We are quite confident that we have the resource in place in terms of necessary staffing to take forward our legislation and our Bills. I have had a number of meetings with officials within the department, and elsewhere in Welsh Government, to satisfy ourselves that that is the case. In terms of resource to take forward the legislation internally, we are quite content that that is in place. As we go through the process of engagement and consultation,

and the shape of the legislation becomes more apparent, that will be reflected in future budgetary provision.

[148] **Mick Antoniw:** The sustainable development Bill talks about the creation of a sustainable development organisation, so we know that, within the programme, there are going to be potential significant costs, to which the Government applies its mind when it considers the legislative programme and so on. Is it the case that, for anything above the administrative cost of the legislation et cetera, we will be looking at central reserves for funding the consequence of legislation, or are they all matters that will have to come from within the existing budget?

[149] **John Griffiths:** We would always look to our own existing departmental budget first, and it would only be if we were not able to meet costs from that budget that we would look to central funds. We would very much expect, and be expected, to meet the costs from within our own departmental budgets, and we are quite content that we have necessary provision in place. When it comes to the body that would be created under the sustainable development Bill, Cynnal Cymru is currently in place and funded, as the body that supports Peter Davies in his role as Commissioner for Sustainable Futures. That money would transfer to the new body created under the sustainable development legislation. There may be some differences in terms of the amount required, but certainly that would be a very good starting point for the funding for the new body.

[150] **Mick Antoniw:** That is probably the closest guide that we will get until we see the impact assessments in any explanatory memorandum.

[151] **John Griffiths:** I think so, at this stage.

[152] **Russell George:** I want to ask some questions around the natural resources body. The budget for the natural resources body for 2013-14 will be less than the three individual bodies received collectively for the period of 2012-13. How confident are you that the new body will be able to deliver all of its core functions within the level of resource?

[153] **John Griffiths:** The first thing to say is that what is set to happen is the combining of the budgets for the three existing bodies. Their budgets would have reduced, and that is why the combined budget for the single body is reduced to the same extent. In that regard, there is no further reduction in the budget through the creation of a single body. However, we have the potential to do things much more efficiently. I think that the creation of a single body will deal with those funding pressures, because of the efficiencies involved in merging back-office functions and so on. It is a positive example of what I was talking about earlier with regard to doing more with less.

[154] **Russell George:** Following on from that, the budget paper states that the new body will deliver £158 million in gross benefits over 10 years, as you have just mentioned. Can you tell us what the net benefit will be and how you will ensure that savings are measured effectively?

[155] **John Griffiths:** The net benefit is expected to be about £90 million over a 10-year period, taking into account costs as well as savings. It will be a matter for the new single body to monitor its projected savings, and I know that it will want to do that. We will work with it; there will be a remit letter or something similar from the Welsh Government. We would expect to see an efficiency plan in place, but these are discussions to be had between me, as Minister, the chief executive, the chair and the board.

[156] **Russell George:** The measuring of savings is the responsibility of the new body rather than your responsibility, is it not?

[157] **John Griffiths:** Essentially, yes.

[158] **Russell George:** There is a reduction of £2 million in the natural environment framework restructuring budget expenditure line from what you indicated last year that you thought that you would need to spend in 2013-14. Can you explain the reasons for this reduction and what impacts it will have on the new body?

[159] **John Griffiths:** A clear rationale for the creation of the new body is the integration of environmental policy and the pulling together of the sustainable development effort regarding the current responsibilities of the three bodies, so that they are combined in a single body. The natural environment framework was about delivering on the ecosystem services approach. That £2 million will continue to take forward that policy and that new way of doing things. It is not money that is taken away from biodiversity, for example, or from the urban environment agenda. It is to do with our restructuring, but in essence, that money will deliver on what the natural environment framework seeks to do. I do not see any issue there; it is a matter of labelling the expenditure involved.

[160] **David Rees:** With three individual bodies, you would have identified the outcomes expected of each body and waited for them to deliver those with their funding. The collective funding now goes into a single pot, essentially. Without interfering with the responsibilities of the new body, how closely would you monitor, particularly in the first year, that those combined outcomes are going to be met and that the funding allocation for the body is going to be appropriate for that purpose?

[161] **John Griffiths:** We have been clear that, with regard to day-one readiness, as it is termed, there must not be any slippage in the essential services of any of the three current bodies. We have, therefore, done a lot of work—there are workstreams in place—to ensure that there is no slippage or reduction in the quality of essential services. I have made it clear in discussions with the current senior management of the three bodies and the chair and chief executive of the new body, now that we have those individuals in place, that that must be an absolute priority. There must be a clear understanding over the first year that, with regard to those essential services, there will be no slippage. I think that is clearly understood.

[162] **Antoinette Sandbach:** Minister, your paper does not mention animal health and, in particular, bovine TB. In our last scrutiny session, we recommended that compensation payments for TB should be monitored and that subsequent budget allocations should adequately reflect changes to payment levels from year to year. In 2010-11, the compensation was £12.17 million, and you anticipated in 2011-12 that it would be £13.28 million. However, you have only allocated £10 million to the programme. Do you feel that that is an adequate budget resource allocation for that budget line?

[163] **John Griffiths:** Yes, I do. You have to look at the totality of the available budget with regard to bovine TB. We all know that, with regard to any disease, it is difficult to predict what the pattern of the disease will be. You have to deal with it on a month-by-month basis, which is very much what we do. There is a lot of flexibility within the budget. There is provision for the general bovine TB eradication plan, there is provision for the Animal Health and Veterinary Laboratories Agency, and there is provision for compensation. We operate on the basis of having flexibility to move money between those particular aspects, so that if we do need to make greater compensation than is currently allowed for in the budget—and I hope that we do not—we will use moneys from the general TB eradication plan, for example, just as has taken place in the past.

[164] **Antoinette Sandbach:** To follow on from that, you said in reply to questions earlier in the year that you were not certain about the costs of the badger vaccination programme.

Therefore, if those costs increase as well as the TB compensation costs, where, then, is your flexibility?

[165] **John Griffiths:** We have made adequate provision for the vaccination programme, but what I said in the past is that it is only when you are rolling out the programme in the field, literally, that you ascertain the true cost. We have made adequate provision, and at the beginning of next year probably, we will be reporting on the vaccination programme, including the cost elements. We are not currently in a position to give a definitive figure. We have made £5.76 million available over the five-year life of the project, and we think that that is adequate provision. It is a substantial sum of money.

[166] **Antoinette Sandbach:** You said that you monitor the TB compensation payments on a month-by-month basis. Are you also monitoring the TB vaccination costs on a month-by-month basis?

[167] **John Griffiths:** Yes.

[168] **Antoinette Sandbach:** At the moment, are those monthly figures suggesting that you will achieve your budget in that area?

[169] **John Griffiths:** Yes, they are.

[170] **William Powell:** Minister, previously in Plenary I have raised with you the issue of the bovine TB testing regime and whether you had given consideration to the approach that has been adopted in England, where there has been a tendering approach for the veterinary service. There is certainly some alarm, particularly in veterinary practices that sit on the border between England and Wales and have quite significant activity on both sides of the border. In your budget assumptions, you have set your face against that approach, which was causing some alarm given the likelihood that that would come forward, particularly in terms of the importance to those practices and the sustainability of those practices in terms of the unfortunate need to go on with the bovine TB testing for the foreseeable future.

11.00 a.m.

[171] **John Griffiths:** Thank you for that, William. I will bring in Christianne in a moment because she is involved, on a very regular basis, in discussions with AHVLA on these matters. In fact, I had a meeting with the interim chief executive—the agency is in the process of appointing a new chief executive—and other officials. Christianne was there just this week. We discussed these matters and we made it very clear that we value the work of our official and private veterinarians in Wales. They provide a very good service to us, which is extremely important in terms of disease surveillance, control and management. They are currently organising, in two groupings, in anticipation of some of the changes that may be about to take place in terms of the delivery of those services. However, I will ask Christianne to come in on this point because, as I said, I know that Christianne is very much involved in these discussions with AHVLA on an ongoing basis.

[172] **Dr Glossop:** Thank you, Minister. We certainly believe that private vets should be at the heart of TB eradication in Wales. There is no question of that. They are best placed and they understand the farm, the disease picture and so on. We have been working very hard to nurture those relationships. You are right; the Animal Health and Veterinary Laboratories Agency has been looking into scoping a procurement exercise, which is based partly on the fact that £20 million a year across Great Britain is spent through official vets delivering that TB testing. We need to make sure that we have the right business relationship with veterinary practices in terms of the quality assurance of testing, the level of service that they provide, and making sure that we get best value for money. We recognise that that is necessary.

[173] England was certainly forging ahead with the procurement exercise. However, that has actually been paused in England because they are concerned now about the effect it might be having on exactly that relationship. In Wales, we have always indicated to private vets that we intend to develop a framework for delivery that is right for Wales; it does not have to be the same as England. As the Minister says, our veterinary practices have now brigaded themselves into three groups in Wales to work out how they can work together, and with us, to deliver these services as effectively and efficiently as possible.

[174] Alongside that, we have meetings with the Wales representatives of both the British Cattle Veterinary Association and the British Veterinary Association. The next meeting is on 28 November to talk some more about how we work together. I think that we can certainly assure you that we do not want to spoil the relationship. In fact, we want to nurture it and see what else private vets in Wales can deliver in terms of not just testing, but managing breakdowns and working with us towards TB eradication.

[175] **William Powell:** I am very grateful, Dr Glossop.

[176] **Lord Elis-Thomas:** I call on Vaughan, who will then lead us into our beautiful marine environment.

[177] **Vaughan Gething:** Indeed. Thank you, Chair. Thank you for your responses so far. I note that the two paragraphs in your paper about bovine TB are the only paragraphs about animal health generally. So, my question is about the fact that the overwhelming majority of the animal health and welfare budget is dedicated to bovine TB eradication. I am interested to know whether you think there is sufficient capacity, flexibility or contingency in the rest of your budget to deal with other animal health and welfare issues. The question I asked in the Chamber yesterday is just one small example, but if other animal health and welfare priorities arise during the year—as we know they do, from time to time—not just in an agricultural setting, will there be sufficient flexibility in the budget to cope with those, because most of our discussion is just directed towards this one very important area?

[178] **John Griffiths:** Absolutely. Bovine TB obviously has a massive impact on cattle farmers in Wales. It is a huge challenge to the Welsh Government and other partners in terms of working towards its eradication. It is a very serious disease; it has been around for a long time and it will take a long-term effort to address it properly. It is absolutely right that a major part of our animal health and welfare budget is being used to deal with that massive challenge. However, you are absolutely right that there are many other animal health and welfare matters that need to be addressed. Therefore, we need to prioritise. Obviously, that is generally the case with budgets, but that is perhaps particularly the case when, as you say, a major chunk of the available budget is being used for bovine TB. We work with the animal health and welfare steering group so that key stakeholders have the opportunity to help us prioritise and decide where resource should be committed. We also have the animal health and welfare strategy in place. I think that it expires in 2014, so we will be working with the steering group and other partners to ensure that, in going forward with the strategy, we clearly prioritise and put the remainder of the funding after bovine TB has been addressed to best use. Again, Christianne may want to add something on prioritisation.

[179] **Dr Glossop:** Yes, thank you, Minister. There are the animal diseases for which there are legislative frameworks, on which Government is responsible for leading the way, and then we have what we call economic or production diseases that happen on farms, and farmers deal with those using their own vets. Our animal health and welfare strategy steering group has been working collectively across the industry to identify disease priorities that sit in the economic or production disease category. We are working with the group. For example, we have now set up a working group with the industry on sheep scab and we have a working

group looking at bovine viral diarrhoea and Johne's disease, two areas that the industry regards as priorities.

[180] With regard to the budget that is specifically spent with the Animal Health and Veterinary Laboratories Agency, you are right that the bulk of that goes on TB testing. However, we are mindful that, should another animal disease emergency emerge, resources would of course have to be redeployed. We have plans in place, down to the level of detail, for example, of what TB tests would need to carry on taking place during another disease emergency and what TB tests we could postpone for a month or two months. We have those plans in place so that we could manage a degree of disease emergency without it having a negative impact on our overall objective with regard to TB. However, that would of course depend on the scale of the emergency, and again we would have to work with the Animal Health and Veterinary Laboratories Agency along the way to redeploy resources, indeed across Great Britain because, if there was an emergency in England, it would be in our best interests to work with AHVLA on the emergency there as well. Therefore, we are constantly trying to ensure that we are getting best value for money. We are putting the resources where they need to go but being mindful of the changing disease picture.

[181] Schmallenberg virus is another example of where we are funding testing through the AHVLA for farmers so that we can get an idea of the disease picture. It is a brand-new disease and we are learning how to deal with it. It is always about achieving a balance.

[182] **Vaughan Gething:** That is helpful, thank you. If I may move on to marine policy, Minister, previously, you have told us that, in future, with marine planning and marine conservation zones, we have to have adequate resource in place to deal with all the substantive issues. When I look at your budget paper and the budget lines, I cannot find an area where marine resource issues are dealt with and identified. Can you help us by identifying where those issues are covered in the budget line to start with so that we know which sort of areas we are talking about? Then, can you tell us how you prioritise those areas to meet the requirements that you have set out and recognise need to take place, particularly bearing in mind the commitments that have already been made on marine planning, spatial planning and marine conservation zones?

[183] **John Griffiths:** I trust that Matthew will be able to assist in identifying where in the budget our marine expenditure features. However, speaking more generally, Vaughan, we have a review that will look at our marine plan and how we deliver that in Wales. We have a three-stage process with regard to marine conservation zones, which is significant to this. We have just completed the first part of that three-stage consultation process. We will have a lot of further work to do. There is a lot of policy development around marine planning yet to take place, and that is not just the case in Wales; that is the situation across the UK and the Marine Management Organisation has similarly yet to do quite a lot of work on this. There is a lot of policy development yet to take place. That is reflected in the budgetary provision in that, in many ways, we are not yet at the stage where we need to identify resource in terms of exactly what we are going to do, because we have to go through the review and all of that work first. Matthew, can you help with identification?

[184] **Mr Quinn:** The specific amount of funding that we have in programme is £120,000. That is the money that is available to the department. It is under the deliver nature conservation and marine policies action funding lines. There is, in addition, funding that the Countryside Council for Wales and the Environment Agency contribute. Given the relatively limited resources that we have in Wales for marine, we work across organisational boundaries to deliver.

[185] We currently have nine members of staff working on marine. There will be some changes with work going into the single body, so we are looking now at what that structure

looks like going forward and at how we support this work, which essentially will be a purely policy function within Government for marine going forward. That is the work that we have in hand now.

[186] **Vaughan Gething:** Does that mean that you are confident that there is enough resource to enable us to deliver a marine plan for Wales by 2013-14? Would we expect to see any more resource going into this area in future budgets, or are you just saying that the policy work will not take much more than the resource that you have already mentioned? In terms of the departmental budget, it is not a huge amount, of course.

[187] **John Griffiths:** It is not, but we feel that we have adequate resource in place for the policy development. Once we have done that work, there may well be implications for future budgets, and that will have to be addressed at that stage. As Matthew mentioned, resource is available in organisations and, in particular, the single body, as we move forward from April of next year. We also have access to the research budget on an England-and-Wales basis. So, the resource is there for working with partners to develop the policy, but once we are clear as to what we will be doing with regard to marine policy, that will make the budgetary implications clear, and they will have to be addressed at that stage.

[188] **Vaughan Gething:** I am sure that we will return to this area in the relatively near future.

[189] **Antoinette Sandbach:** Minister, I wanted to pick up on the nine people that you have employed in that budget line on marine. You talked about merging back-office functions. Do those sit with the marine experts that are in the Deputy Minister for fisheries' department so that there is a seamless co-ordination between, as it were, the environment and fisheries departments?

[190] **John Griffiths:** There is very close working, of course, between us and the Deputy Minister's department and between our respective officials. Fisheries policy and sustainable fisheries are extremely important to both of us. I can assure you that the officials work together, as you would expect.

[191] **Antoinette Sandbach:** So they are not part of the single marine unit that deals with fisheries and sustainability.

[192] **John Griffiths:** No.

[193] **Antoinette Sandbach:** Is that something that you may look at?

[194] **John Griffiths:** What is important is that we join up across Government departments and are truly cross cutting. As long as we can achieve that, and I think that we are doing so, that addresses your concerns.

[195] **Llyr Huws Gruffydd:** Rwyf am droi at lifogydd a rheoli risg llifogydd fel pwnc pwysig sydd wedi bod yn destun sylw yn y Siambr yn ddiweddar a'r ffaith eich bod am wario £140 miliwn dros fywyd y Cynulliad hwn. Rydym yn ymwybodol bod Asiantaeth yr Amgylchedd yn dweud y bydd yn rhaid i ni wario cymaint â hynny bob blwyddyn, bron, os ydym am aros lle ydym mewn blynyddoedd i ddod.

Llyr Huws Gruffydd: I want to turn to floods and flood-risk management as an important topic that has received attention in the Chamber recently and the fact that you are going to spend £140 million over the life of this Assembly. We know that the Environment Agency says that we need to spend that nearly every year, almost, if we want to stay where we are in years to come.

11.15 a.m.

[196] Nodaf fod y gyllideb gyfalaf sy'n ymwneud â chynlluniau perygl llifogydd yn cael ei lleihau gan £6 miliwn yn 2013-14. Rwy'n cydnabod, serch hynny, bod taliad £4 miliwn yn dod o gronfa ganolog. Rydych wastad yn cyfeirio, pan fyddwn yn cael y drafodaeth hon, at ffynonellau eraill ar draws y Llywodraeth, a hefyd tu hwnt i'r Llywodraeth—boed o'r sector preifat neu ble bynnag—fel modd i gwrdd â'r diffyg hwn yn y gyllideb. Lle ydych arni gyda'r trafodaethau hynny? A ydych wedi bod yn trafod gyda phobl? A oes prospect gwirioneddol y bydd peth arian allanol i ddod yn y flwyddyn neu ddwy nesaf?

I note that the capital budget for flood-risk schemes will be reduced by £6 million in 2013-14. I recognise, however, that a payment of £4 million will come from a central fund. You always refer, when we have this discussion, to other sources across Government, and also beyond the Government—whether from the private sector or wherever—as a means of meeting this budget deficit. Where are you at with those discussions? Have you been discussing with people? Is there a real prospect of outside money coming in in the next year or two?

[197] **John Griffiths:** First, it is right, as I have said on many occasions, that we prioritise spending on flood-risk management, because floods are a risk to life, limb and property. We have to keep stating that, because that is clearly the case. The extreme weather events that we have seen and the projections around climate change clearly show that the threat is likely to get greater rather than diminish. We must take it extremely seriously indeed. I have made that clear to the single body and its new chairman and chief executive, and to the Environment Agency and other partners in terms of current organisations. We take it very seriously. I was very pleased that we were able to secure that £4 million. The reduction in capital is counteracted by an increase in revenue, and it would be possible to capitalise that increased revenue. So, we continue to make a major resource commitment to deal with the threat of flooding.

[198] I very much agree that we need to work ever more closely with other partners. We have said that we need to be clear about priorities. As you said, a huge amount of money could be spent every year on flood defences. That is clear. So, we have to be more intelligent in our approach. We have to prioritise clearly and strongly. In prioritising, we get together with the Environment Agency, local authorities, organisations such as Welsh Water and all the partner organisations that are tasked with working up their own flood-risk strategies locally, regionally and nationally, and everything must sit within the national framework that we launched in November 2011. It is very much a team effort. Going forward, we have to clearly prioritise, with those partners, where new flood defences should be built.

[199] You are also right that we need to think about how to attract funding from wider sources. We are talking across Welsh Government departments and are looking to organisations that have infrastructure that is protected by flood defences, or would be protected by new flood defences, such as rail and water industry infrastructure, for example. Also, there is protection for private businesses. So, we do feel that we need to have a wider engagement around all of this.

[200] Finally, in terms of that more intelligent approach, a lot could be done through using the natural environment more effectively. Many people talk about the uplands of Wales and how water gets down into our rivers very quickly indeed when there is heavy rainfall, which creates flooding. We saw that in Ceredigion in the summer, for example. If there were land-management practices in the uplands that held water and prevented that situation from occurring, it would be very useful for us. I know that Welsh Water, in looking at its own investment—does it build huge engineering infrastructures or look to use the natural environment more?—is very interested in that more intelligent approach. I also know that the

single body will be very much thinking about these matters.

[201] **Llyr Huws Gruffydd:** Diolch am yr ateb cynhwysfawr hwnnw. Rwyf yn benderfynol o weld y trafodaethau hyn gyda phartneriaid allanol yn datblygu, oherwydd mae potensial o ran cwmnïau yswiriant, isadeiledd—rydym wedi sôn am hynny—a phrosiectau ynni adnewyddadwy ar yr arfordir. Mae llawer o waith. Hoffwn weld yn gliriach pwy o fewn yr adran sy'n arwain ar hyn, ac a oes elfen o'r gyllideb yn cael ei chlustnodi'n benodol ar gyfer datblygu'r partneriaethau hynny. Nid wyf yn siŵr am hynny, ond nid wyf am fynd ar ôl hynny yn awr.

Llyr Huws Gruffydd: Thank you for that comprehensive response. I am determined to see these discussions with outside partners developing, because there is potential in terms of insurance companies, infrastructure—we have talked about that—and renewable energy projects on the coast. There is a lot of work. I would like to see more clearly who within the department is leading on this, and whether an element of the budget is being earmarked specifically for developing those partnerships. I am not certain about that, but I will not go after that now.

[202] Roeddech yn sôn am wasanaethau ecosystem ac am fanteisio ar y cyfleoedd yn y cyd-destun hwnnw. O ran y gyllideb refeniw, felly, a ydych mewn sefyllfa i roi ryw syniad inni o'r pwyslais neu'r cydbwysedd rhwng manteisio ar y gwasanaethau ecosystem hynny a buddsoddi yn yr elfen honno ac mewn creu mwy o ymwybyddiaeth o fewn cymunedau ac yn y blaen? A allwch chi roi syniad inni o'r pwyslais yn y gyllideb refeniw?

You mentioned ecosystem services and taking advantage of the opportunities in that regard. So, in relation to the revenue budget, are you in a position to give us an idea of the emphasis or the balance between taking advantage of those ecosystem services and investing in that element and in creating more awareness in communities and so on? Could you give us an idea of the emphasis in the revenue budget?

[203] **John Griffiths:** In terms of communities, we have an engagement strategy, for example, which is funded under our sustainable development programmes. That strategy is very much about community engagement and about getting people to think about these wider issues. However, there is much that can help us in terms of ecosystem services. There are the agri-environment schemes, which are not within my budget, and the very substantial resource available to the new single body. I know from initial discussions with the chair, the chief executive and others, and from our own policy direction in relation to 'Sustaining a Living Wales'—the consultation and the responses to it—that the single body will very much be about taking that ecosystem services approach forward. As I said, many other organisations with considerable resource, such as Welsh Water, are also thinking along these lines. So, we have a critical mass of movement in terms of thinking and policy direction on this. When you start thinking about the available resource, as I have just described in part, you can see that the resource is there as well.

[204] **William Powell:** I think that communities across Wales will be encouraged by the emphasis that you have just placed on an ecosystems approach, particularly when set against the fact that it is not always necessary to undertake grandiose engineering schemes. I know that from experience in my locality. I want to move the focus on to coastal protection issues. You were kind enough to contribute to the short inquiry that we did back in the summer, which will be published shortly. One issue that came up in that inquiry was the importance of the Wales Coastal Monitoring Centre. We also became aware of how young and underdeveloped the work of that centre is at present and how much of a challenge there is. So, what provision has currently been made within the revenue allocations for 2013-14 to enable that centre to take its work forward?

[205] **John Griffiths:** We have made provision for 2013-14, and Matthew might be in a

position to give you a figure. We are looking at the future of the Wales Coastal Monitoring Centre, which was initially funded on a three-year basis. We will be expecting a business case on future options for the co-ordinating role that the centre provides before the end of that period. Although we have currently made allowance for a continuation of the fund for 2013-14, as we previously set out, beyond that there may be an increase in funding, depending very much on the business case.

[206] **Mr Quinn:** The current funding level is £140,000 a year. That is in the existing baseline. We will need to reflect on what comes forward in the business case.

[207] **William Powell:** I want to pursue another avenue a little. You referred earlier to the importance of joined-up thinking within Government, but one thing that became clear to us during that inquiry was the fairly uneven approach within local authorities at the moment in relation to taking on board the risks that come with coastal protection. Have you had any discussions, with the budget in mind, with the Minister for Local Government and Communities about giving some direction to local authorities to have regard to these issues in terms of the recent local government settlement, with the idea of getting better value for spend overall by co-ordinating things in that manner?

[208] **John Griffiths:** I have not had such discussions with Carl Sargeant, the Minister for local government, but I can say that in terms of strategies being worked up and put in place to deal with these risks, the local authorities have, as you say, William, their own responsibilities, and they are very much a part of the partnership effort to identify the risk and then deal with it through the strategy and resource allocation. So, that is a clear responsibility, and strategies are worked up on that basis.

[209] **William Powell:** I just thought that a degree of encouragement from the relevant Minister would help that process along the way to a positive outcome.

[210] **John Griffiths:** Following on from the points that you have made, William, I could certainly discuss those matters with Carl Sargeant. I would be very happy to do that.

[211] **Kenneth Skates:** Minister, in July, with regard to the natural environment and urban environment budgets, you indicated that bids worth £22 million had been submitted to the ecosystems resilience and diversity fund. Are you confident that the £1 million allocated to the natural environment budget line will be sufficient to deliver the Government's biodiversity priorities?

[212] **John Griffiths:** There is much else that we can pray in aid, Ken, in terms of delivering on those biodiversity commitments, and that £1 million is just a part of the provision. The Countryside Council for Wales has a substantial budget, much of which is used to take forward policy on biodiversity. Agri-environment schemes also have considerable resource to aid that effort as well, and there is the LIFE programme within European funding that has specific provision as well. Of course, in inheriting the CCW budget, the single body will similarly be able to take that work forward.

[213] It is also true to say that we would expect bids that are made that are not successful to be put forward in subsequent years, because it is a rolling programme. So, I would hope that those that are initially unsuccessful will succeed in future years.

[214] **David Rees:** Minister, it is clear that there are a lot of planning issues to be dealt with in the years ahead, including projects such as the LDP refinement exercise, the relaxed permission for development and, perhaps, the planning application improvement projects, among other things, plus the work that needs to be put in to the development of the planning Bill. Do you think that you have sufficient resources in that budget line to manage all those

projects?

[215] **John Griffiths:** As I said earlier with regard to other budgetary matters, it is too early to say what the budgetary implications of all that work will be. The planning White Paper will be issued in the latter part of next year, and there will then be an exercise to determine the resource implications of that legislation in the usual way. The outcome of that would have to be met with the necessary allocation.

[216] Yes, there is a great deal of work going on at the moment, and rightly so, because the planning system is very important to us. I have had considerable discussions with officials about necessary resource in staffing terms, for example, and I anticipate an increased capacity as a result of those discussions in the near future.

[217] **David Rees:** The independent advisory group recommended 97 possible changes to planning. Have you prioritised any of them, and is it possible that some of the changes will not be implemented as a consequence?

[218] **John Griffiths:** No. We are confident that we can take forward what have been identified as potential quick wins, although we need to do some work ourselves, and with partners, to identify what we consider appropriate and useful to take forward. It is absolutely vital that something like two thirds of the recommendations do not require legislation.

11.30 a.m.

[219] We have a lot of work that has been going on for quite some time to improve the planning system, and we will continue with that and step it up. We are confident that the resource is there to do that, but as I say, when it comes to the legislation and some of the major structural changes, there may well be resource implications that will have to be dealt with.

[220] **David Rees:** One final point: obviously yesterday you responded to the debate on the energy report from this committee, and a lot of those recommendations related to planning. Have those considerations also been put into your thinking about the budget?

[221] **John Griffiths:** Yes, they have, and in terms of the structural change that may be necessary, I think they will also be relevant when we take the legislation forward.

[222] **Llyr Huws Gruffydd:** Mae gen i un cwestiwn sydyn, ar gynffon hynny, mewn gwirionedd. Yn amlwg, gyda nifer o'r newidiadau bydd goblygiadau i'r awdurdodau cynllunio. Yn ystod y broses o lunio'ch cyllideb chi, ac efallai mewn trafodaethau gyda'r Gweinidog Llywodraeth Leol a Chymunedau, a ydych chi wedi rhoi unrhyw ystyriaeth i bwysau ychwanegol a fydd yn cael ei roi ar gyllidebau awdurdodau lleol ac awdurdodau cynllunio?

Llyr Huws Gruffydd: I have one quick question on the back of that. Clearly, with many of the changes there will be implications for the planning authorities. During the process of drawing up your budget, and perhaps in negotiations with the Minister for Local Government and Communities, have you given any consideration to the additional pressures that will be placed on the budgets of local authorities and planning authorities?

[223] **John Griffiths:** There are clear protocols and understandings in place that deal with new requirements on local authorities and any funding implications, but when it comes to the major structural change that may come with the legislation, we are some way away from that in time. It is not possible at the moment to say what change might take place. There may well be a removal of some responsibilities and functions from local authorities, as well as possibly some new responsibilities. At this stage, it is too early to say, really.

[224] **William Powell:** Moving our focus to fuel poverty, which was an issue that I raised yesterday in Plenary, do you believe that the budget allocations for the fuel poverty programme 2013-14 are sufficient to meet the programme for government commitments in that area?

[225] **John Griffiths:** Yes, I think so. We have a major commitment in place for Arbed and for Nest, and they are obviously important to us in terms of our efforts to deal with fuel poverty. It is absolutely right that people have the physical changes to their properties that will make their homes more energy efficient and keep their fuel bills down, and, at the same time, get the advice that they need from the wide range of assistance that is in place, and take advantage of that. We have figures on households helped through both programmes—Nest and Arbed—and the number of households is quite considerable. So, a considerable amount of resource is required for those programmes, but I believe that it is right that we commit that funding because fuel poverty is so important to us.

[226] **William Powell:** To what extent do you expect the 2013-14 allocations to assist in levering in other sources of funding to help to address fuel poverty?

[227] **John Griffiths:** It will be very useful indeed. We have had considerable success in the past in terms of levering in money from the private energy companies, and that effort is continuing. We will work with those energy companies around the energy company obligation to make sure that we do lever in substantial further funds, as we have in the past. It may also be that the Green Deal will help to some extent although we still await detail of that. We very much hope that it will be complementary to our strategies and policies, and I have made those points repeatedly to the UK Government.

[228] **Mick Antoniw:** On the fuel poverty issue, my concern is that you are facing a massive expansion of demand, and it is becoming a more crucial issue, but the budget obviously remains the same. It is only by chance that there is central reserve funding that has kept the budget within limits. To what extent are you going to need to prioritise the focus of the work that you are actually doing at the moment? Are you satisfied that the money that is available is sufficient to achieve the Government's current objectives?

[229] **John Griffiths:** I would like to find extra resources for Arbed, for example, and that effort will continue. I hope that, in future, with European structural funding, there will be an opportunity for us to step up our efforts and work under Arbed and energy efficiency. I recognise what you have said regarding the fact that fuel poverty is becoming an increasing problem for our communities, and we have seen quite a lot of coverage in the media regarding the fact that fuel bills are set to rise.

[230] There are many wider issues involved and, once again, we make many points to the UK Government in terms of how the energy companies might be further encouraged to keep bills down for households across the UK, but, for us, in Wales. A much wider effort needs to be brought to bear here and we will continue to make those points to the UK Government and, of course, to the energy companies. We meet the energy companies regularly and tell them what we expect of them. However, many of the levers are in the hands of the UK Government.

[231] **Mick Antoniw:** The committee has recently made a point about the leverage of extra funds, and you mentioned structural funding. Is there an issue in terms of reviewing policy and the funding available in terms of ensuring that the focus is more prioritised? Are you satisfied that it is as prioritised and focused as it can be, or is there a need for a review of the way in which the funding that is currently available is used?

[232] **John Griffiths:** No, I think that it is prioritised and focused on that Arbed energy efficiency work and, indeed, on the Nest scheme, and that is absolutely right because those schemes really do deliver and we carefully monitor and evaluate them to ensure that is the case. However, they are very much the central plank of our efforts to address fuel poverty.

[233] **Mick Antoniw:** I would like to make one final point, Chair. You made reference to the levering in of structural funding in the future; is there likely to be a statement in the near future on that particular area, or is it still very much work in progress?

[234] **John Griffiths:** That is a matter for my colleague, the Deputy Minister, Alun Davies. However, I met him this week to discuss these matters, and I know that he is having a round of meetings with Ministers. So, matters are proceeding apace. I hope that energy efficiency is a prominent part of those future European structural funds.

[235] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr, Weinidog, Christianne a Matthew, am eich presenoldeb. **Lord Elis-Thomas:** Thank you very much, Minister, Christianne and Matthew, for your attendance.

11.38 a.m.

**Cynnig dan Reol Sefydlog Rhif 17.42(vi) i Benderfynu Atal y Cyhoedd o'r
Cyfarfod**
**Motion under Standing Order No. 17.42(vi) to Resolve to Exclude the Public
from the Meeting**

[236] **Yr Arglwydd Elis-Thomas:** Cynigiad fod **Lord Elis-Thomas:** I move that

y pwyllgor, yn unol â Rheol Sefydlog Rhif 17.42(vi), yn penderfynu cwrdd yn breifat i drafod y dystiolaeth ar gyllideb ddrafft Llywodraeth Cymru ar gyfer 2013-14. *the committee, in accordance with Standing Order No. 17.42(vi), resolves to meet in private to discuss the evidence on the Welsh Government's draft budget for 2013-14.*

[237] A yw pawb yn cytuno? Gwelaf eich bod. Does everyone agree? I see that you do.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11.38 a.m.
The public part of the meeting ended at 11.38 a.m.*

*Ailymgynullodd y pwyllgor yn gyhoeddus am 1.01 p.m.
The committee reconvened in public at 1.01 p.m.*

Y Bwrdd Cyflogau Amaethyddol
Agricultural Wages Board

[238] **Yr Arglwydd Elis-Thomas:** Croeso i sesiwn gyhoeddus arall o'r Pwyllgor Amgylchedd a Chynaliadwyedd. Byddwn yn gwrandao ar dystiolaeth ar ein hymchwiliad i bolisi morol mewn ychydig funudau, ond, cyn hynny, hoffwn groesawu Mark **Lord Elis-Thomas:** Welcome to another public session of the Environment and Sustainability Committee. We will be taking evidence on our inquiry into marine policy in a few moments, but, before that, I would like to welcome Mark Drakeford to the committee

Drakeford i'r pwyllgor heddiw.

today.

[239] Mae gennym un eitem o fusnes ychwanegol heddiw, sef cynnig ein bod yn cynnal ymchwiliad byr i benderfyniad Llywodraeth y Deyrnas Unedig i ymgynghori ar y Bwrdd Cyflogau Amaethyddol ac effaith hynny ar Gymru. A oes cynnig?

We have an additional item of business today, namely a proposal that we should conduct a brief inquiry into the decision taken by the United Kingdom Government to go out to consultation on the Agricultural Wages Board and the impact of that on Wales. Does anyone wish to move?

[240] **Llyr Huws Gruffydd:** Cynig iaf fod

Llyr Huws Gruffydd: I move that

y pwyllgor yn penderfynu cynnal ymchwiliad byr i benderfyniad Llywodraeth y Deyrnas Unedig i ymgynghori ar y Bwrdd Cyflogau Amaethyddol ac effaith hynny ar Gymru.

the committee resolves to conduct a brief inquiry into the decision taken by the UK Government to go out to consultation on the Agricultural Wages Board and the impact of that on Wales.

[241] **Mick Antoniw:** I second.

[242] **Yr Arglwydd Elis-Thomas:** Mae Mick Antoniw yn cytuno.

Lord Elis-Thomas: Mick Antoniw agrees.

[243] I think that you are better just carrying on in the language of Porthmadog. [*Laughter.*]

[244] Gwelaf fod y pwyllgor yn gytûn. Diolch yn fawr iawn.

I see that the committee is in agreement. Thank you very much.

*Derbyniwyd y cynnig.
Motion agreed.*

1.02 p.m.

**Ymchwiliad i Bolisi Morol yng Nghymru: Tystiolaeth Lafar gan Cyswllt
Amgylchedd Cymru
Inquiry into Marine Policy in Wales: Oral Evidence from Wales Environment
Link**

[245] **Yr Arglwydd Elis-Thomas:** Estynnaf groeso cynnes i Beth, Dan, Gill a Gareth. Mae'r ymchwiliad hwn yn ymgais gyntaf gan y pwyllgor i gymryd golwg gyflawn dros bolisi morol. Fe wyddoch ein bod fel pwyllgor wedi treulio llawer o amser—rhan orau o flwyddyn—yn gwneud adroddiad ar bolisi ynni a chynllunio, a chafodd hwnnw ei dderbyn gan y Cynulliad ddoe, yn dilyn ymateb eithaf ffafriol gan y Llywodraeth. Rydym yn croesawu tystiolaeth oddi wrth Cyswllt Amgylchedd Cymru. Mae hanes y rhwydwaith yn mynd yn ôl hyd yn oed cyn dyddiau sefydlu'r Cynulliad a chwaraeodd ran bwysig yn natblygiad polisi cadwraeth datganoledig yn hen ddyddiau'r

Lord Elis-Thomas: I extend a warm welcome to Beth, Dan, Gill and Gareth. This inquiry is an initial attempt by the committee to take a comprehensive view of marine policy. You will know that we as a committee have spent a great deal of time—the best part of a year—drawing up a report on energy and planning policy, which was agreed by the Assembly yesterday, following quite a favourable response from the Government. We welcome evidence from the Wales Environment Link. The network goes back way before the establishment of the Assembly and it played an important part in the development of devolved conservation policy in the old days of the Welsh Office.

Swyddfa Gymreig.

[246] Carwn gychwyn y drafodaeth trwy ofyn i chi bob yn un ddatgan eich blaenoriaethau ar gyfer edrych ar bolisi morol, a gwn y bydd rhai beirniadaethau y byddwn yn falch iawn o'u clywed ymhlith y blaenoriaethau hynny. Nid wyf yn gwybod os dylwn i ddatgan diddordeb fel aelod cyffredin o'r Gymdeithas Frenhinol er Gwarchod Adar, ond mae pawb sydd yn fy adnabod yn gwybod hynny beth bynnag. Fe gychwynwn gyda Beth.

I would like to start the discussion by asking each of you to state your priorities in terms of marine policy in Wales, and I know that there will be some criticisms that we will be very pleased to hear among those priorities. I am not sure whether I should declare an interest as an ordinary member of the Royal Society for the Protection of Birds, but everyone who knows me will know that in any case. We will start with Beth.

[247] **Ms Henshall:** First, we want to thank the committee for inviting us to give evidence today. We are all members of the Wales Environment Link marine working group, which comprises Wildlife Trusts Wales, WWF Cymru, the Marine Conservation Society, RSPB Cymru and colleagues in the National Trust. We work together to provide a collaborative and collective voice from the non-governmental organisations on environmental issues and we focus on marine issues in particular. We have been working in this format since 2009, focusing on ensuring the effective implementation of the Marine and Coastal Access Act 2009.

[248] Before I start talking about our priorities, I want to say that, in terms of the evidence that we want to share with you today, we would like to start off by answering questions wherever possible on behalf of WEL, so that we can give you that collective NGO voice, because we share a lot of common ground. However, as has been said, we also represent our member organisations, and some of our organisations have policy areas that we work on specifically. So, once we have given the Wales Environment Link response we can try to follow up as member organisations to provide more detailed answers, if that is suitable.

[249] **Lord Elis-Thomas:** That is very helpful, thank you.

[250] **Ms Henshall:** Brilliant. Just in terms of policy areas, WEL really welcomed the passing of the Marine and Coastal Access Act 2009. We think it provides a significant opportunity to positively manage our marine environment and achieve sustainable management. Collectively, our key concerns probably relate to limited resources, and I believe that is something that you have been talking about this morning. We think that limited resources are restricting our ability to meet some of our policy and legislative objectives. The other thing is that Welsh waters are 15,000 km squared—almost double the size of Wales—but marine issues are often sidelined, and there is a lack of integration of marine thinking in emerging legislation. In a few weeks' time it will be three years since the Act was introduced, so it is a timely date to look at marine policy. We think there are some steps in the right direction, but we think it really important that the outstanding components of the Act are fully implemented.

[251] **Mr Crook:** Yn gyntaf, hoffwn i ddweud diolch ar ran Cyswllt Amgylchedd Cymru am y cyfle i gyflwyno tystiolaeth i'r ymchwiliad. Mae'r pedwar ohonom yn falch o'r cyfle i gyflwyno ein cyflwyniadau o flaen y pwyllgor. Mae'n ddrwg gen i, ond Cymraeg yw fy ail iaith, ac felly byddaf i'n parhau yn Saesneg o hyn ymlaen.

Mr Crook: First, I would like to say thanks on behalf of the Wales Environment Link for the opportunity to provide evidence to the inquiry. The four of us are pleased to have the opportunity to present our submissions before the committee. I am sorry, but Welsh is my second language, so I will continue in English from now on.

[252] **Yr Arglwydd Elis-Thomas:** Rwyf **Lord Elis-Thomas:** You sound very good in ti'n swnio'n dda iawn yn Gymraeg. Welsh.

[253] **Mr Crook:** In terms of WWF Cymru, our ultimate goal is a one planet future, in which people and nature thrive, sharing the earth's resources fairly. Within Wales, our vision is that the marine environment should be a rich and healthy ecosystem enjoyed by all and supporting sustainable livelihoods and multi-sector use. Within WEL, I lead on marine planning, so I am very interested in continuing the advocacy for full implementation of national marine plans in Wales. We believe that it is the overarching system that can deliver sustainable development in Welsh seas. The opportunities for facilitating the other key aspects of the Marine and Coastal Access Act are great, if we are able to implement marine planning within this programme for government.

[254] **Ms Bell:** I am Gill Bell from the Marine Conservation Society. We are the UK's leading charity with a marine conservation focus, as the name suggests, unlike the other organisations, which have a bit of a wider remit. We have been going for over 25 years or so. We have three main aims: wildlife protection, sustainable seafood and clean seas and beaches. A lot of you will already know about some of our programmes. We obviously have a lot of concerns about some of the issues that have been raised within this consultation, particularly with regard to prioritisation and resource allocation within the Welsh Government. We would obviously welcome any questions with regard to any part of our consultation response.

[255] **Mr Cunningham:** I am Gareth Cunningham from the RSPB. Our organisation represents over 50,000 members in Wales. Today, we are looking beyond a single consultation; we are looking at marine issues, and not only the implementation of the Act, but how that correlates to other key pieces of legislation, including the habitats directive. In terms of WEL, I represent the policy lead on marine protected areas—predominantly the protected sites. Obviously, the RSPB has some concerns over how protecting sites in terms of the Natura network has been implemented in Wales.

[256] **Yr Arglwydd Elis-Thomas:** Hoffwn **Lord Elis-Thomas:** I would like to ask one ofyn un cwestiwn arall cyn i mi agor y llawr i further question before I open up the floor to Aelodau. O ystyried bod Cymru gydag Members. Given that Wales has a substantial arfordir sylweddol fel y'i cyfeiriwyd, pam coastline, as was mentioned, why has there mae cyn lleied o ffocws wedi bod ar been so little focus on the development of ddatblygiad polisi morol dros y blynyddoedd marine policy over the years in Wales? yng Nghymru?

[257] **Ms Henshall:** Perhaps I ought to start on behalf of WEL. One of the biggest challenges with the marine environment is its complexity, and a number of uncertainties remain. We know a lot less about our marine environment than our terrestrial environment. Even undertaking data collection is time-consuming, involves a lot more logistical challenges, and is more expensive. So, that is perhaps one of the key constraints that have meant that we are at a different stage in marine policy development, but we are increasingly finding out more and policies are developing. We have some fantastic tools available through the Marine and Coastal Access Act and other European legislation that can help us to ensure that we bring about more effective management of the marine environment.

[258] **Mr Cunningham:** To add to that, development in Welsh waters has been relatively slow compared with terrestrial development, and we are now approaching a period when we will see an awful lot more uses of the ocean, from renewable energy to fisheries and sustainable food and so on. As Beth mentioned, there is a great deal of legislation stemming from the UK and Europe, and that is driving forward the need for greater legislation. Before, it was a poor cousin to terrestrial developments.

[259] **Yr Arglwydd Elis-Thomas:** Onid yw'n un o'r problemau mawr i ni fel pwyllgor ac eraill yn y maes hwn bod cynllunio gofodol morol mor wan tra bod cymaint o geisiadau cynllunio yn cael eu trafod gan Lywodraeth mewn man arall, sef Llywodraeth y Deyrnas Unedig? Mae hwnnw yn fater mae'r pwyllgor hwn wedi adrodd arno yn achos polisi ynni. Onid yw'r diffyg fframwaith datblygiad polisi morol a'r oedi yn ymgynghori arno yn golygu bod yr holl faes hwn yn cael ei danseilio gan y Llywodraeth ei hun?

Lord Elis-Thomas: Is it not one of the major problems for us as a committee and for others working in this area that marine spatial planning is so weak while so many planning applications are being discussed by a Government in another place, namely the United Kingdom Government? That is an issue that this committee has reported on in relation to energy policy. Do the lack of a framework for marine policy development and the delays in consulting upon it not mean that this whole area is being undermined by the Government itself?

[260] **Mr Crook:** That is very much the case. As you said—

[261] **Lord Elis-Thomas:** It was a bit of a leading question. [*Laughter.*]

[262] **Mr Crook:** Thank you for that. We believe that marine planning should be the strategic and proactive, iterative process to integrate all marine management policies. It has that potential. The Welsh Government should be establishing its priorities and steering and leading the process. The absence of that steer has led to sector-by-sector conversations, which have resulted in inevitable conflicts. The traditional approach has been rather fragmented and piecemeal and there is a need to provide an integrated framework that would consider all aspects of the marine environment, marine protected areas, better protection for existing marine sites, and make a contribution to Wales's part in the UK's ecologically coherent network of marine protected areas. There is a place in marine planning for fisheries, the allocation of industry development, renewables and also support of traditional communities and cultures.

[263] As you said, there has been a lack of progress. We were encouraged by initial progress and the adoption of the UK marine policy statement, the launch of the approach to marine planning in Wales consultation in February last year and the recommitment to marine planning given by the Minister in May last year. The delay has arisen from a lack of political will, perhaps. The Cabinet paper that we had been expecting this month has been delayed, and we believe that it will now be issued in the spring. The marine conservation zone project has diverted focus and staff away from the marine planning agenda. No summary of the consultation responses to last year's consultation has been issued. There is also the issue of the 'Sustaining a Living Wales' agenda and the natural resource planning that that entails. Another point is the integration with terrestrial and coastal planning. So, all manner of issues need to be resolved, but there is a great need to begin that process so that we can move forward in Wales.

[264] **Lord Elis-Thomas:** Thank you very much for setting out a whole programme of work for this committee.

1.15 p.m.

[265] **Antoinette Sandbach:** I want to go back, as it were, because I am not clear in terms of the UK context as to where Wales fits in to what has been done to date on marine spatial planning. I think you said that you were encouraged by the progress until May 2011 but that it has effectively stopped. Does that mean that the other constituent nations of the United Kingdom have forged ahead and that we are delayed?

[266] **Mr Crook:** That could be argued. By adopting the UK marine policy statement in

March 2011, all administrations are statutorily obliged to produce marine plans. Marine planning is progressing fairly rapidly elsewhere, particularly in England where the Marine Management Organisation has begun planning on four of its 11 plan areas. It is expecting full marine plan coverage by 2021. The Scottish Government is also working on a draft national marine plan, which I believe is due next summer. So there is certainly a greater degree of progress elsewhere.

[267] **Antoinette Sandbach:** You also spoke about the effective protection of fisheries. Are you aware of any enforcement that has been taken in the marine protected areas or of any other fisheries enforcement action that has been undertaken in the past five years by the Welsh Government?

[268] **Mr Cunningham:** With regard to fisheries management, offshore or within the inshore waters, it is fair to say that there has been very little enforcement. There has obviously been some with regard to things such as the cockling industry. There has been some enforcement through the Environment Agency on that. It is one of the areas where we are currently under-resourced. We should bear in mind that, since the Act was passed, the area that Wales has to manage in terms of fisheries now reaches out to the median line with Ireland, which is beyond 12 nautical miles. That obviously has implications with regard to management and cross-border partnerships. We have been talking about the English marine conservation zone process, which is likely to designate some sites within the Welsh offshore areas. However, Wales will be responsible for the management of fisheries activities and enforcement there.

[269] **Antoinette Sandbach:** May I just follow that up?

[270] **Lord Elis-Thomas:** Of course, yes.

[271] **Antoinette Sandbach:** Within the MCZ process, are you aware, in your respective organisations, of that lack of enforcement causing a problem with communities in terms of how they perceive marine protection, given that they have seen marine protected areas designated but have not seen any enforcement action to support the designation in relation to scallop dredgers from foreign fishing fleets coming into Welsh inshore waters, for example? If you could help me with that I would be really grateful.

[272] **Mr Cunningham:** There are two separate issues there. With regard to the issue of nomadic illegal fishing, there is obviously a certain amount that Wales can do within its waters in terms of enforcement. That is going to come down to staff and resources and the ability to go out and monitor, but there are obviously also going to be issues relating to the common fisheries policy. You are all aware of those so I will not labour that point. However, there are issues that we need to take hold of and take to Europe to be dealt with. In particular, I am thinking of the grandfather rights and so on. With regard to enforcement within existing MPAs and the special areas of conservation we have around Wales, as far as we can understand, there has been limited enforcement. We are well aware of illegal scallop dredging. It does happen. It is worth noting that, ahead of the season opening in November, Welsh Government fisheries have taken some steps to address this through the use of boat tracking systems, which will allow permitted vessels to be monitored. This does not really tackle the illegal activity but it ensures that it is easier to monitor those who are behaving themselves and their progress. If we can tackle the illegal issues, we can have more sustainable fisheries through that mechanism.

[273] **Ms Bell:** If I may add to that, in answering the consultation, we have been liaising with many local communities and there is a great deal of concern that it appears that not very much action is taken when infringements are reported. This has led to the communities feeling that their local environment is not valued and is not made a priority. It has also

resulted in people wondering what the point is of reporting infringements when nothing is done about them. They wonder what the point is of having a protected area if nothing is being done about enforcement. It has a very negative effect on all of the local communities because they take great pride in their environment. I think that they believe that they are being let down because they would like to see this enforcement in place. That is why they have been reporting them. To not see any response to that obviously causes some concerns with them. We saw the passionate response to the consultation on marine conservation zones, which highlights that people are very concerned about this issue. We believe that the Welsh Government should consider and take action on it. We are aware that it is reviewing what is happening with the enforcement vessels, but I believe that it is something that everyone should take home as a message that enforcement is a key part that we need to get right for this, and that it is not being done effectively at the moment.

[274] **Ms Henshall:** Finally, stakeholder engagement is important, to get people to understand why these areas are special and are protected, and to get that sense of ownership locally within the local community. Where resources are limited, getting that local buy-in experience from around the world shows that it really helps to have eyes and ears out there, but, obviously, that then needs to be followed up. So, I think that stakeholder engagement is a key component of that.

[275] **Vaughan Gething:** I just want to pursue this point about the relationship between marine conservation zones that are designated in English waters and Welsh waters, which picks up on what Gareth said, and also to draw out the distinction with regard to offshore waters—I understand that it is the Joint Nature Conservation Committee that takes lead responsibility for those. So, you could potentially have marine conservation zones outside of 12 miles in Welsh waters—and I note that you say that there are two potential examples of that—but also, within the inshore waters, within the 12 miles, there are two potential sites that are being looked at for England that are adjacent to Welsh waters. I think that you said that one of those could lead to Welsh waters being designated. I am interested in how all of that works because if, effectively, this place is supposed to be responsible for the area within 12 miles, how does that work when either a neighbouring body of water is designated inshore or if, potentially, as you say, there is an attempt to designate Welsh waters by an English body? I do not quite understand how that process works. It would be helpful if you could explain how it should work and then how you think it is currently working, whether we are actually taking a proactive enough part in talking to our partners in England.

[276] **Mr Cunningham:** As you have said, beyond 12 miles, it is the JNCC that designates sites. The designating body within Wales only has jurisdiction for up to 12 nautical miles. Obviously, this comes back to devolution and the UK having the offshore waters. It is its priority to designate sites. That is how the English process works, with merely two sites being designated offshore there. In terms of addressing this, it needs to be key that the Welsh Government is buying into the process, actively representing Wales on this and not leaving it to England to decide where these sites will go. It is not just down to looking at it in terms of MCZs. Spatial planning is a key mechanism for cross-border liaison. We need to talk about how these two areas will connect and how they will interact, not just in terms of fisheries but in terms of other activities, as the English process looks at wider marine protected areas that have a multiple use. They are not restrictive in the same way as the Welsh process is. So, again, there are differences.

[277] **Vaughan Gething:** It would help me to understand this if you could give a practical example. Take the example of the area that you suggested, which could be designated and where inshore Welsh waters might be designated; I thought that the Welsh Government had responsibility for that, so I do not quite understand, from a process point of view, how that could be done. It would also help me to understand where this body of water is, and how it could work, because I understand that environments and habitats tend not to respect national

borders and boundaries.

[278] **Mr Cunningham:** I think that you misunderstood what I meant. The English process can designate in Welsh offshore waters beyond the 12 nautical miles. It cannot—

[279] **Vaughan Gething:** That is what I was examining. You talk about an English process, whereas the JNCC is actually an agglomeration of different bodies. So, if you like, it is a UK or a British process rather than an English process. I am talking about the English process for the inshore waters. Therefore, within 12 miles, are you talking about an area where neighbouring bodies of water are potentially being designated, and one of those potentially going into Welsh waters, where I understand that the Welsh Government has responsibility?

[280] **Mr Cunningham:** It could only be adjacent to Welsh waters. Obviously, with regard to the Liverpool bay special area of conservation or the Bristol Channel, those adjacent waters could be very close to Welsh waters. However, the English process cannot designate inshore waters in Wales.

[281] **Vaughan Gething:** That is helpful, because the difference between English and British was confusing for me.

[282] **Lord Elis-Thomas:** There is always confusion, I find.

[283] **Vaughan Gething:** For some people there is, indeed.

[284] So, when you say that the Welsh Government needs to engage more, how do you envisage that taking place? Bearing in mind the current level of resource in terms of staff time, what, realistically, are you looking to do and what is the risk of not engaging?

[285] **Mr Cunningham:** To start with the risks first, the risk is that we will end up with designated sites adjacent to our waters into which we have not had a lot of input. Therefore, Welsh stakeholders, from across the range of stakeholders, will not have had the opportunity to put forward their views. It is therefore important to ensure that our stakeholders are either attending the meetings or have the opportunity to attend the meetings to decide the process where sites may or may not be located. However, in terms of cross-border liaison, Wales is looking to designate marine conservation zones through its own process and we need to look at how they work as part of a network across the UK. So, as you have said, we are talking about natural features that do not respect boundaries. Are we designating the best sites in the UK context that will provide the best protection for those, or are we simply designating sites that are best for a devolved or a UK administration without considering the wider context?

[286] **Ms Henshall:** The offshore sites in England that include the Welsh offshore areas have been recommended already as part of a stakeholder process, and they have all been submitted to DEFRA for consideration. The formal public consultation on these sites is expected to begin at the start of next year. So, although there has perhaps been more limited stakeholder engagement from Welsh stakeholders in the drawing up of those sites, there will be the opportunity for them to engage at the formal consultation stage. At present, it is unclear how many of the sites that have been recommended as part of that process will go forward to designation. So, that is an ongoing process as well.

[287] **Vaughan Gething:** May I move on to a different area, Chair?

[288] **Lord Elis-Thomas:** You may, then Llyr and Mick wish to come in.

[289] **Vaughan Gething:** My question relates to one discrete area. In the evidence that we had in our first session, I think that it was Dr Peter Jones who was talking about renewable

energy in the marine environment and there was a suggestion that the co-location of renewable energy—in this particular instance, we were talking about offshore wind—in areas that you want to protect could be a positive thing on the basic logic that, once you have these wind turbines in that environment, you cannot do a lot more in it. So, disturbance takes place when you place renewable energy devices in that area, but it eventually provides a net benefit both to the environment and to the generation of power. I was interested in your organisation's view on that as a basic premise.

[290] **Mr Crook:** There is the argument that renewable energy installations can act as de facto marine reserves, simply because other activities are prohibited within the adjacent waters. WWF has commissioned an innovative study into co-location from staff at Plymouth University. That is currently being peer reviewed. I would be happy to distribute the report in its final version.

[291] **Vaughan Gething:** I am sure that would be very interesting.

[292] **Lord Elis-Thomas:** That would be very helpful.

[293] **Mr Crook:** We have examined a number of case studies, some of which are in the UK and others are further afield. There is an example in Dorset called C-SCOPE marine planning—

[294] **Lord Elis-Thomas:** In Dorset?

[295] **Vaughan Gething:** Dorset is a fine part of the world, just in case you are interested.

[296] **Mr Crook:** Co-location is a fairly new and rapidly evolving area of work, so it is not something on which any of us would have the level of expertise to give you the answers that you want in order to satisfy your curiosity. However, I can certainly distribute the report once it is in its final version.

[297] **Mr Cunningham:** It is also worth noting that it needs to be the right project in the right place. We cannot make an assumption that every project will be suitable for every location. So, each one needs to be taken on its own merits.

[298] **Lord Elis-Thomas:** Does this not bring us back to the question of the lack of proper spatial planning? Although we know a lot about the habitats in terms of the research that has been done, in terms of planning for the future, is that not part of the issue?

[299] **Mr Crook:** Yes, absolutely. Through planning, you could develop the platform for discussions beforehand. So, you could identify the spatial conflicts between conservation objectives and the development of renewables and you have that platform from which you can attempt to resolve differences between sectors.

1.30 p.m.

[300] **Lord Elis-Thomas:** I do not think that all members of this committee would favour a marine version of TAN 8—I am not looking in one direction.

[301] **Llyr Huws Gruffydd:** Rwyf am ddod yn ôl at y parthau cadwraeth morol gwarchoddedig iawn, sydd wedi bod yn bwnc llosg yn ddiweddar. Rwy'n synhwyro bod ychydig o wahaniaeth barn rhwng y gwahanol fudiadau sy'n cael eu cynrychioli

Llyr Huws Gruffydd: I want to return to the highly protected marine conservation zones, which have been a contentious issue recently. I sense that there may be some difference of opinion between the various organisations represented here over the level of restrictions

yma ynglŷn â lefel y cyfyngiadau a ddylai fod yn y parthau hynny, ac rwyf am glywed ychydig yn fwy gennych ynglŷn â pha rôl yr ydych yn teimlo y byddai'r parthau cadwraeth morol yn ei chwarae yn y rhwydwaith MPA yng Nghymru. Yn benodol, beth fyddai'n lefel gwaharddiad addas yn y parthau hynny?

that should be imposed in these zones, and I would like to hear a little more from you about what role you think the MCZs could play in the MPA network in Wales. More specifically, what would be an appropriate level of prohibition in those zones?

[302] **Mr Cunningham:** If I may, I will begin with the Wales Environment Link approach to this. The rule is to provide an ecologically coherent network. As you said, they need to interact with the existing network of SACs and SPAs and, of course, the Ramsar sites that we have, and the key point of our whole campaign is that it needs to create a network across Wales that feeds into the wider UK and the wider context of European sites. As you have said, the organisations have different approaches, but the final thing that we agree with is that all of Wales's water needs greater protection and management. Obviously, the differences are in how we reach that point. I will now pass over to my colleagues, so that we can hear from each organisation, if that helps.

[303] **Ms Bell:** The Marine Conservation Society believes that all damaging and disturbing activity should be prohibited in the highly protected sites; there should be no extraction or deposition in those sites. I would just qualify that by saying that it should be done with stakeholder buy-in, because you will just end up with paper parks unless you have consensus from the local community. As we have already discussed, enforcement is very difficult in a marine environment, so you would need to have that consensus. We therefore believe that there should be the highly protected sites, but we do not believe that three to four sites are sufficient; we should have more in Wales, because it has been demonstrated around the world that these sites will have positive effects, and that they will have a knock-on effect that will spill over and benefit the whole of the marine environment. We believe that the potential could be less than 1% if we have these 3 to 4 sites, depending on their size. Welsh Government should be braver than that and should designate the sites, but, again, with stakeholder buy-in.

[304] **Mr Crook:** The WWF's core message on MCZs effectively echoes that of the Wales Environment Link, in that we welcome greater protection for Welsh seas. We believe that marine protected areas are essential to helping wildlife and livelihoods to thrive in Wales, now and in the long term. Research commissioned by the Wales Environment Link and the WWF shows that MPAs in Wales, in their current format, have not been successful in halting the damage and loss to wildlife.

[305] The WWF's reports indicate a considerable impact from human activity over the past 200 years in Wales. We therefore believe that MCZs are not only a key component in the Marine and Coastal Access Act 2009, but that they are also important in reversing the decline that we have observed. However, as Gill said, it is essential to have local buy-in, and any new sites need to be managed well. Our bottom line is that it is not about stopping people enjoying the Welsh coast; it is about protecting Welsh seas.

[306] **Ms Henshall:** It is fair to say that we all support the need for greater stakeholder engagement; that is definitely a collaborative approach on which we all agree. From Wildlife Trust Wales's perspective, we strongly support the creation of this network of MPAs around the coast, and we also see marine protected areas as being at the heart of the work that we do.

[307] When it comes to marine conservation zones, we believe that, where they have been chosen carefully, they could contribute significant benefits, but we are looking for more consideration of, and clarity in, the definition of what 'highly protected' will mean, perhaps

by looking at management more on a site-by-site basis. The key thing is that we see the project as a real opportunity to improve our understanding of how the sea is used in Wales, and for that to inform decision making about these sites. However, in addition to marine conservation zones, perhaps of more concern for us is ensuring more effective management of the existing marine protected areas that we have. They cover over 36% of Welsh waters, and if we can ensure that those sites reach their objectives, that would be a significant contribution to the effective protection of our marine environment.

[308] **Mr Cunningham:** The RSPB was one of the most critical of the current proposals, and we believe that we need to have the right sites in the right places for the right reasons. We would have preferred to see larger, multi-use areas, not precluding the use of highly protected, but obviously these need to nest in the right places. The MCZs themselves, as opposed to highly protected, would need to prohibit the damaging activities but allow the more sustainable activities to continue, and if necessary, alter their permitting or management—but that needs to be co-management. The RSPB was quite happy to see that the Welsh Fisherman's Association Ltd put forward a concept to address this in the wider areas. We are not talking about nesting sites within existing areas; we are looking at increasing the coverage of protected areas and making a network across Wales.

[309] **Mick Antoniw:** I read your papers with considerable interest, and you have all been very polite and diplomatic in the way that you have referred to the need for prioritisation of marine spatial planning and so on. The suggestion coming out of that is that everything that follows on from that is at risk of being dysfunctional, unless you get the spatial planning right in the first place. Your paper then also makes some suggestions in respect of the comparison with terrestrial planning, the single environmental body resources and so on. What precisely do you think should happen? Are you suggesting that, effectively, what is needed is almost a single marine environmental body to pull everything together, kicking off with spatial planning? I would appreciate a bit more clarity about what you actually think is necessary.

[310] **Mr Crook:** The Marine and Coastal Access Act 2009 provides the tools necessary for creating marine plans in Wales, and providing that framework. It is just the issue of delivery, resourcing and capacity to fulfil commitments. The groundwork has been laid, essentially. The Minister is committed to marine plans in this programme for government, so that is essentially before 2015.

[311] **Ms Henshall:** A lot of it is down to capacity. When we consider that the marine management organisation covers a larger area, including England and the offshore, it has a group of over 250 members of staff—and did you say 20 people working on marine planning? We have one here in Wales, so that goes to show the difference. How many is it in Scotland?

[312] **Mr Crook:** In Scotland it is 10.

[313] **Ms Henshall:** We have one person, and he has been very involved in the MCZ work as well.

[314] **Lord Elis-Thomas:** Absolutely; I do not think that there has been much marine planning in the last few months.

[315] **Ms Henshall:** Indeed. That is a real limiting factor as well.

[316] **Mick Antoniw:** So, essentially, you are saying that it comes down to the Welsh Government not putting its money where its mouth is in terms of the resources that are necessary to fulfil its policies. Is that a fair assessment?

[317] **Mr Cunningham:** That is a fair summary, but I would like to clarify one point from

an RSPB point of view. You mentioned marine spatial planning being implemented in order to get everything else in place. There is also a risk that, if we do not clarify where we are going to designate MCZs, regardless of whether there is a planning system in place, we will not be protecting the site features that need protection. Also, in terms of development, it will still create uncertainty for developers if they do not know where protected sites may or may not be. The two areas need to be done in tandem. We cannot continue this almost artificial separation of the legislation; we need to take it forward in tandem. Obviously, this comes back to resources again.

[318] **Mick Antoniw:** The spatial planning element is really the cornerstone for everything. If we do not get that right, everything else that follows on from that is potentially ad hoc, dysfunctional and inconsistent.

[319] **Mr Crook:** It has that potential to inform some of the processes. It could have facilitated the MCZ process. As we have discussed already, there has been disagreement about where potential MCZs should be sited, and renewables have been mentioned. Through marine planning, we could allocate space and resolve conflict in advance. However, it is not just a case of Welsh Government suddenly picking up the baton and continuing with marine planning. There are other delays possible; it will not be an easy process. It needs to resolve cross-border planning with areas in Liverpool bay and on the Severn. It needs to work closely with the Marine Management Organisation. A Welsh marine plan will need to go via Whitehall, which is another delay to the process. Scotland is progressing with its national marine plan, but it already has in place a marine atlas of all the features of the Scottish coast. We have no such thing in Wales, but that is a key tool that could inform the process, and that will also take time.

[320] **Mick Antoniw:** Are you suggesting that the leadership of Welsh Government in this area of policy, with regard to its engagement with the UK or the English authorities et cetera, is lacking or needs beefing up?

[321] **Mr Crook:** It needs beefing up. The Marine Management Organisation recently selected the south inshore and offshore as its latest plan areas. It indicated in its summary of the selection that the absence of a cross-border area with Wales was a key decision in that selection. It did not have to deal with Wales, which is further behind in the process; the south areas offered a straightforward option. There is a real need for Wales to progress to ensure that that situation does not arise again when the MMO chooses its next sites in 2015.

[322] **Lord Elis-Thomas:** That has given us a very specific timescale on which to report.

[323] **Russell George:** What is your view on the Welsh Fishermen's Association's report, 'Striking the Balance'?

[324] **Ms Henshall:** Wales Environment Link has had a meeting with the WFA to discuss its proposals. We welcome any discussions that are taking place to facilitate greater engagement with stakeholders and discussion between different sectors. It is really encouraging that the industry has come together in this way to constructively put forward proposals for consideration. From a Wales Environment Link point of view, we are awaiting the announcement at the end of the month from the Minister about how the MCZ project will be taken forward. We hope that that provides clarity about the future of the project.

[325] **Mr Cunningham:** From the RSPB point of view, it is a unique opportunity to have some true partnership between the non-governmental organisations and the fishing associations, and it harmonises the idea of a stakeholder-led approach. However, it is very clear that we need buy-in from Welsh Government and a clear steer on what its plans are going to be and how we can develop this across Wales, not just in three or four small sites.

[326] **Llyr Huws Gruffydd:** Rydych i gyd wedi sôn yn eich atebion blaenorol am *local buy-in* fel rhan bwysig o'r broses hon o nodi a sefydlu parthau cadwraeth morol. Fodd bynnag, beth sydd gennym mewn realiti ar hyn o bryd yw *local opt-out* llwyr, gan fod cymunedau ar hyd Cymru wedi'u siomi gan yr ymgynghoriad. Nid ydym yn y lle roedd y Llywodraeth yn dymuno i ni fod. Beth fyddai eich cyngor chi i'r Llywodraeth o safbwynt estyn allan at rai o'r budd-ddeiliaid hynny a cheisio eu denu yn ôl i'r broses? Yr awgrym ddoe gan y Gweinidog, mewn ateb i gwestiwn, oedd y bydd yn symud ymlaen i gam nesaf yr ymgynghoriad; nid yw hynny'n swnio fel rhywun sy'n barod i estyn allan i rai o'r grwpiau hyn. Hoffwn glywed eich barn chi.

Llyr Huws Gruffydd: You have all mentioned, in your previous answers, local buy-in as an important part of this process of recognising and establishing MCZs. However, what we have in reality at the moment is a total local opt-out, because there are communities all over Wales that have been disappointed by the consultation. We are not where the Government wished us to be. What would be your advice to the Government in terms of how it can reach out to some of those stakeholders and get them back into the process? The suggestion yesterday by the Minister, in answer to a question, was that he will be moving to the next step of the consultation; that does not sound like somebody who is willing to reach out to some of these groups. I would like to hear your views.

1.45 p.m.

[327] **Ms Henshall:** The key thing is that, when the Minister makes the announcement at the end of the month, we need complete clarity about what that is going to mean. There has been a lot of confusion about proposals. I think that that will be the first step for what is going to move forward. As we have said, it is evident that people are very passionate about their local marine areas. As you said, it will be a matter of how we harness that passion in a constructive manner, which will not be an easy task. By providing that clarity, hopefully that will provide the steer that is needed. Some of the recommendations are about trying to use some of the existing stakeholder structures that are in place more effectively, showing that the Welsh Government really is taking the comments on board. The level of response to the consultation was considerable, so it is important to show that those responses and the responses from the public meetings et cetera have been considered.

[328] Another aspect that we have been discussing is that we have the Wales Coastal and Maritime Partnership for stakeholder engagement. We have two coastal fora in the south, the Pembrokeshire Coastal Forum and the Severn Estuary Partnership, but we do not currently have any forum of that kind in north Wales. Would that be a positive way to help channel some of this dialogue and discussion and to try to get better communication? I think that that communication will be a key aspect.

[329] **Lord Elis-Thomas:** Yes, and the whole of Cardigan bay, of course; but I would say that. [*Laughter.*]

[330] **Ms Henshall:** Indeed. I am sorry; I did not mean to—

[331] **Lord Elis-Thomas:** It is all right.

[332] **Ms Henshall:** That is an area of particular consideration.

[333] **Lord Elis-Thomas:** I am trying to be fair and balanced, and express our constituents' interests.

[334] **Ms Bell:** When this process was begun, as regards how to implement the highly

protected sites, the Countryside Council for Wales advised the Welsh Government on a stakeholder-led process rather than a top-down process. There was some very good advice in the original advice and the revised advice; so, I would suggest that the Welsh Government should take a look at that and perhaps look at some of the key recommendations because, although we have had the first consultation, a lot of them are still very applicable.

[335] **Mr Crook:** I believe that the Minister indicated yesterday in Plenary that the Welsh Fisherman's Association report 'Striking the Balance' would very much inform the second and third phases of the MCZ process. I got the impression that it would feed in, rather than ignore, the findings or the outline of that report and the concerns of the people in coastal communities.

[336] **Antoinette Sandbach:** We heard earlier today of the division between the marine advisers working for the Minister for the environment and the fisheries department working for the Deputy Minister for fisheries. Do you have any particular recommendations to the Welsh Government about that particular set-up?

[337] **Lord Elis-Thomas:** You do not have to comment if you do not want to. [*Laughter.*] You are not forced to answer any of these questions.

[338] **Antoinette Sandbach:** Perhaps I could put it another way. How have you found, from a non-governmental organisation perspective, the contact between the two different sets of officials working for the Welsh Government? Do you find that you are getting consistent or inconsistent messages out of them?

[339] **Mr Cunningham:** I will answer your first question first, and then I will move on. In terms of management, it is clear that we cannot isolate fisheries from marine management. They are, in effect, using the same area, relying on similar resources, if not the same. So, there needs to be greater integration across the two areas working together to produce succinct plans. So, marine spatial planning needs to take into consideration the Welsh fisheries strategy and vice versa.

[340] Your second question was about liaison with—

[341] **Antoinette Sandbach:** Yes. Do you find that you are getting different messages depending on which department you are speaking to?

[342] **Mr Cunningham:** I think it would be fair to say that the departments give you answers in relation to their work areas, and there is not an awful lot of crossover between the two areas.

[343] **Antoinette Sandbach:** Do you think it would be helpful if there was greater integration?

[344] **Mr Cunningham:** Absolutely. It would be helpful to see greater integration across the two departments.

[345] **Antoinette Sandbach:** So, a single fisheries unit or a single marine unit may make sense.

[346] **Lord Elis-Thomas:** She will lead you on until you agree. [*Laughter.*]

[347] **Mr Cunningham:** It may make sense, but the other consideration is where the single body falls and what its role and remit will be. So, we cannot base it just on those two departments. There are roles and remits for CCW, the Environment Agency and other areas

across Wales; we cannot think of just two departments managing the areas because there are others to consider and they all need to be in the mix.

[348] **Ms Bell:** From the Marine Conservation Society point of view, in our response to this, we question the amount of discussion and liaison between the two departments. As you have mentioned this morning, it has been apparent that there are some discrepancies between them, which have come across in some of our dealings with them. Again, from the Marine Conservation Society point of view, the marine unit has been responsive and attends meetings and responds to correspondence, as opposed to the fisheries unit. As we outline in our response, we have been waiting for more than a year for a response from the fisheries unit to some correspondence. Its lack of appearance at key meetings is also a factor. As an example, a stakeholder and citizen engagement group was set up as a sub-group of the Wales Coastal and Maritime Partnership with regard to the MCZ process. Given that fishing is a main area to be impacted, you would imagine that someone from the fisheries unit would have wanted to attend those meetings, but I do not believe that we had anyone from the fisheries unit at any of those meetings.

[349] **Mr Crook:** I can give only a one-sided answer to that question as I have only dealt with the marine branch. My particular areas are planning and licensing and I have found the marine branch to be helpful and useful. However, as I said, that is a one-sided answer, so it does not answer your question.

[350] **Mr Cunningham:** In fairness to the fisheries unit, during the last 18 months, it has been going through a lot of reorganisation and restructuring. I sit on one of the in-shore fishery groups and, more recently, we have had very good engagement from the fisheries unit, so it seems to be making much more of an effort—it is leading the Wales Marine Fisheries Advisory Group and giving a lot more information. However, as I mentioned earlier, the Wales fisheries strategy is currently being reviewed—the last one was written in 2008. We would like to see the in-shore fisheries group and the WMFAG, to give it its acronym, have a good deal of engagement in helping design that strategy so that it is not written in isolation and then consulted on, which is what happened with the MCZ process.

[351] **Yr Arglwydd Elis-Thomas:** Yn eich tystiolaeth ysgrifenedig, rydych chi i gyd yn nodi pryder ynghylch y modd y mae ardaloedd morol gwarchoddedig yng Nghymru yn cael eu rheoli ar hyn o bryd. Fy ngofid i am yr holl ddadlau am y gadwraeth lem newydd yw ei bod fel pe baem wedi anghofio'r cwestiynau anodd y mae angen eu hateb am yr ardaloedd gwarchoddedig presennol. Felly, beth fyddai eich cyngor chi i ni fel pwyllgor o ran yr hyn y dylem ei gyflwyno i'r Cynulliad a'r Llywodraeth ynghylch gwella statws cadwraeth ac arfer cadwraethol da yn yr ardaloedd gwarchoddedig presennol sydd gennym?

Lord Elis-Thomas: In your written evidence, you all express concern about how marine protected areas in Wales are currently managed. My concern about the whole debate on the strict new conservation is that we seem to have forgotten the difficult questions that need to be answered on the current protected areas. So, what would your advice be to us as a committee in terms of what we should put forward to the Assembly and the Government regarding improving conservation status and best conservation practice in the protected areas that we currently have?

[352] **Mr Cunningham:** As you say, around 50% of the existing network of sites—the Natura 2000 sites—are currently in unfavourable conservation status and, if you look at their management, almost 90% do not have effective management in place. Next year will be the next reporting round and early indications are that a few of the sites may have improved, but, across the board, we have seen either no change or a greater decrease in their conservation status. As I am sure you know, the CCW has put forward some management proposals to alter how it manages sites throughout Wales—taking more of an all-Wales approach rather than

looking at them individually, site by site. To date, we do not have a clear steer from the Welsh Government on how it intends to take this forward or implement these plans.

[353] To add to something that was touched on by the Directorate-General for the Environment in your previous session and something that is dear to the RSPB, we have been campaigning, expecting to see extensions to special protected areas within Welsh waters, namely the areas where birds breed and conduct mating displays and so on. We have been waiting for this for almost eight years and it is within the remit letter of CCW this year, but we have not seen an awful amount of progress. We would like that to be put forward. As you say, we seem to be forgetting some issues with regard to the marine protected areas as everything is being overshadowed by the MCZs.

[354] **Ms Bell:** I was going to make the point that, at this time, it is key to get stakeholders engaged and one of the main ways we can do that is through European marine site officers. At present, most of them are suffering due to a financial crisis; it is fair to say that most of them have had to reduce their hours and there is talk about potentially losing some of those officers. We need people to understand the need for these European marine sites and why they need to be brought up to favourable conservation status. It is vital that we have European marine site officers in place to do that. So, we would welcome some support from the Welsh Government for those posts.

[355] **Ms Henshall:** I echo that. This is an example of where resourcing is perhaps affecting the implementation of management, because these European marine sites are managed by a collaborative partnership, and there are the officers. Funding for this management has reduced by 55% since 2008, which is a considerable decrease. When the Countryside Council for Wales's management review identifies limited resources as one of the factors that is constraining the ability of these sites to meet favourable conservation status, that is an example of the direct impact of there not being the resources available to contribute to the management and continuation of the relationships that have been built through the groups.

[356] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr am hynny. Mae Dan wedi cyfeirio at y broses drwyddedu morol yng Nghymru yn gyffredinol. Pa welliannau y carech chi eu gweld a sut y gallwn fonitro effeithiau cronol y datblygiadau yn fwy llwyddiannus, yn y broses drwyddedu? **Lord Elis-Thomas:** Thank you for that. Dan has referred to marine licensing in Wales in general. What improvements would you like to see and how can we monitor the cumulative impacts of developments more successfully, through the licensing process?

[357] **Mr Crook:** The marine consents unit is due to transfer to the single body, as I am sure you know. Our main issue there is with the transparency of the new unit in whatever form it might take. Potential issues and problems arise from the responsibility for issuing licenses and for enforcement. There are concerns from developers that the conservation body is, in effect, the enforcement body as well. It is important that we ensure that there is a smooth transition to the single body. We met with members of the marine consents unit and they were unsure, a month or so ago, whether it would be simply the function that would be transferred, or the staff too. That raises questions of training and handover delays and whether that will impact on the function of the unit.

[358] However, sustainable development depends on the close relationship between marine planning and licensing, so the national plan would give the spatial context for the decision making and zoning of activities in Wales. I do not know whether anyone has anything else to add to that.

[359] **Lord Elis-Thomas:** We are free to tell you that we shall be meeting formally with

the chair and chief executive of the new body soon and we will certainly ask them questions on this issue.

[360] Have my colleagues any further questions? I promised you that you might be released early on account of it being my birthday, in case nobody remembered that [*Laughter.*] We are very grateful to you for the quality of your written evidence and what you have told us, and for the reasonable way in which you have approached the issues and highlighted for us what our priorities might be in terms of the inquiry. Also, we welcome your emphasis on the importance of stakeholder participation at all levels.

[361] I have checked—as I do when I sit here—that the Wales Environment Link was formed in 1990. I remember it existed when I was still a Member of Parliament—that was at the end of the ice age [*Laughter.*] So, the way in which the organisation has matured and developed into the Assembly and Welsh Government the present day is a tribute to the vision of those involved in environmental policy in the old Welsh Office. It is not often I get a chance in this committee to pay tribute to the old Welsh Office—I do not mean the present Wales Office, I mean the proper Welsh Office [*Laughter.*] I will stop there, otherwise I will fall out with my colleagues. Diolch yn fawr iawn i chi.

2.00 p.m.

**Cynnig o dan Reol Sefydlog Rhif 17.42(vi) i Benderfynu Atal y Cyhoedd o'r
Cyfarfod ar 24 Hydref**
**Motion under Standing Order No. 17.42(vi) to Resolve to Exclude the Public
from the Meeting on 24 October**

[362] **Yr Arglwydd Elis-Thomas:** A allwn ni gael cynnig ein bod yn cael sesiwn breifat yn y cyfarfod nesaf i drafod ein busnes mewnol?
Lord Elis-Thomas: I invite a Member to move a motion on agreeing to meet in private at our next meeting so that we can discuss internal business.

[363] **Llyr Huws Gruffydd:** Cynigiaf *yn unol â Rheol Sefydlog Rhif 17.42(vi) fod y pwyllgor yn penderfynu cwrdd yn breifat ar gyfer y cyfarfod nesaf ar 24 Hydref.*
Llyr Huws Gruffydd: I move that *the committee resolves to meet in private in accordance with Standing Order No. 17.42(vi) for the next meeting on 24 October.*

[364] **Yr Arglwydd Elis-Thomas:** Gwelaf fod pawb yn cytuno. Diolch yn fawr. Dyna ddiwedd ein trafodion am heddiw.
Lord Elis-Thomas: I see that everyone is agreed. Thank you very much. That concludes our proceedings for today.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth y cyfarfod i ben am 2.00 p.m.
The meeting ended at 2.00 p.m.*