



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

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

Dydd Iau, 1 Mai 2013
Thursday, 1 May 2013

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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
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
Julie James	Llafur Labour
Julie Morgan	Llafur Labour
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Alun Davies	Aelod Cynulliad, Llafur (Y Gweinidog Cyfoeth Naturiol a Bwyd) Assembly Member, Labour (The Minister for Natural Resources and Food)
Prys Davies	Dirprwy Gyfarwyddwr, Is-adran Ynni, Dŵr a Llifogydd, Llywodraeth Cymru Deputy Director, Energy, Water and Flood Division, Welsh Government
Christianne Glossop	Prif Swyddog Milfeddygol Cymru, Llywodraeth Cymru Chief Veterinary Officer for Wales, Welsh Government
Gareth Jones	Cyfarwyddwr Cyffredinol, Dyfodol Cynaliadwy, Llywodraeth Cymru Director General, Sustainable Futures, Welsh Government
Olwen Minney	Pennaeth y Gangen Dŵr, Llywodraeth Cymru Head of Water Branch, Welsh Government
Andrew Slade	Cyfarwyddwr, Polisi'r UE a Chyllido, Llywodraeth Cymru Director, EU Policy and Funding, 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

*Dechreuodd y cyfarfod am 9.33 a.m.
The meeting began at 9.33 a.m.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Yr Arglwydd Elis-Thomas:** Bore da **Lord Elis-Thomas:** Good morning and a chroeso i'r cyfarfod craffu arferol. welcome to the usual scrutiny session.

Polisi Dŵr yng Nghymru—Tystiolaeth gan y Gweinidog Cyfoeth Naturiol a Bwyd Water policy in Wales—Evidence from the Minister for Natural Resources and Food

[2] **Yr Arglwydd Elis-Thomas:** I ddechrau, mae'n debyg y dylwn fod yn barchus a chwrtais a dweud mai dyma'r sesiwn graffu cyffredinol cyntaf ers i ti ddod yn Weinidog Cabinet a chael teitl newydd. Felly, mae'r pwyllgor yn gwerthfawrogi bod gyda ni chwech o Weinidogion bellach sydd yn atebol i'r pwyllgor hwn, ond rydym yn gwybod mai ti yw'r prif Weinidog—gyda 'p' fach, hynny yw. **Lord Elis-Thomas:** I suppose I should, at the outset, be respectful and courteous by saying that this is the first scrutiny session since you became a Cabinet Minister and gained a new title. Therefore, the committee appreciates that we now have six Ministers who are accountable to this committee, but we know that you are the prime Minister—with a small 'p' that is.

[3] **Y Gweinidog Cyfoeth Naturiol a Bwyd (Alun Davies):** Diolch yn fawr ichi, Dafydd; rwy'n gwerthfawrogi'r sylwadau. Rwy'n treulio mwy o amser gyda'r pwyllgor nawr nag oeddwn pan oeddwn yn aelod ohono. **The Minister for Natural Resources and Food (Alun Davies):** Thank you very much, Dafydd; I appreciate the sentiments. I spend more time with the committee now than when I was a member of it.

[4] **Yr Arglwydd Elis-Thomas:** Mae'n bleser croesawu Prys ac Olwen hefyd; mae'n dda eich gweld chi wedi cyrraedd polisi dŵr yn eich gyrfaedd. Y cwestiwn cyntaf gennyf i yw: beth yw'r prif wahaniaethau rhwng polisi dŵr Llywodraeth Cymru a pholisi dŵr Llywodraeth y Deyrnas Unedig, sydd, i bwrpas dŵr, yn bennaf yn bolisi ynglŷn â Lloegr, buaswn i'n tybio? **Lord Elis-Thomas:** It is a pleasure to welcome Prys and Olwen as well; it is good to see that your careers have now taken you to water policy. I will ask the first question: what are the main differences between the Welsh Government's water policy and the UK Government's water policy, which, in terms of water, is, I would imagine, a policy that relates in the main to England?

[5] **Alun Davies:** Rydym, ers cyfnod erbyn hyn, wedi bod yn ystyried dŵr fel adnodd naturiol gyhoeddus bwysig i ni fel poblogaeth ac i Gymru fel cenedl. Nid ydym am ddilyn yr un llwybr â'r Llywodraeth yn San Steffan o or-ddefnyddio'r gystadleuaeth y tu mewn i'r system cyflenwi dŵr. Efallai y dylem ddatgan diddordeb yn hyn o beth, gan fy mod i wedi gweithio i Dŵr Cymru yn y 1990au. Fodd bynnag, rwy'n credu bod gennym gwmni, yn Dŵr Cymru, sy'n gwneud job arbennig o dda, ac mae gennym **Alun Davies:** We have, for quite some time, looked upon water as an important natural public resource to us as a population and to Wales as a nation. We do not want to follow the direction outlined by the Westminster Government of being overly dependent on competition within the water supply system. Perhaps I should declare an interest in this regard, given that I used to work for Dŵr Cymru/Welsh Water in the 1990s. However, I think that, in Dŵr Cymru, we have a company that is doing an excellent job, and

yn Glas Cymru fframwaith a system o gyflenwi dŵr sy'n gweithio i bobl Cymru ac sydd wedi dod â buddsoddiad i mewn i'r system ac sydd wedi lleihau biliau. Felly, rydym yn hyderus bod gennym system yng Nghymru sy'n gweithio. Nid wyf yn *convinced* gan ddadleuon yr Athro Martin Cave. Mae'n rhaid imi ddweud fy mod wedi darllen trawsgrifiad eich sesiwn gyda Martin Cave ac nid wyf yn credu ei fod ef yn hollol *convinced* gan ei ddadleuon ychwaith. Felly, ni hoffwn weld y math o gystadleuaeth y mae Llywodraeth San Steffan yn ei drafod ar hyn o bryd yn ein system ni yng Nghymru.

that, in Glas Cymru, we have a framework and a supply system that works for the people of Wales, which has brought investment into that system and has reduced bills. Therefore, we are confident that we have a system in Wales that works. I am not convinced by the arguments put forward by Professor Martin Cave. I must say that I read the transcript of your session with Martin Cave and I do not think that he was entirely convinced with his own arguments either. So, we would not want to see the kind of competition that the Westminster Government is considering at present for our system in Wales.

[6] **Mick Antoniw:** Thank you for your helpful paper, Minister. Among some of the evidence that we started to examine on this issue were details of the financial implications. One of the things that we were told is that, potentially, the saving from competition within the business sector alone might amount to £18 million over 30 years. By my calculation, that is around £500,000 to £600,000 a year. Is there a danger in all of this that the legislation, as it has been devised and as it is intended to apply to Wales, is one that is really more designed for the English system rather than the Welsh water system that we have operating in Wales?

[7] **Alun Davies:** That is certainly the case. As was mentioned yesterday in the Chamber when we discussed the Agricultural Wales Board, I am not sure that it is entirely fit for purpose in England either, but that is not a matter for me this morning. In terms of the figure of £18 million that Ofwat has published; you are absolutely right. We do not understand where that figure has come from and we have not seen any calculations as to how that figure was reached. Our officials are currently in discussions with Ofwat to understand further how that financial benefit was calculated and how the figures were arrived at.

[8] I am also concerned that Ofwat has been very conservative and narrow in the approach that it appears to have taken. Water is an essential resource that is needed for life, but it is also a resource that is available to us as an economy and as a country. There are interesting things that we should be talking about in terms of water policy. There are certainly pressures in the systems in Wales. We know that it rains a lot, but that does not necessarily mean that we have an embarrassment of riches across Wales in terms of water resource. However, we have significant water resources in particular parts of Wales and there is a clear potential economic benefit to that. A piece of work that I would like to see undertaken is to consider the potential value of that resource and how it can be used to underpin economic activity in Wales. It appears to me that Ofwat has not done that and it is something that I would like to see being done.

[9] **Mick Antoniw:** One of the questions that we put to Ofwat when its representatives were here giving evidence was about the direction of Ofwat in its terms of reference. It was put to them that there was a conflict in terms of the primary objective being to achieve competition and the secondary objective being sustainability. Do you see difficulties in the role of the Welsh Government, which has legislative and statutory responsibility to put sustainability first, rather than the competition aspect? How do you think that that might work out? Also, are there any benefits to our economy or to business from the route that is being proposed in the legislation, or any distinct economic disadvantages? Is that an area that still needs further research?

[10] **Alun Davies:** I regard competition as a mechanism and as a tool, and I regard sustainability as a principle. So, there are two different views on this; I think that our

Conservative friends would disagree with us on that. However, I would not raise competition to being a point of principle. In terms of where we are today, a number of underpinning principles run through the approach of this Government. Eradicating poverty is one, equality is another, as is sustainable development. Our approach to all policy areas will be driven by those underpinning principles. So, in terms of what you said about competition and a conflict between that and sustainability, I would say that the mechanism or tool of the market of competition must be able to deliver on all of those principles for me to be convinced by those arguments. It must lead to reductions in poverty and to a growth in people's ability to pay for water. If it does not do that, it does not work. If it does not deliver sustainability, it does not work, and if it does not deliver on our equalities agenda, it does not work either. I am driven by that principled approach, as I will be when I will examine the use of the mechanism of competition in the market.

[11] **Mick Antoniw:** That leads to one further thing. How do you see discussions taking place between you and your counterparts in Westminster, particularly over some of the border issues that exist, bearing in mind the substantially different system and structure that we already have in Wales?

[12] **Alun Davies:** We are beginning to get used to devolution now in the United Kingdom, or I certainly hope so. The border between England and Wales is one of the oldest national borders in the world, and we should not be too fazed by operating different systems—

[13] **Lord Elis-Thomas:** It was 1263, I believe.

[14] **Alun Davies:** I beg your pardon.

[15] **Lord Elis-Thomas:** The Treaty of Montgomery in 1263.

[16] **Alun Davies:** I always defer to the Chair on these matters. I have learnt, to my cost, to do so. [*Laughter.*]

[17] However, in terms of where we are, I hope and expect that we can operate different systems according to different priorities on different sides of the border. It is perhaps not a fashionable thing to say in some quarters, but we work well with the Department for Environment, Food and Rural Affairs on 90% of issues. There are, clearly, issues on which we will disagree, and there were issues on which we disagreed when there were other Governments in place, which is simply a matter of our different electoral mandate. I hope and expect that there will not be any significant differences, both in terms of the practical application of the different policy approaches on either side of the border, but also in terms of relationships with our very good friends in Westminster. As we sit here in this committee room, my private office is trying to arrange a meeting with Richard Benyon, the UK Minister on these matters, to take our conversations further, and I expect that meeting to be a good and fruitful one.

[18] **Antoinette Sandbach:** I wonder whether you can respond to Ofwat's evidence that regulating companies in Wales differently to those in England could pose additional costs for Welsh companies. I think that Severn Trent Water's evidence also said that if it were to operate under two regulatory regimes, that could result in greater costs for customers in Wales due to increased administration.

[19] **Alun Davies:** I do not accept that statement. I have not seen any evidence to sustain it—

[20] **Antoinette Sandbach:** Severn Trent said that—

[21] **Alun Davies:** We do not know whether we will have different regulatory regimes, and we do not know what those regulatory regimes may be. So, we are trying to quantify the costs of something that we do not know. It is self-evidently not possible to quantify those costs. You do not know, I do not know and nobody in this room, in Ofwat, in Severn Trent Water or in Welsh Water knows what the nature of any differing regulatory regimes may be, because they have not been designed or legislated for at present. So, trying to sum up the costs of something that we do not understand is not possible. I do not accept that analysis. However, on a deeper level, I have to say to Ofwat that it is there to deliver the policies of the elected Governments of the United Kingdom. It has to deliver them in the most cost-effective way. I will not accept arguments from regulators that we cannot design a different policy in Wales because it is inconvenient for them.

9.45 a.m.

[22] **Antoinette Sandbach:** Have you made an assessment of the risk of a jobs flight over the border, particularly for high water users? The proposed limit is 50 ML, and in England it is going to be 5 ML, so companies in that 5 to 50 ML range may well look at relocating over the border. Have you made an assessment of what that likely jobs flight would be if you were not to offer the same, or if you were not to offer competition in the business market? We are not talking about the domestic market, but the business market.

[23] **Alun Davies:** Ofwat has said on a number of occasions that it sees a considerable appetite for increased retail competition, particularly for non-domestic use. I have seen no evidence of that. Ofwat has not provided evidence of that, and I have seen no correspondence from any business at any time to any of my predecessors making those suggestions. Again, we are again in the world of assertions that are not sustained by evidence. If Ofwat expects me to take these arguments seriously, I would like to see the evidence for them.

[24] In answering your question directly, Antoinette, I will return to a point that I made to Mick earlier: water is a resource in Wales, and a resource for which we have a plentiful supply in different parts of the country. It is my view that we should be using this resource to actually stimulate economic activity and to look at ways of delivering sustained economic activity. I do not look at all at, first, the assertion that there is a cost-free way of moving to a new market-based environment. No assessment has been made of the cost of the move that you have described. We are yet to see anything from Ofwat or anyone else on that matter.

[25] **Antoinette Sandbach:** [*Inaudible.*]—some evidence.

[26] **Alun Davies:** We have not seen it, and neither has this committee. At the same time, you are saying that businesses with high water use—and this is an assertion that you are repeating—will actually move to an area where there is potentially a water shortage. That is not an argument that I will accept. What we have to do as a Government in Wales, and what the regulators have to deliver on our behalf, is an environment where we can both maintain the integrity of our natural resource in Wales in terms of water, and look for different ways of exploiting that natural resource to stimulate economic activity.

[27] **Antoinette Sandbach:** The committee had evidence during our inquiry from a number of businesses that indicated that water competition would be a relevant factor for them, and would make a difference to their business. Not only that, but organisations such as the NHS in Wales are high water users, too. They would experience, in effect, higher costs if these options were not available to them.

[28] **Alun Davies:** No, those are not the assertions that are being made.

[29] **Antoinette Sandbach:** That is the evidence that we have had.

[30] **Alun Davies:** I have read your evidence. In terms of where we are today, no cost appraisal has been done of the move to introduce competition in these areas. Martin Cave in his evidence noted that this system only exists in one other place in the world, in parts of Australia. So, we do not have the evidence on which to base these assertions. I understand what different businesses have been saying, but nobody has provided us with the evidence to sustain the arguments that are being proposed by the proponents of this move.

[31] **Antoinette Sandbach:** My question to you, though, was what evidence are you looking at, and gathering together, to understand what that impact might be? I was not asking about the evidence that you are being provided with by other people. What evidence are you gathering?

[32] **Alun Davies:** I will ask Prys to answer on some of that, but the point that I come back to, Antoinette, is that we are conducting reviews at the moment of the potential impact of these different policies in different parts of the United Kingdom, and my view is that we actually have opportunities to grow economic activity here; I do not see it as a negative issue on which we have to be defensive. I believe that we have an opportunity, and there are a number of businesses currently operating in different places that require a high water usage. I believe that one of the purposes of our policy should be to provide a business environment whereby access to high volumes of water would be a positive incentive for businesses to locate to these parts of Wales, but we are currently reviewing that.

[33] **Mr Davies:** On the detail, one of the things that we are currently doing is to prepare a survey with Business Wales, the water industry and the Consumer Council for Water, to get a better understanding from businesses in Wales of their priorities and expectations with regard to the cost and quality of water services, and to understand the key factors in their use of water as a commodity. That is a piece of work that we will be undertaking very shortly. We are also in the process of commissioning a wider study of different regulatory models. So, we are looking at what we currently have and how it can be refined or developed in different ways. As part of that study, we are looking at the threshold issue, which you mentioned, to see how businesses respond to that, and also to find out the views of businesses more generally about their priorities for water usage and what they want.

[34] On the other point, I think that you mentioned that the committee received evidence on the views of businesses, showing that they were more supportive of competition in Wales than in England. There are two surveys, and we have to look at them in a nuanced way. The initial question was: are people supportive of more competition? Yes, people are supportive of the principle, but if you look down into the detail of the study, you find that once people have understood the model, particularly the Glas Cymru model that currently operates in Wales, and they have seen the potential savings that they might make—the potential savings from introducing competition in the retail area are quite small—their initial view of competition being a very positive thing is significantly tempered. So, I think that we have to look beyond the very general question about competition, to look at exactly what it might mean in relation to water.

[35] **Antoinette Sandbach:** The evidence that we had was that upstream savings would be £87 million. If you are going to gather evidence, would it be useful—I do not know how long that exercise is going to take—for you to share it with the committee?

[36] **Mr Davies:** Our engagement with businesses is not specifically on the upstream; it is about what businesses want. So, it is not specifically focused on competition; it is what businesses need. This might be a slightly different focus from that of the UK Government, which is looking at competition. Our focus is more about all customers in Wales, including

domestic customers and the impact of potential market reform on them. Upstream competition is not a specific focus; it is about what we need to put in place to ensure that businesses thrive in Wales and that our water policy is aligned to that.

[37] **Lord Elis-Thomas:** I think that we would welcome a note on that, would we not?

[38] **Antoinette Sandbach:** Yes.

[39] **Alun Davies:** Again, the figure of £87 million is an assertion; we have yet to see the calculations that Ofwat has used to develop that assertion. It is not evidence: it does not exist.

[40] **Lord Elis-Thomas:** We will, of course, pursue ruthlessly the question of the validity of any evidence, whether it is yours or Ofwat's.

[41] **Vaughan Gething:** There was one positive that we got out of your series of answers to Antoinette Sandbach. When you talked about the economic activity and potential for water, I assumed that you were not talking about Boris's mad idea to build a big, expensive pipeline to take water somewhere else, but about locating high water usage business and industry around the water resource that exists. I am interested in whether you have any more detail for us now on the potential scale of that opportunity, and how likely you think it is that we will see that sort of payoff. If that is not fully formed yet, then I would be interested in more from you at a later date on how you would expect to develop that work in Government, to try to attract greater economic activity where water resources exist.

[42] **Alun Davies:** That is certainly the case, and I would be happy to update the committee on those conversations. It is a conversation that we have started to have in the last few weeks. The remit letter from me to Natural Resources Wales has stressed the need to be able to use our natural resources to stimulate economic activity, and that is the approach that I am taking to this portfolio. It is also the approach that I am taking to this policy area. So, in future water policy in Wales, we will be looking towards that. You are absolutely right, of course, Vaughan; we are not talking about building enormous pipelines across all sorts of different parts of the country. We are talking about ensuring that, where we are looking to stimulate economic activity, perhaps out of the main urban centres of Wales, we will have a resource that we can offer to people and the infrastructure to deliver that resource in a fair and reasonable way.

[43] **Vaughan Gething:** I would like to ask about a couple of other points. I was interested in what you said in your paper and what you have said in your answers today about the need to address water poverty, and the issues about social tariff guidance. I am interested in the link to metering. In your paper, you talk about options to deliver a phased and proportionate metering programme for Wales. We had fairly robust evidence from Welsh Water in particular that metering comes with a cost and that, if that cost is passed on to customers, it does not see a price dividend for the customers in greatest need. I am interested in how you balance up the expense that you would create by having a wider metering programme with, on the one hand, water poverty and customers who may not see a practical benefit from it and, on the other hand, those people from whom you might encourage more sustainable use. For example, I live in a two-adult household, so having a meter for us is probably a good thing, but if you have a family of five, then having a meter—particularly if you are not especially well off—may be more of a problem.

[44] **Alun Davies:** That is exactly the case. I am aware of Welsh Water's views on metering. It is a view that it has held for many years, and it is rooted in common sense and its experience of delivering metering. For a family such as yours, as you described, Vaughan, metering is an option that would deliver savings for you. That is undoubtedly the case. It is not the case for a family of five. I live in a family of six, so metering would not be of

advantage to me. However, we need to look at the impact assessment in relation to that. It is what we are doing at the moment. We are working to deliver a greater understanding of the impact that metering would have.

[45] I am intellectually attracted to metering, as an individual. Measuring the use of our resources is a good thing. When I was a member of this committee, we did a lot of work in the last Assembly on smart metering with utilities. It is something with which, intellectually, I would like to see us move further along, because it is right that we measure the use of our natural resources. However, what we do not want to do is to introduce that system and see a negative impact on some of the poorest people in the country. So, we need to understand, first of all, what that impact will be, and then, if we do wish to move to a metering system, how we introduce a social tariff to ensure that people are not penalised because of that, and then how we would introduce such a system in terms of the cost of delivering that infrastructure and investment, which Welsh Water has calculated and has been able to describe in some detail. I accept Welsh Water's analysis on that. So, at the moment, it is something that we are still considering and trying to understand in more detail.

[46] **Vaughan Gething:** I would like to look at a different issue, namely competition in the non-household sector—business competition. One of the points that was put to us, which is logical, is that if you have savings being made in the competitive business, non-domestic supply element, is price pressure then loaded on to domestic customers? So, even if there is no competition, essentially, for domestic customers, is there nevertheless a charge being passed on? When this question was put to the regulator, my view certainly was that there was not a great deal of clarity about how they could effectively monitor whether that was or was not happening. I am interested in whether the Government has a view on whether there would be pressure on domestic bills if there were greater non-domestic competition. If there were price pressures, are you confident that the regulator would be able to pick up those problems at an early stage, rather than what we have seen with other forms of utility billing, where problems with price control and equity have not been picked up for a significant period of time?

10.00 a.m.

[47] **Alun Davies:** You are certainly right on that final point. I think that you are talking about the Severn Trent issue, if I have understood your question correctly; we are talking to the regulator and the UK Government to ensure that Welsh domestic customers are protected from, effectively, subsidising competition in the non-domestic market. We have some concerns about the situation in the Severn Trent area, which we have discussed with the United Kingdom Government. Do you want to take that any further, Prys?

[48] **Mr Davies:** Only to add that you also had evidence from the Scottish commission on this. It reinforces the point that thinking on this issue so far has not been fully developed in terms of the proposed content or approach to the water Bill. It is a concern that we share with regard to the way in which the non-domestic market reforms might work. Their impact on domestic customers, particularly in Wales, needs to be considered and looked at in more detail.

[49] **Llyr Huws Gruffydd:** Rwyf eisiau cyfeirio yn benodol at dariffau cymdeithasol. Hoffwn glywed eich ymateb i'r honiad gan y Cyngor Defnyddwyr Dŵr na fyddai tariffau cymdeithasol ar eu pen eu hunain yn datrys y mater o ba mor fforddiadwy yw dŵr, ac y byddai angen arian gan y Llywodraeth i lenwi'r bwlch. Mae'r cyngor wedi rhoi

Llyr Huws Gruffydd: I want to refer specifically to social tariffs. I would like to hear your response to the claim by the Consumer Council for Water that social tariffs alone will not solve the affordability of water, and that Government funding would be needed to make up the difference. The council has provided figures for England and

ffigurau ar gyfer Cymru a Lloegr sy'n awgrymu mai dim ond £40 miliwn y byddai tariffau cymdeithasol yn ei ddarparu, pan fo'r gost mewn gwirionedd rywle rhwng £160 miliwn a £450 miliwn. Hoffwn glywed eich ymateb i hynny, a sut y byddech yn ystyried mynd i'r afael â'r sefyllfa honno.

Wales that suggest that social tariffs would only provide £40 million, when the real cost is somewhere between £160 million and £450 million. I would like to hear your response to that, and how you would consider addressing that situation.

[50] **Alun Davies:** Gwelais y dystiolaeth, ac rwy'n tueddu i gytuno gyda'r cyngor defnyddwyr nad yw tariffau cymdeithasol yn gallu delifro bob dim rydym am ei weld, er bod ganddynt rôl bwysig. Ar hyn o bryd, rydym yn ystyried mesur gwahanol i'n helpu i ddod i delerau o ran yr hyn sy'n fforddiadwy a'r hyn nad yw'n fforddiadwy. Gofynnaf i Prys ymhelaethu rhywfaint ar hynny.

Alun Davies: I saw the evidence, and I tend to agree with the consumer council that social tariffs cannot deliver everything that we want to see, although they have an important role. We are currently considering a different measure to help us to come to terms with what is affordable and what is not. I will ask Prys to elaborate a little on that.

[51] Fodd bynnag, byddwch yn ymwybodol bod Llywodraeth y Deyrnas Unedig wedi cyflwyno deddfwriaeth i alluogi'r Llywodraethau i gynnig cymorth ariannol i'r diwydiant dŵr er mwyn sybsideiddio costau cyflenwi. Rwy'n cydnabod bod hynny yn digwydd, a bod gennym rôl yn hynny. Rydym yn ystyried y sefyllfa o ran fforddiadwyedd biliau dŵr yng nghyd-destun ein hagenda cymdeithasol ehangach, os yw hynny'n gwneud synnwyr.

However, you will be aware that the UK Government has introduced legislation to enable Governments to offer financial support to the water industry to subsidise supply costs. I recognise that that is happening, and that we have a role in that. We are considering the situation in terms of the affordability of water bills in the context of our wider social agenda, if that makes sense.

[52] **Mr Davies:** Fel mae'r Gweinidog wedi sôn, rydym yn dilyn trywydd polisi wrth ddatblygu'r tariffau cymdeithasol, ac rydym yn cyhoeddi canllawiau i'r cwmnïau a'r rheoleiddiwr ar y mater hwn. Fodd bynnag, un ymateb yw hynny. Yn ein dystiolaeth i'r pwyllgor, rydym yn cyfeirio hefyd at y gwaith rydym yn ei wneud ar y rheoliadau drwg ddyledion, a dulliau gwahanol o addysgu a rhoi gwybodaeth i ddefnyddwyr dŵr ynglŷn â hyn, a sut y gallant leihau'r defnydd o ddŵr gan gydweithio gyda chwmnïau dŵr.

Mr Davies: As the Minister mentioned, we are following policy in developing the social tariffs, and we will issue guidance to the companies and the regulator on this issue. However, that is only one response. In the evidence that we provided to the committee, we also refer to the work that we are doing on bad debt regulations, and different ways of educating and providing information to water consumers on this, and ways in which they can reduce water use by working with water companies.

[53] Mae'r cwestiwn ehangach ynghylch a ddylai Llywodraeth Cymru chwarae rôl benodol, fel sydd wedi digwydd mewn un rhanbarth yn Lloegr, yn gwestiwn mwy astrus, ac mae'n un rydym yn ei ystyried ar sail yr holl flaenoriaethau eraill sy'n wynebu'r Llywodraeth. Mae'n rhywbeth mae'n rhaid i ni ei ystyried, ond mae'n codi cwestiwnau cyllidebol sylweddol.

The wider question on whether the Welsh Government should play a more specific role, as happens in one region in England, is more complex, and it is something that we are considering on the basis of all the other priorities facing the Government. It is something that we must consider, but it has significant budgetary implications.

[54] **Julie Morgan:** Minister, you said that this is a key part of our poverty strategy, so everything that we consider is in relation to that. I was slightly disappointed by your response on metering, in that you thought that the poorest families might lose out. I do not know if you have anything further to add on metering, because it seems to be the fairest and most equitable way forward, and I think that the responses were generally favourable.

[55] **Alun Davies:** Intellectually, you are right; superficially, it is attractive. It is something that I would support intellectually and philosophically. However, we know that if you meter the use of a resource, the more of that resource that you use the more expensive it is in relative terms. As a consequence, it would be more expensive for a family of four than it would be for a pensioner living alone, just to use two different examples. If we are going to go down the route of metering, we would need, first of all, to understand the impact of that on different demographic groups—on different parts of our society. I would also want to understand in more detail how we could deliver a differential tariff that would mean that poorer people would not be disadvantaged by this move, and how we could then make the economics of it work out. Although I have that attraction to the concept, I feel that we would need to see far greater modelling of its impact on different communities before I took a definitive view.

[56] **Julie Morgan:** To go on to the bad debt issues, we know that they add £20 to nearly every household bill. How are you proposing to tackle the bad debt?

[57] **Mr Davies:** We will hopefully be consulting on draft bad debt regulations using powers set out in the Flood and Water Management Act 2010 later this summer; I think that that is set out in the evidence. This will enable us to get more accurate information, or to ensure that water companies have more accurate information, about particular users of water to enable the companies to track that debt. This is a practical problem that the water companies have raised with us, which we are seeking to address using existing powers set out in the Flood and Water Management Act.

[58] **Julie Morgan:** The powers are already there; is that so?

[59] **Mr Davies:** The powers are in the Act, but we need to consult on draft regulations to bring those powers forward in Wales.

[60] **Julie Morgan:** Does that mean that the users of the water would be more easily identified?

[61] **Mr Davies:** Yes, it does.

[62] **Julie Morgan:** So, the timeline for that is the end of the year, is it?

[63] **Mr Davies:** We will, hopefully, be consulting on draft regulations before the summer recess. We will bring those forward and then bring the regulations forth through the appropriate process before the end of the year.

[64] **Lord Elis-Thomas:** I call William Powell, then Julie James and Joyce Watson, and Mick to wind up.

[65] **William Powell:** Good morning, Minister, and good morning to your team. You spoke earlier about your concern for people living in poverty and the impact of water costs on them. We heard some quite solid evidence from Dŵr Cymru about its work and engagement with county councils, local authorities and registered social landlords. Do you think that, particularly in the times in which we live, and going forward, there is scope for more work and co-operation with RSLs? I particularly want to pick up the points about debt, financial

management and using integrated communications between local authorities and the utilities to improve the overall situation for such families and domestic consumers.

[66] **Alun Davies:** The answer is ‘yes’, Bill. This goes a bit wider than water policy, but I think that, at the moment, we are seeing an extraordinary amount of stress among people. We are seeing a very high emotional price being paid by vulnerable and poor people for the policies being followed by the United Kingdom Government and the economic situation that we are in at the moment. As a Government here in Cardiff, we need to look at working very closely with the organisations and institutions that you have named. We need to look at how we develop and support advice services in a wider sense. We also need to ensure that people who are in significant financial difficulties are provided with the support that they need. That is something to which I am, personally, deeply committed, and it is something to which this Government is deeply committed. I would say to the committee that if you have any suggestions on how that work can be strengthened, as a Government we would be delighted to hear them in your report on those matters. If you would like to write to me on those matters, I would be more than happy to take that forward.

[67] **Mr Davies:** We have a water industry forum that meets on a regular basis and is chaired by the Minister periodically. On that forum we have the water companies as well as the Welsh Local Government Association. So, there is an established mechanism in place for us to have dialogue about issues that are of importance to any of the parties around the table. That is an issue that we can progress with that mechanism.

[68] **William Powell:** Looking to the issue of efficient use of the precious resource that we have in water, a particular issue of concern is around minimising the level of leakage. We also want to ensure that we have an efficient treatment mechanism. It was my pleasure to visit a Dŵr Cymru facility at Llyswen, just last Friday, where £9 million has been invested in the last three years in updating that facility, which I think was in much need of updating. It is encouraging. What impact, Minister, do you consider that the marketisation of water could have on the future investment programme that we have in Wales?

[69] **Alun Davies:** On the Llyswen facility, I picked up on your activities through Twitter last Friday. I was pleased to see you spending time in Llyswen—time there is never wasted.

[70] **William Powell:** I was not being detained by the constabulary.

[71] **Alun Davies:** Okay, fair enough. In terms of where we are with investment in the overall water infrastructure—this takes us back to the fundamental part of the first question in many ways—what we have in Wales is a corporate structure of governance through Glas Cymru that enables us to invest record-breaking sums in our water infrastructure while, at the same time, maintaining a billing regime that sees relative reductions in bills. It is one of the reasons why I am very cautious and concerned about some of the proposals that are being made by the UK Government on this. We have a system in Wales that works. We have a tailor-made system in Wales through Glas Cymru that has delivered for us. The not-for-profit model means that it can borrow in the markets and deliver significant sums of investment while at the same time maintaining very high levels of customer service. I have concerns about any proposals that would affect or undermine that model and which could mean that villages and communities such as Llyswen will not see that same level of investment in the future. While I value and appreciate the opportunity that you had to visit Llyswen, there are other parts of your region, of course, in rural Carmarthenshire where significant further investment is required as well. Llyr, of course, will be aware from his own background of some of those areas. I know that Joyce and I worked on this, as regional Members, on the areas around Llanelli. So, we need a continuing, high level of investment in the water infrastructure. Glas Cymru has created a model that has enabled us to deliver that over the last decade or so. Let us ensure that we have a model in the future that continues to deliver that

level of investment.

[72] **Julie James:** I would like to follow up on that set of conversations on metering and bad debt. One of the issues that I think is a growing problem for the poorest families, especially for those renting homes in the private sector and not living in registered social landlord dwellings, is who is responsible for what in terms of the landlord-tenant relationship. So, if you install a meter, for example, and a tenant is responsible for the charges on it, but is not responsible for any of the systems inside the house—so, there is no brown water collection, they use water for everything in the house and there is no efficiency of any description whatsoever—then there is nothing that the tenant can do about that. So, we have to do something in the bad debt regulations around who is responsible for that. For example, if you occupy furnished premises then the regulations might be different.

[73] **Alun Davies:** Will you—

[74] **Julie James:** Let me finish the thought.

[75] **Alun Davies:** We are trying to decide who will answer.

[76] **Julie James:** Yes, I was wondering who was going to answer that.

[77] It is particularly acute in my own area where we have an enormous and growing number of houses in multiple occupation. We have major problems with regulation and so on. First of all, the question is: who is going to be responsible and have you thought about differential regulations depending on what sort of tenancy you have?

10.15 a.m.

[78] The second question is: are you linked together with the Minister for housing in terms of the Bill that is going through at the moment about the regulation of HMOs and so on, because they present particular problems for people with meters for utilities at the moment? I dread to think what will happen if they meter the water as well. I can only see that that would make the problem worse.

[79] On a slightly different tack, are you linked up with the planning people because one of the things that we also have a problem with is that there are no brown water collection systems in new houses in Wales. So, you put a meter in, but we still, to the horror of a lot of our continental customers, use purified water in all of our sewerage systems, for example—completely inexplicably to most environmentalists. I suppose what I am saying is that I can see the intellectual attraction of metering, but it needs to go along with a whole series of other things that will enable people to learn how to control their water usage.

[80] **Alun Davies:** You are absolutely right in terms of your harvesting point; it is something that was discussed when I was a member of staff at Welsh Water. Clearly, it is the ambition and where people would want to be. The issue would be having, essentially, two plumbing systems in a new property, which would add significantly to the costs of construction and the rest of it. It was the cost of installation and those practical issues that created difficulties for that, rather than a philosophical or policy objection to those issues. However, this Minister is certainly attracted by those ideas and those concepts. In terms of the detail in your question, Olwen is in a better position to answer; I hope so, anyway.

[81] **Ms Minney:** On your first point around landlords and tenants, I will make sure that we have a look at that as we develop the consultation on the regulations. If you want to send any further information through to us, I will be happy to take that on board before we send it out to consultation. In terms of metering, the one thing that we are very much aware of is that

any metering package that we would have to bring forward would have to come with a massive behavioural change campaign and education packages. We tended to work very closely with the companies and local housing organisations on previous policies to make sure that that happened. So, we will make sure that we include that.

[82] **Alun Davies:** Some of the points that you raised, Julie, are points that I had not raised myself. We will look at a transcript of this session and take on board the points you make.

[83] **Joyce Watson:** Taking this debate, as started by Julie, to within the home and what you can and cannot control, if we are moving in the direction of metering, I shift your thinking towards appliances. For example, if we are talking about metering in a large household where the washing machine is on fairly regularly, but it is actually five or 10 years old, and you add in the tenancy agreements, whereby people inherit old appliances, or cannot replace their own, there would be an imbalance in the whole scheme for poor families or individuals who found themselves in that situation. A good comparator to my mind would be that you would pay the same bill if you had a washing machine on repeatedly using copious amounts of water, as somebody else down the street who happened to live on their own, who had a brand new washing machine, and who decided to wash their car every day and water their flower beds. Those are the sorts of issues that I would ask you to consider, Minister, when we are thinking about metering.

[84] **Alun Davies:** Again, you are absolutely right in terms of the comments that you make and the questions you ask on the use of water as a resource. On the points that were made by Julie in terms of harvesting rainwater, for argument's sake, in terms of some domestic uses, such as watering plants, the garden, the toilet and the rest of it, we need to find ways of helping families to deliver on that sort of approach. We should do that with or without metering, quite frankly. That is the approach, in terms of the use of natural resources, that we should be taking as a Government, aside from the issues about metering and direct costs.

[85] I know from family life at home that the washing machine has this week been on twice before I have come down here to work. If you have young children, in particular, you have significantly higher costs than if you do not.

[86] **Julie James:** It does not get any better, Minister. *[Laughter.]*

[87] **Alun Davies:** Having suffered two bed-wetting episodes this week, I hope that it does. *[Laughter.]* There are probably places there where we do not want to go.

[88] However, the general point has been well made by Julie and by Joyce—it is about how we work with people to reduce consumption. I believe that we would want to do that, not only in the water policy area, but also in terms of our other resources. I am still quite new to this brief, so we might be doing some of these things already—I do not know. However, as a Government, it is certainly something that we would want to encourage.

[89] **Mick Antoniw:** Minister, when Mr Nigel Annett gave evidence on metering, his view was very relaxed. He said that it was more a matter of choice, and that the cost implications of putting in metres, and administering them, were actually quite significant. However, during that session, he also raised the issue of how water charges are levied, and he basically said that our current system is a nonsense. Will that feature in any way in your own considerations, research and investigations, namely that there might be a better way of modernising the whole water costing and collection regime?

[90] **Alun Davies:** I believe that you are aware that Anna Walker has conducted some work for us on some of these matters, in terms of her review of charging for household water

and sewerage services. She obviously looked at the implications of the metering programme. I have my own views on how we charge for water, and those views would coincide with the views that you have just expressed, as it happens. My concern as a Minister is to ensure that we have a system of payment for water that is transparent and fair for everyone—the single pensioner household, as well as the large family. It should also be fair in terms of people's economic situation. Therefore, that is the approach that we will take, and those are the principles that will underpin that approach. I look forward to the committee's work on this issue. If the committee wishes to make recommendations on how we potentially charge for water in the future, the Government would look forward to seeing those recommendations.

[91] **Yr Arglwydd Elis-Thomas:** Fe fyddai o gymorth i ni pe baem yn cael llinell amser fwy pendant, o bosibl, o ran pryd y disgwylir i'r strategaeth ddrafft gael ei chyhoeddi ar gyfer ymgynghoriad, fel y gall ein gwaith naill ai ragflaenu neu olynu'r ymgynghoriad.

Lord Elis-Thomas: It would be of assistance to us if we had a more definite time line on when it is expected that the draft strategy will be published for consultation, so that our work can either precede or follow the consultation.

[92] **Alun Davies:** Byddai hynny o gymorth. Ysgrifennaf atoch fel pwyllgor yn amlinellu ein hamserlen ar gyfer y gwaith hwn.

Alun Davies: That would be of assistance. I will write to you as a committee, outlining our timetable for this work.

[93] **Yr Arglwydd Elis-Thomas:** A gaf i hefyd ymddiheuro i'r pwyllgor? Yn 1267 y pennwyd ffiniau tywysogaeth Cymru—yr oeddwn dair blynedd allan ohoni. [*Chwerthin.*]

Lord Elis-Thomas: May I also apologise to the committee? The borders of the principality of Wales were set down in 1267—I was three years out of it. [*Laughter.*]

[94] **Alun Davies:** Mae tair blynedd yn gallu bod yn bwysig. [*Chwerthin.*]

Alun Davies: Three years can be important. [*Laughter.*]

[95] **Yr Arglwydd Elis-Thomas:** Cawn doriad byr yn awr, am dri neu bedwar munud. Os bydd angen hynny ar y diwedd, Weinidog, a fyddai modd i ni ymestyn y cyfarfod gan ychydig funudau?

Lord Elis-Thomas: We will now take a short break of three or four minutes. If it is necessary at the end, Minister, could we extend the meeting by a few minutes?

[96] **Alun Davies:** Mae gennyf apwyntiad am 11.30 a.m.

Alun Davies: I have an appointment at 11.30 a.m.

[97] **Yr Arglwydd Elis-Thomas:** Iawn, fe gofiwn hynny. Diolch yn fawr.

Lord Elis-Thomas: Fine, we will bear that in mind. Thank you very much.

*Gohiriwyd y cyfarfod rhwng 10.24 a.m. a 10.31 a.m.
The meeting adjourned between 10.24 a.m. and 10.31 a.m.*

**Craffu ar Waith y Gweinidog Cyfoeth Naturiol a Bwyd—Effaith yr Eira
Diwedd ar Amaethyddiaeth
Scrutiny of the Minister for Natural Resources and Food—Impact of Recent
Snow on Agriculture**

[98] **Yr Arglwydd Elis-Thomas:** Mae hon yn sesiwn graffu benodol ar effaith y

Lord Elis-Thomas: This is a specific scrutiny session on the impact of severe

tywydd difrifol ar amaethyddiaeth yn weather on agriculture in the Welsh ucheldir Cymru yn ystod yr wythnosau highlands during the past few weeks. diwethaf. Weinidog, a ydych yn meddwl bod Minister, do you believe that your assessment of the situation was accurate and complete, eich asesiad o'r sefyllfa wedi bod yn gywir a and that your response to it has been chyflawn, ac y bu eich ymateb i'r sefyllfa yn proportionate and appropriate? gymesur ac addas?

[99] **Alun Davies:** I believe that our response to date has been balanced and proportionate to a situation that unfolded over time. I very much welcome the committee's interest in this matter, and I look forward to its report on it. I will ask senior officials to review the way in which we responded over the last six weeks or so to this severe weather episode to see whether there are any lessons to be learnt for the future. You will also be aware that I have appointed Kevin Roberts to look at wider resilience issues. I have asked Kevin to provide me with an initial piece of work by the summer recess to look again at what measures we can put in place for the future to ensure that we are resilient in how we respond to episodes of this sort.

[100] It might be useful for committee members if I gave a brief update on matters since my last written statement last week. I see that Members are nodding, so I will do so. Officials have kept in close contact with the feed companies throughout the last six weeks, but we hear reports now from the feed companies that supply is returning to normal, although costs remain higher than anticipated. There are longer-term concerns about the availability and cost of inputs for the coming months due to difficulties in planting arable crops as a result of the weather, and also about the levels of fertiliser needed to get the grass growing. Those are wider issues that affect most parts of Wales, and are not limited to those areas that saw significant snowfalls in March.

[101] Members may also be interested to know that I met with regional representatives of the main lending banks in Wales on 24 April. They were very supportive of the industry and they are looking at the sector sympathetically during this time, and they are making funds available to support farmers. I am very grateful to them for that. We had a very good and positive meeting where we were agreed that farming businesses needed a very sympathetic response from the banks over the coming months. The relationship managers will work closely with farmers to support their businesses over the months to come.

[102] There continue to be some problems with the collection of carcasses in some localised cases. We are trying to assess the full extent of the problem, and whether we need to take any additional measures to ensure that that matter is resolved. Members will also be aware that I announced in my last written statement that I have asked Hybu Cig Cymru to look at and assess the detailed implications for this year's lamb markets. The Chair, in his opening question to me, asked whether we understand the full extent of what has been happening. Clearly, we will not understand that for some months yet, until we see the potential impact on the red meat sector and the lamb market. I have asked Hybu Cig Cymru to assess that. I am going to meet the Hybu Cig Cymru board on Friday and I have requested that a report be submitted to me and that Hybu Cig Cymru should work not only with the farming community, but also with auctioneers, abattoirs and the National Sheep Association, so that we have a full picture of that as soon as is reasonably possible.

[103] **Yr Arglwydd Elis-Thomas:** **Lord Elis-Thomas:** Minister, what is your Weinidog, beth yw eich ymateb i rai o'r response to those agricultural leaders who arweinwyr amaethyddol sydd wedi honni nad have claimed that the Welsh Minister for oedd ymateb Gweinidog amaeth Cymru mor agriculture's response was not as effective as effeithiol ag ymateb Gweinidogion amaeth that of Ministers for agriculture in the rest of yng ngweddill y Deyrnas Unedig a'r alwad the United Kingdom and the latest calls for ddiweddaraf arnoch i ymddiswyddo? Nid your resignation? It is not clear to me who

yw'n glir i mi pwy y maent yn bwriadu rhoi they intend to put in your place but perhaps
 yn eich lle ond efallai y carech ateb y you would like to answer the question.
 cwestiwn.

[104] **Alun Davies:** I have to say that that is not the best reason for me to stay in post. Let me say that I did hear criticisms made of me this week. First of all, I visited the wrong farm to assess the implications of what had happened. The farmer in question, in Russell's constituency in Merionethshire, was not chosen by me, but by the National Farmers Union. I was invited to that meeting by the NFU, so I do not take responsibility for that.

[105] **Lord Elis-Thomas:** Trefeglwys is not yet in Merionethshire—it is still in Montgomeryshire.

[106] **Alun Davies:** I do not think that the Chair has any territorial demands in that way. I visited the farm at the request and invitation of the NFU. I also privately visited a number of farms that have been affected. As I have said to Members in the Chamber at least twice in the last two weeks, I have sat around kitchen tables and talked to families that have been affected by this. I have been speaking directly to farmers and their families about the impact of this. I have walked the fields and I have walked the hills. I have seen for myself not only the impact on business but also the human impact of this. It was that experience of sitting around the table and talking to people that led me to ensure—and I am grateful to Andrew for facilitating this—that we are putting significant sums of money into farming charities to provide emotional and pastoral support for farmers and families that are facing very difficult circumstances. We are the only part of the United Kingdom that is providing that level of pastoral support for the farming community and I know that it has been greatly appreciated by those people.

[107] Other criticisms that have been made of the Government at this time have been in relation to Tir Mynydd. Of course, Tir Mynydd was not abolished by me but by my predecessor. I have made that point on many occasions. The abolition of Tir Mynydd was welcomed by this committee at the time; it was welcomed by all political parties in the Chamber at the time. I know that some people have revised their views since then, but I remember the debate that took place on Tir Mynydd at the time in the Chamber and I have reread the transcript of the session, and it coincides very well with my memory, which is that the introduction of Glastir was welcomed and supported by all political parties in this place. The decision was announced in May 2009 and has been implemented since then. Criticisms have certainly been made of that, but it has been a long-standing policy objective, not only of this Government but also of the previous Government, and it has had cross-party support from people on all sides of the National Assembly. Therefore, I do not think that it is fair to criticise me on that. In fact, the only substantial change that I have made in terms of the financial aspects of Glastir was to increase the amount of money that we have made available. When Glastir was announced by Elin Jones, there was a less favoured area premium. We could not reach agreement with the commission on the LFA premium, so in abolishing it, we increased the payment rate for everybody across the whole of Wales. I know that that was recognised at the time. So, I understand that people are very frustrated. I also understand that people feel very upset about what happened.

[108] What I will say is that the Government has been listening and I have been listening. I have not only listened here in the National Assembly for Wales in the Chamber and in formal meetings with officials and others; I have been out and about across most parts of Wales, certainly the areas that were most affected by it. I have spoken to individuals and families, and I have seen the impact at first hand. We have delivered the levels of support that were asked for. We were asked for a derogation on fallen stock and we provided that as soon as we could. We were asked to provide support and provided £500,000 of support delivered through three charities—double the amount that was provided by DEFRA for the whole of England.

We have provided additional support through talking to fallen stock companies, feed companies and banks to ensure that agricultural businesses and the working environment within farm businesses have the full support of the Government and will continue to do so over the coming months. We will continue to look at all the practical measures available to us to provide support for individual farming businesses and farming families.

[109] **Russell George:** Good morning, all. I was pleased that, in your introduction, you talked about lessons that can be learned. What lessons do you feel that you can learn from the way in which the other three administrations in the UK responded to the recent snowfall in supporting the agriculture industry? I suppose that you might also feel it appropriate to say how you feel that they can learn lessons from you. Perhaps you answered that in part by talking about the level of pastoral support that you offered. However, specifically, what lessons do you feel that you can learn from the other three administrations?

[110] **Alun Davies:** I think that we can learn lessons from each other. We have discussed with officials and others—and this is a point that I have made in private and in public as well, I think; I think that I made the point in the Chamber last week—that, had there been an outbreak of animal disease on 22 March, we would have known exactly how to respond. The book would have been opened and everybody would have had particular roles to play and we would have established a control centre and it would have worked like clockwork, we hope.

[111] For this sort of episode, we did not have that structured response. Although local authorities—we have local resilience groups, of course—will deal with issues in local areas, we did not have in place that sort of understanding of what the impact would be. Looking at the timeline of how we responded from that first snowfall on 22 March up until now, Russell, we did not have any contact from anyone about these matters until the following Wednesday. That is five days after the first snow had fallen; five days during which nobody asked for any measures to be taken. Then, on that Wednesday, Thursday and Friday into the Easter weekend, people were coming together and saying, ‘Actually, we probably need this, that and something else’. It is interesting and I think that we need to think harder about what triggers additional work and support. We are talking about agriculture and a weather episode here, but there might be other episodes that we need to think about in terms of resilience. We need to think about other triggers in terms of how we respond to things. This is one of the reasons, Russell, why I have put in place a review of resilience, and why we are reviewing internally how we responded, because nobody—neither of the unions or anyone else—raised matters with us until that Wednesday, which was five days after the first snowfall. That is a considerable period. I understand that you will want to come back to me on that, but we reviewed some of the media reporting of some of these issues and there were not any significant reports, certainly not in Wales, until that following weekend, about the impact on agriculture. That is over a week after that snow had fallen.

10.45 a.m.

[112] You asked about different administrations; I have spoken informally to my Scottish and UK colleagues about this, and I will not say anything on the record, because they were informal conversations, but I think that we do recognise that we need to think hard about how we talk to each other in these circumstances. I compare, privately and personally, the way in which we spoke, not quite daily, but certainly every second or third day, during the horsemeat issues back in February, when the four administrations spoke regularly about issues. We did not do that on this occasion. I ask why. It is partly because—and this is the point that David Heath made in the House of Commons last week—we were dealing with different circumstances. The circumstances in Northern Ireland were clearly very different from the circumstances in Wales. The circumstances in Scotland were different again. The Isle of Man and Northern Ireland are part of the United Kingdom and were dealing with perhaps the very most difficult circumstances of all. The situations in Wales and in England were also very

different. So, we were dealing with very different circumstances, and we were dealing, as different Governments, with different circumstances in different ways. I believe that there are lessons for us all to learn from each other. I hope that we will be able to do that on an ongoing basis.

[113] **Russell George:** I am pleased to hear that last part. I appreciate what you said. You have also detailed the timelines previously, but the NFU's evidence to us, for example, was that the Welsh Government statements were very much in contrast to the early supportive statements from Northern Ireland and the Scottish Government. I want to understand what was different about the situation. Are you saying that the weather conditions were different? Why do you believe that there was a difference in support from other parts of the UK in terms of the earlier responses?

[114] **Alun Davies:** We were dealing with different circumstances. That is clear. I am looking through the timeline. I have not seen the evidence that you received from the NFU. My first contact with the NFU, I think—and I will write to the committee if I am wrong on this matter—was on the Wednesday after the snow fell, when I had an e-mail from Ed Bailey. I will correct this evidence if I am wrong. He asked me to visit a farm and to provide some levels of support. I spoke with officials to look at how we could put the derogation in place, which was the focus of some concern at that time, and we put that in place. You compare the response in different administrations, but, Russell, the territory closest to you in Montgomeryshire is not Northern Ireland, but England, and, on every occasion, we provided support quicker and to a greater extent than DEFRA did in England. The amount of support and the amount of public money that has been used to support the agricultural industry through this crisis over the last few weeks is double that which your colleagues in England have provided to farming communities. We put the derogation in place before DEFRA did, and we have provided you, as Assembly Members, with more information and statements on every occasion that it has been requested.

[115] I understand the points that you make, and I think that you are broadly right; we do need to look at how we respond to these things across the United Kingdom, but I will make the point very forcefully to you, that the territory closest to you in Montgomeryshire, and to us in Wales, is not Northern Ireland or Scotland, but England. If you look at and compare the responses between those two administrations, our response was more agile, I believe it was more intelligent, it was delivered quicker, and it was done having listened to and spent a lot of time talking to individual farmers. If you look at the response from DEFRA Ministers, you will see that they did not visit the number of farmers that I visited, and they did not take the time that I took to visit and to speak to many individual farming families. Therefore, I think that the comparison that you make is not one that I believe is either fair or validated by fact.

[116] **Russell George:** I was not making it; I was just repeating the NFU's evidence.

[117] **Alun Davies:** I understand that.

[118] **Russell George:** I am tempted to respond to some of what you said, but I have another point that I wanted to ask you about quickly. This is a legal question, really. Do farmers need the authority of the Welsh Government to bury dead stock when it is not possible for them to follow an EU directive on derogation?

[119] **Dr Glossop:** There are circumstances within the current legislation in which it is legal to bury fallen stock. For example, if an animal is lost down a ravine, and if it is completely inaccessible, obviously there is absolutely nothing that you can do to comply with the rules and regulations. There is, in principle, a derogation in place for very specific circumstances, but we wanted to formalise that so that we have true accountability and are in compliance with the detail of the directive for a wider range of farmers than those covered by

those individual, specific cases.

[120] **Russell George:** So, if a farmer buried stock in one of the derogation areas that existed before your statement, they would not have been acting unlawfully. I am asking to assist my own understanding on this, but also your statement details certain specific areas across Wales, and your earlier answer in one sense contradicts that, if it was not necessary.

[121] **Alun Davies:** Why does it contradict?

[122] **Russell George:** What I am saying is, if you did not need to—. What Christine had said—

[123] **Alun Davies:** About the derogation.

[124] **Russell George:** Yes.

[125] **Alun Davies:** Christianne's point—

[126] **Russell George:** Christianne, sorry.

[127] **Alun Davies:** Christianne's point was about a very narrow and specific set of circumstances, and we tried to broaden that out to include a far greater group of people. We did talk to local authorities about the way in which they treat farmers who have difficulties removing fallen stock, and we did ask local authorities to deal with these issues in a very sympathetic manner. We did that as advice to local authorities—I think, Christianne, that it was on the Thursday before Easter.

[128] **Dr Glossop:** Yes, the Thursday before Easter.

[129] **Alun Davies:** We put the derogation in place on the next working day, the following Tuesday. That formalised a response across areas of Wales where we were advised by local authorities that the difficulties were greatest. We took an expansionist view of that derogation to ensure that we covered all those parts of Wales. There were parts of some counties that were badly affected, and other parts that were less badly affected. We tried to take a view that included all of those people who had been affected. When we received additional representations, as you might remember, from northern Ceredigion, we expanded the area of that derogation to include those areas as well. Before the derogation was in place, we asked local authorities, which are responsible for regulating these matters, to please take a sympathetic view of farmers in difficulty. We put the derogation in place, we monitored it, we expanded it when necessary, and we reduced it again when that was appropriate. This is not a derogation that was simply put in place and left there; it was a dynamic derogation that we managed over a period of four weeks.

[130] **Russell George:** I have further questions, Chair, but I appreciate that we are pressed for time, and so I will write to the Minister.

[131] **Joyce Watson:** Thank you, Minister, for your wide-ranging account of how you reacted. I want to focus back on the support that you have put in for families in what will very often be isolated areas. You mentioned the £500,000 that has been given to charities. I have some questions about what happens if you find that that is up to capacity, or that the need exceeds that capacity. First, how many people have taken up that resource? How is it being used? Do you have any figures for that? If the take-up exceeds the amount of money put into it, might any additional funds be available?

[132] **Alun Davies:** I will make additional funding available if that is required, to answer

your question directly. In terms of the use of that funding, I will ask Andrew to come in on some of the detail around that. The funding is available to provide support for individual farming families and businesses in the way that they require it. It could be used to collect and dispose of fallen stock, to buy feed, or to provide other forms of support as the family, farm and business require. It covers quite a wide use. You asked specifically about farming families and the formal support that has been provided by external bodies through the three charities; I would like to put on record that I am very grateful to the three organisations that have worked with us on this. I am very grateful for the work that they have done, and for the efforts that they have made in order to contact and speak to families and farmers who are facing difficulties. I am very grateful to them for that.

[133] On top of that, the farm liaison service and Farming Connect have been contacting individual farmers. To date, we have contacted over 200 individual farms, and we are continuing to talk to individual farms about the difficulties that their businesses might be facing. Some businesses will face different issues: for some people, it could be collapsed sheds, others will have lost fencing and others will have lost livestock, and, for others, it might be different again. So, we are talking in great detail at the moment about the sort of support that these farmers and these businesses will require. We are still tabulating and trying to understand the dimensions of this support and help. I am particularly concerned about ensuring that emotional help and support is available to farmers and their families, and so we will continue this work. I spoke briefly to officials earlier this morning when I received the latest report on this process, and I will ask officials to increase the amount of contact that we have with farming communities at the moment to understand, in greater detail, the sort of help and support that individual businesses want us to deliver. This is probably one of the biggest pieces of work that the Welsh Government has undertaken for many years.

[134] I want to understand, first, the dimensions of the impact on the industry. We do not yet know what the impact on the industry will be in the long term. We have had a lot of anecdotal reports, but few figures that we can verify. We are trying to do that at the moment. I hesitate to give the committee any figures today, because I am not sure whether I can vouch for their veracity. What I will say to the committee is that we will remain in contact and I will provide the committee with figures when I have confidence in those numbers. We are also undertaking a detailed assessment of the impact on people.

[135] **Llyr Huws Gruffydd:** Weinidog, a ydych yn difaru'r canfyddiad sydd wedi datblygu dros yr wythnosau diwethaf fod eich agwedd tuag at yr hyn sydd wedi digwydd a'r effaith y mae wedi'i chael wedi bod, yn ôl rhai, yn ansensitif ac, yn ôl eraill, yn gwbl sarhaus?

Llyr Huws Gruffydd: Minister, do you regret the perception that has developed over recent weeks that your attitude towards what has happened and the impact that it has had has been, according to some, insensitive and, according to others, completely insulting?

[136] **Alun Davies:** Nid wyf wedi clywed rhywfaint o hynny, Llyr. Buaswn yn difaru pe bai pobl yn meddwl hynny, oherwydd byddai hynny'n golygu bod y pethau yr wyf wedi eu gweud heb gael eu clywed. Rwyf ti'n gwybod, achos rwyf wedi ymweld â' th ardal di, fy mod wedi treulio amser ar y mynyddoedd a'r brynau yn siarad â phobl ac yn trafod yr hyn sydd wedi digwydd gydag unigolion a theuluoedd. Hefyd, mae gennyf gyfrifoldeb i ddweud y gwir wrth bobl, ac rwyf wedi trio gwneud hynny. Y peth rhywyddaf yn y byd i mi fyddai troi lan mewn

Alun Davies: I have not heard some of those comments, Llyr. I would regret if that was a perception that people had, because that would mean that the things that I have said had not been heard. You will know, because I have visited your area, that I have spent time on the mountains and hills speaking to people and discussing what has happened with individuals and families. I also have a responsibility to tell people the truth, and I have tried to do that. It would be the easiest thing in the world for me to turn up to meeting full of people and to write out a

cyfarfod yn llawn pobl ac ysgrifennu sic i'w thalu o arian cyhoeddus, ond nid wyf yn gallu gwneud hynny. Dyna fyddai'r peth rhwyddaf yn y byd i'w wneud, ond nid dyna fyddai'r peth iawn i'w wneud.

cheque from public funds, but I am not able to do that. That would be the easiest thing in the world for me to do, but it would not be the right thing to do.

[137] Rydych yn deall y dadleuon sydd wedi bod am Dir Mynydd, ac rwy'n cymryd dy fod yn cefnogi penderfyniad Elin Jones—rwy'n gweld dy fod yn cytuno. Felly, pan fo pobl yn dweud, 'Rydym eisiau gweld Tir Mynydd yn dod 'nôl', rwy'ti'n cytuno gyda fi nad yw hynny'n bosibl. Fodd bynnag, y peth pwysig yw ein bod yn cyfathrebu'r neges hon wrth bobl ac yn gwneud hynny mewn ffordd sy'n esbonio'r hyn sydd y tu ôl i'r penderfyniad hwn a pham y cafodd ei wneud. Rwyf wedi bod yn trio gwneud hynny ers bron ddwy flynedd erbyn hyn, ac mae'n amlwg i mi nad yw'r neges wedi cael ei chyfathrebu yn ddigon effeithiol. Felly, mae'n rhaid i bob un ohonom, wrth inni siarad â phobl, wrth inni wneud areithiau neu ysgrifennu datganiadau i'r wasg weithredu gyda'r cyfrifoldeb o ddweud y gwir wrth bobl a thrafod y sefyllfa fel y mae. Mae hynny'n hynod o bwysig.

You all understand the arguments that have taken place surrounding Tir Mynydd, and I assume that you support Elin Jones's decision, Llyr—I see that you agree. So, when people say, 'We want to see the return of Tir Mynydd', you agree with me that that is not possible. However, the important point is that we communicate this message to people and that we do so in a way that explains what lies behind this decision and why it was taken. I have been trying to do that for almost two years now, and it is clear to me that the message has not been communicated sufficiently effectively. Therefore, each and every one of us, when we speak to people, make speeches or write press releases, must act responsibly by telling people the truth and by discussing the situation as it is. That is exceptionally important.

[138] **Yr Arglwydd Elis-Thomas:** Gyda phob parch, nid Llyr Huws Gruffydd yw'r Gweinidog, ac nid yw'n rhan o ddyletswyddau Llyr i ateb cwestiynau gan y Gweinidog yn ystod y sesiwn hon. Byddai'n well pe bai'r cwestiynau'n dod oddi wrth y pwyllgor a'r atebion—ychydig yn fyrrach, efallai—oddi wrth y Gweinidog. Reit; rwyf wedi dweud fy nweud. A oes gennyt un arall, Llyr?

Lord Elis-Thomas: With all due respect, Llyr Huws Gruffydd is not the Minister, and it is not part of Llyr's duties to answer questions from the Minister during this session. It would be better if the questions were to come from the committee and the responses—which could be slightly briefer—came from the Minister. Right; I have said my piece. Do you have another one, Llyr?

11.00 a.m.

[139] **Llyr Huws Gruffydd:** Mae'n ddiddorol eich bod yn dweud nad yw'r cyfathrebu efallai wedi bod mor effeithiol dros y ddwy flynedd diwethaf ag y gallasai fod wedi bod.

Llyr Huws Gruffydd: It is interesting that you say that the communication has perhaps not been as effective over the past two years as it could have been.

[140] **Alun Davies:** Dros gyfnod y mae hynny. Fi oedd yn gyfrifol am y ddwy flynedd diwethaf, ond rwy'n cyfeirio at gyfnod er 5 Mai 2009, efallai. Dywedais hynny yn y *stock take* y llynedd.

Alun Davies: That has been the case over a period. I have been responsible for the past two years, but it is since 5 May 2009, perhaps. I said as much in the stock take last year.

[141] **Llyr Huws Gruffydd:** Iawn. Mae'r cwestiwn yr wyf am ei ofyn felly ynghylch yr

Llyr Huws Gruffydd: Okay. The question that I want to ask, then, is with regard to

holl waith ‘Working Smarter’ a’r agenda honno sydd i fod i fynd i’r afael â rhai o’r problemau hynny. A ydych yn poeni y bydd y canfyddiad nad ydych chi wedi taro nodyn digon cydymdeimladol â’r diwydiant a’r teuluoedd sydd wedi wynebu rhai o wythnosau anoddaf eu bywyd yn y cyfnod diwethaf hwn yn rhywbeth a fydd yn tansilio’r berthynas yr ydych yn trio ei meithrin â’r diwydiant i symud yr holl agenda honno yn ei blaen?

[142] **Alun Davies:** Nac ydw, a dywedaf wrthy ch pam. Yn y ddau fis diwethaf, rwyf wedi siarad mewn sawl cyfarfod cyhoeddus yr ydych yn ymwybodol ohonynt—roeddwn yn Rhuthun gyda chi lai na mis yn ôl. Rwyf wedi siarad ym mhob cwr o Gymru yn yr wythnosau a misoedd diwethaf, ac mae’r ymateb a gawsom wedi bod yn gadarn ac yn groesawgar, gyda ffermwyr a phobl eraill yn dangos eu gwerthfawrogiad o’r hyn y mae’r Llywodraeth yn ei wneud i gefnogi amaethyddiaeth Cymru, yn awr ac at y dyfodol. O ddadansoddi’r hyn yr ydym ni fel Llywodraeth wedi ei wneud, mae pob rhan o’r rhaglen waith yr ydym wedi ei gweithredu—gan gynnwys yr hyn a wnaed cyn y ddwy flynedd diwethaf, gan ein bod yn parhau â rhai o bolisiâu’r Llywodraeth flaenorol—yn cael ei werthfawrogi’n fawr iawn. Er hynny, mae rhai pobl—rhaf ffermwyr mewn mannau—ar hyn o bryd yn wynebu’r her yr ydych chi wedi ei disgrifio, ac mae’n rhaid i ni estyn at y bobl hynny a pharhau i siarad â hwy a gwrando ar yr hyn sydd ganddynt i’w ddweud wrthym.

[143] O edrych ar y diwydiant yn ei gyfanrwydd, dangosodd ‘Working Smarter’—y gwaith a ddechreuais i 18 mis yn ôl gyda Gareth Williams ac a gyfeiriwyd ato gennych—fod gennym ffordd hir i’w theithio o ran cyfathrebu â’r diwydiant. Gwnaeth ei waith ef yn gynharach eleni ddangos ein bod ni wedi symud yn bell i’r cyfeiriad iawn ond bod gennym o hyd le i wella. Rwy’n cytuno â’r dadansoddiad, ac rwyf felly am barhau i wella yn y ffordd yr ydym yn cyfathrebu â phobl. Mae hynny’n hynod bwysig.

[144] **Lord Elis-Thomas:** Mick Antoniw is next, then William Powell, and then Antoinette Sandbach to wind up, after which we will have 15 minutes of general scrutiny.

‘Working Smarter’ and the agenda that is supposed to tackle some of those problems. Are you concerned that the perception that you have not struck a sufficiently sympathetic note with the industry and those families that have faced some of the most difficult weeks of their life during this recent period is one that could undermine the relationship that you are trying to nurture with the industry in order to move this agenda along?

Alun Davies: No, and I shall tell you why. Over the past two months, I have spoken in a number of public meetings that you will be aware of—I was in Ruthin with you less than a month ago. I have spoken in all parts of Wales over the past weeks and months, and the responses that we have had have been robust and welcoming, with farmers and other people expressing their appreciation of what this Government is doing to stand up for Welsh agriculture, now and for the future. In an analysis of what we as a Government have done, each and every part of the work programme that we have implemented—including action taken prior to the past two years, as we are continuing some of the previous Government’s policies—is something that people greatly appreciate. However, there are those—certain farmers in some places—who are currently facing the sort of challenge that you have described, and we have to reach out to those people and continue to talk to them and listen to what they have to tell us.

In looking at the industry as a whole, ‘Working Smarter’—the work I started 18 months ago with Gareth Williams and which you referred to—showed that we had a long road to travel when it came to communicating with the industry. The work that he carried out earlier this year demonstrated that we have moved a long way in the right direction but that we still have room for improvement. I agree with that analysis, and I therefore want to continue to improve the way that we communicate with people. That is extremely important.

[145] **Mick Antoniw:** Minister, could you expand on the point that you started to make? In other words, we are in a situation of apparent serious climatic variation: the weather is becoming increasingly unpredictable, with increasing extremes. The whole issue of sustainability arises in terms of the economy, and, it seems to me, so do the issues of how support, where it is provided, essentially goes to those who need it most, rather than to those affected. What is your strategy going to be in developing an economic sustainability agenda in the light of recent experiences?

[146] **Alun Davies:** That is exactly the medium to longer term challenge that we face. We are the only part of the United Kingdom that has launched a review of resilience in the industry and is trying to consider some of these medium and longer term issues. Looking at medium-term trends in agriculture, we had this conversation in January about land prices. We have had a number of years in which land prices have grown and margins have increased, and the industry was on a very firm footing. Last year, we saw a reduction in prices and we saw a reduction in the margins available to people. That has caused questions to be asked about the viability of some individual businesses, and it has caused questions to be asked about how we invest in that sector. I have asked colleagues in Farming Connect to develop some modules that are targeted at the sheep sector and at lamb production, and to talk to farmers about resilience and about how we manage and underpin economic resilience within the industry.

[147] However, you are absolutely right; although this episode was particularly difficult, it snowed last April and there was significant snowfall the previous March. It is likely that we will see climate changes and episodes in the future as well. So, we need to respond to what has happened in the last few weeks. We need to do that in a sensitive and intelligent way, and I hope that we have done that. However, we must also look at the industry as a whole and understand the resilience of the industry. I hope that the work that Kevin Roberts is doing will inform that. I will certainly share that with my colleagues from other parts of the United Kingdom, because they have lessons to learn from that. We also need to look at how we ensure that there are solutions for the farming industry and for individual farm businesses that will face such difficulties again in the future. I do not think that it is an adequate response for a Minister, every year, to say, 'There has been a crisis; we need to do something to solve this crisis today', without, at the same time, looking to the future to ensure that we do not find ourselves in this position again. I have tried to do both of those things.

[148] **Mick Antoniw:** It seems to me that that is an important area for us to consider. So, if there is work going on, I take it that that will come before us at some stage to scrutinise.

[149] **Alun Davies:** The committee has invited me, very kindly, to join it again at the Royal Welsh Show, and I have accepted that invitation. That might be an opportunity for us—and I am looking at you, Andrew—to discuss Kevin Roberts's initial findings. I am happy to share those with the committee.

[150] **Lord Elis-Thomas:** That is very helpful. I call on William Powell and then Antoinette Sandbach.

[151] **William Powell:** Minister, what importance do you accord to having a functional two-way relationship with the Welsh farming unions?

[152] **Alun Davies:** We meet on a very regular basis. Officials meet them—Andrew has been chairing meetings with the farming unions on a weekly basis for the last few weeks. Other officials have met the senior officers of the farming unions in the last week, and we have no reason to believe that we do not have a very good, strong relationship with them.

[153] **William Powell:** Have you been hearing the messages that have been coming out of those unions in recent weeks?

[154] **Alun Davies:** Yes. As I said, we have been speaking on a daily and a weekly basis. We have been working together to try to resolve some of these issues. I think that Andrew might be in a better position to talk to you about some of the officials' meetings that have been taking place over the last few weeks. Those meetings have been very good, productive, and positive.

[155] **Mr Slade:** Yes, they have. There has been a lot of contact throughout this period in terms of what is happening on the ground and what practical measures the Welsh Government can take. The feedback coming from the unions and a number of other partners has directly informed the points that the Minister has made in his statements on a weekly basis.

[156] **William Powell:** I am aware of the level of commitment that you have personally given to this matter over recent weeks, during the Easter period, and so on, and I had the opportunity to be present at Cilhaul Farm at Trefeglwys recently, when you addressed a combined group of farmers—from the National Farmers Union, the Farmers Union of Wales and other, possibly non-allied, local famers. There has been wide appreciation of the more recent response that has been undertaken by the Welsh Government, particularly with regard to recognising the crisis that exists in terms of the donations to the three charities of whose work you have already spoken. However, on the occasion when you addressed that meeting, you referenced your own background in business and your successful period in a communications and public relations consultancy, and you spoke of the need for businesses to salt away money during the good times for the leaner times. You also referenced the experiences of a newsagent or a sweetshop in Blaenau Gwent that had not sold any newspapers or sweets for a couple of days because of the impact of the snow. Do you accept that those comments were possibly ill-advised in the context of the trauma that those farmers had faced?

[157] **Alun Davies:** No, I do not, Bill. I think that you need to be careful not to give a partial and inaccurate view of these matters. At that meeting, I spoke about a number of different issues; I was taking questions for an hour and a quarter, as you are aware. The only reason that I left was because I was attending another meeting to speak to farmers in Anglesey, otherwise I would have stayed and continued the conversation.

[158] I made the point in answer to Llyr Huws Gruffydd about honesty in debate and saying the same thing to different audiences, and that is something about which we need to be absolutely clear in politics in this country. I made very clear points; I was asked whether I would reintroduce Tir Mynydd, and I said no, because that was the policy of the Government—it was a policy of the Liberal Democrats, which Bill supported at the time, and still does, as I understand it. It is something that I have to say when I talk to people. It would have been highly irresponsible of me to go to a meeting and simply say what I think people want to hear. I have to tell the truth—I have to be honest with people—and I have to explain the policy of the Government, even when I know that it is going to be a message that people do not want to hear.

[159] The point that I made, to which you referred in partial terms, was about other businesses suffering difficulties because of the weather. The first people to contact me because of weather difficulties did not approach me as a Minister but as a constituency Member, when I spoke to a group of businesses in Blaenau Gwent about the impact of the weather on them. The point that I made there was that there are many businesses that are affected by the weather. There are many industrial and economic sectors that are affected by the weather and by matters outside of their immediate control; that is something that has to be factored in in terms of responding in a fair, proportionate and balanced way.

[160] I spoke about my personal experience, and on a number of occasions I have brought

my own personal experience to bear on these matters. One of the reasons that I understand the difficulties of people in business is because I have sat at a desk in front of a machine on the fourteenth or fifteenth of the month and scratched my head, thinking ‘How do I pay the bills at the end of this month?’ I understand how that feels, and I understand what it is like to have to say ‘I am not sure how to do this; how do I get out of these difficulties?’ The point that I am making to people is not that there are easy comparisons to make between different business sectors; I am not saying that. What I am saying is that I understand what it is like to be in business, to have to pay your own bills and to have to ensure that your product is market facing and market orientated and is priced at a level that people are willing to pay. I understand those business disciplines, and that is the point that I am trying to make. I will be very clear with you about this, Bill—it is important for people, when they are discussing these matters, not simply to give partial responses and descriptions, but to understand the contextual stuff as well.

[161] **William Powell:** I will continue my line of questioning with regard to the arrangements for fallen stock, which was one of the main sources of immediate trauma and potential public-health implications. Do you believe that some tension was brought into the system where the derogation relied on a letter from the fallen stock company? We all recognise the sterling work that those companies across Wales have undertaken in the last six weeks and beyond. However, where the companies had to produce a letter confirming that they were unable to reach a particular farm, or wherever this stock had fallen, a difficulty was generated by them effectively having to write off their own future business. There has been some evidence of companies being less than ready to issue such letters. You talked about the importance of a sustainable business. Clearly, these companies have worked as well as they possibly could in many ways, but I have heard Welsh farmers refer to a kind of grim bonanza in the business model of these fallen-stock concerns in recent weeks. Do you accept that there is some difficulty in the evidence that we have encountered of those companies not being prepared to write off that business, because it would mean a loss for them?

11.15 a.m.

[162] **Alun Davies:** I would be grateful if you would write to me with any individual instances. One of the difficulties that I face in dealing with some of these matters is that people write to me with general and not specific problems. The only Assembly Member who has brought to me a specific issue that I have been able to deal with was Ken Skates. He asked me to visit a farm in his constituency. It is the only example of where an individual farm has been mentioned in correspondence. It is useful for us to understand some of the anecdotal things, but we also need examples of some of the difficulties that we face. Christianne will answer your precise question.

[163] **Ms Glossop:** We are trying to make sure that we do not store up problems for the future with the application of this derogation. It is necessary for us to be satisfied that there is not an alternative method of dealing with the stock. That is really important. We have maintained our legislation and policy on dealing with fallen stock without burying them since the foot and mouth disease outbreak in 2001. I totally appreciate that, in general, the industry does not like those rules and that it has been hard for it. We discussed at length how we should help the industry through these difficulties with extra fallen stock, but in a sufficiently careful way so as to ensure that, when representatives from the European Commission come to inspect us—and they will come to inspect us on this—we can show that we have done that within the legislative framework. We have communication from the Commission to confirm that that is going to be its requirement—not that it is going to come on a certain date, but that it is expecting us to uphold the legal framework. So, it was necessary for us to obtain evidence that there was not a lorry passing by that day that could have picked up the stock.

[164] That is a difficult thing and I appreciate that the industry has said that it made life

difficult and increased bureaucracy. However, when we start looking at the impact of the weather—we have talked a lot about the fact that we are going to need figures in the future—we will have no figures whatsoever if we do not go through the bureaucracy that is going to help us evaluate the number of burials. We need to know that. We need to know how many animals have been buried and where they have been buried, for many reasons. So, the bureaucracy that has, perhaps, created the tension that you have described—I can see that—was really necessary to get this derogation in place.

[165] **Antoinette Sandbach:** I wonder whether I can follow up on that, Christianne.

[166] **Lord Elis-Thomas:** No, I will bring in the Minister.

[167] **Alun Davies:** One of the useful functions of this committee inquiry would be to look at some of those issues around fallen stock collection and disposal. The questions that we are working through at the moment, and will be addressing, refer to logistics, capacity, contingency plans, fair pricing and all of those different matters. We are looking at those matters at present. If the committee has other issues that it wishes to bring to our attention, we are more than happy to accept those and take them forward.

[168] **William Powell:** Chair, I have one final point to make, if I may. I would like to make an appeal to you, Minister, to take account of the wider crisis that we have in Welsh stock farming at the moment, particularly sheep farming, with regard to the raised level of mortality outside the snow-driven crisis areas. I have had significant feedback on the levels of mortality among lambs and marginal ewes across the whole of Wales, because of the wider issues that are taken into account in your wider assessment of the impact on the industry and its future prospects.

[169] **Alun Davies:** We are doing that and we will continue to do so. However, Bill, in your question you used the word ‘crisis’ twice in one sentence. I do not think that it is helpful for the industry to describe it in those terms. It makes it very difficult for us to continue to develop and support the export markets for Welsh lamb if the people to whom we are trying to sell the product are constantly hearing stories of crisis. That is not helpful. We are continuing to collect the information that you have described. I said in an earlier answer that there are issues that charities are addressing outside the immediate area affected by the snowfall, such as fodder and feed and so on. We are considering those matters at the moment. We are also looking at the wider impact on the red meat sector as a whole.

[170] **Antoinette Sandbach:** Christianne, I wonder whether I could go back to—

[171] **Alun Davies:** The questions should be addressed to me and not to my officials.

[172] **Lord Elis-Thomas:** The questions will be addressed to the Minister, who will then direct them to the relevant official.

[173] **Antoinette Sandbach:** In relation to the on-farm collection, I have written to you with specific examples of farms where there have been problems. I have done that on a number of occasions. However, there were three issues that arose. First, local councils were not aware of the derogation and how that would apply. Secondly, with regard to trading standards advice to people, if they do not have a letter from the collection agencies—and I believe that one fallen stock company has only issued one letter despite having 1,300 clients—there will be evidence of telephone calls to the National Fallen Stock Company and to alternative collectors. That is an issue. The third matter—I think that you mentioned it briefly in your reply, Minister—is around the increased costs for providers having to come from outside the area to make up for the logistical shortfall, particularly in north Wales. I know that you are aware of that, but some farmers were looking at an increase of more than a

third in their collection costs. We are talking about hundreds of sheep at roughly £20 a sheep. It is the difference of between £2 and £3 per kilo of dead weight and we are talking about hundreds of lambs that died. There are some very serious lessons that could be learned from that. In particular, my concern is around trading standards departments indicating to farmers that they would prosecute them if they buried on-farm. I have this in writing if the Minister would like a copy of it. People who had been waiting over three weeks for collection of stock, and who had asked whether they could bury on-farm in accordance with the derogation, were told by Conwy trading standards department that, if they did that, they would be prosecuted. There are some lessons to be learned in terms of communication of derogation, how that applies and doing that through the local councils.

[174] **Alun Davies:** In terms of the local authorities, we have been speaking constantly to them. The area of the derogation was based on advice from local authorities, including Conwy, when it was first announced on 2 April. Christianne and her staff, as has Andrew, have been in contact with local authorities since the first week after the snowfall. We have been in constant contact with local authorities on all of these matters. From the detailed information that I have available through the farm liaison service contact with individual farmers—they have been having very detailed conversations—one of the things that comes out from those individual conversations is that trading standards departments were generally very helpful and provided flexibility and the sympathetic approach that we asked them to provide. I have not seen, and it has not been brought to my attention, the letter that you say you have. I am happy to see it and to take action on behalf of the person concerned if that is the case, but local authorities, from my reading of the situation over the last six weeks or so, have been constructive, positive and sympathetic in their approach, and that is the information that we are also getting from farmers across Wales.

[175] **Antoinette Sandbach:** The other thing that I wanted to raise with you was the issue around the banks. I know that the banks were expecting an increase in requests for facilities in any event, because of the problems over the very wet summer that we had. One farmer says that his bank—I will not name the bank—required him to convert £40,000 of his £70,000 overdraft into a further loan. That is fine, but the previous loan was 3.25% over base and the new loan is 6.25%. His overdraft was previously 2% over base, and now is 4% over base. There is an issue not just about the facilities, but about whether or not there is an element of profiteering from misfortune. That applies not only to the banks; there have been concerns raised about feed and, again, around fallen stock. That is one issue.

[176] **Alun Davies:** I will answer one question at a time. We all need to be very careful about using the privilege accorded to us in this place to make allegations of that sort against individuals or groups of people. If you have an individual instance that you wish to communicate with me, I can take up those individual issues. It is very difficult for us to respond to anecdotal information and anonymous information—that is difficult to deal with. I am not here to defend the banking sector—far from it—but I must say that the conversation that I had with the main clearing banks last week was positive. Clearly, I know many of the individuals who were sitting around the table, and we have spoken at different county meetings, in different places, on many occasions. They are people who know the rural community and who know the agriculture business, and they are people in whose interest it is to make sure that farmers succeed. If there are instances where that is not happening, then I am happy to take that up with the banks. We finished the conversation last week by agreeing to meet again in the future to review the situation.

[177] I have said to the banks that there needs to be a very sympathetic consideration of cash flow issues—I believe that I said that in my last written statement. You will be aware that I am trying to bring forward the next settlement of the single farm payment in the areas concerned, to alleviate cash flow problems. Again, we are the only part of the United Kingdom that is taking that action. We are trying to do that, to ensure that farmers who will

have problems in the autumn—when they would normally see a significant income from the sale of lambs, and will not see that this year—will have a means of ensuring that their businesses are afloat. Again, Antoinette, that suggestion came from sitting around a kitchen table, talking to an individual farmer. Going back to points that Llyr and Bill raised, I have been moved by the situation of individual farmers and their families, but also, frankly, inspired by the way in which they are dealing with some of these issues, as well as by the way in which they have proposed practical means by which the Government can take action, and use public resources, to sustain their businesses, and to sustain the industry as a whole. Many of the actions that I have taken have been as a consequence of those conversations.

[178] **Antoinette Sandbach:** Minister, I know the individual farmers to whom you were speaking around that kitchen table, because they have been on the telephone to me this week. One of them has expressed a great deal of concern that the help is not getting through to the right people. For example, he has lost stock—he has lost a huge amount of breeding ewes—but the help is for additional feed, and not, for example, to help him with the cost of collecting his dead ewes. He does not have ewes to feed, because they have been killed.

[179] **Lord Elis-Thomas:** I am afraid that we cannot resolve this discussion in committee—it is better conducted outside. We are out of time, and I know that the Minister has to go, but there is one question—

[180] **Alun Davies:** I wish to make one point, Chair. I was referring to a private conversation, which had not been advertised, so you do not know the whole group of people to whom I have been speaking, Antoinette—no-one has that information expect me and a few other people.

[181] **Lord Elis-Thomas:** We cannot resolve this issue—

[182] **Alun Davies:** If there are instances, it is not helpful to simply describe problems—they have to be resolved. You have the luxury of opposition, whereby you can describe problems, but I have to solve them.

[183] **Lord Elis-Thomas:** Order. We have one final question on general scrutiny and legislation from Julie Morgan. Diolch yn fawr, Weinidog.

11.28 a.m.

**Craffu ar Waith y Gweinidog Cyfoeth Naturiol a Bwyd—Sesiwn Graffu
Gyffredinol
Scrutiny of the Minister for Natural Resources and Food—General Scrutiny
Session**

[184] **Julie Morgan:** I am sure that the Minister is aware of the popularity of and the amount of support that there is among animal welfare organisations, the victims of dog attacks, the general public, and the police in Wales, for a control of dogs Bill. What stage is that Bill at currently?

[185] **Alun Davies:** We have discussed this matter, and I am aware of your strong support for legislation, and your concerns. I met a constituent of yours—Dilwar Ali—and I was shocked by some of the things that he told me regarding the attack on his family. I am committed to legislation that will protect people such as Dilwar and his family. I am considering how we take this forward at the moment. I will make a written statement on that as soon as I can; I had hoped to be able to do it this week, but it might be next week. I recognise that this is a significant problem, and is an issue that we must address. Given the

difficulties that we have with time this morning, I will offer to come back to committee to undergo further scrutiny on this matter, if the committee wishes me to do so.

[186] **Julie Morgan:** Will you be able to do that before you make a decision about what you are going to do?

[187] **Alun Davies:** I cannot guarantee that; it depends on the committee, essentially. However, I do not think that that would be possible.

[188] **Julie Morgan:** Do you support specific dog legislation?

11.30 a.m.

[189] **Alun Davies:** I want to provide legislation that will address the issues that Dilwar described. We will do that in different ways—legislation will be a part of it, as will secondary legislation and guidelines. There are a number of different instruments and tools at our disposal, Julie, and I think that I share your commitment to the objective. I am trying not to answer your question directly, because I do not want to mislead you or the committee as to what my decision will be.

[190] **Julie Morgan:** I just want to make sure that we have on record that you are aware of the criticism by the Environment, Food and Rural Affairs Select Committee of the Westminster proposals to do this via general anti-social behaviour law.

[191] **Alun Davies:** I have read that report, and I am aware of its views on the legislation proposed by the UK Government. I hope that you are happy with that response.

[192] Chair, I am sorry, but I do need to leave. I have agreed to do an interview on BBC Radio Wales at 11.35 a.m., which is why I have to leave at 11.30 a.m. I would have been happy to continue this—

[193] **Lord Elis-Thomas:** I had assumed that you had a good reason. That is a good reason.

[194] **Alun Davies:** I would have been happy to continue the scrutiny session otherwise. Also, I would be happy to continue the scrutiny of our response to the severe weather issues on another occasion, if the committee wishes to ask me to return to that subject. Again, I ask Members to bring specific issues to me—that is, if there are issues that are specific to individual people. What I cannot do is simply respond to anecdotes that are repeated here, in the Chamber or in the press. I need to have direct examples of the difficulties that individuals are facing. If people bring them to me, then I will do my best to resolve those issues, and I will ask officials to work with me to do so. As I said, I am more than happy to continue the scrutiny and I am more than happy to do that work.

[195] I will write to the committee with further information on the work that Kevin Roberts has undertaken. I will also inform the committee of our own review of how we responded to this episode. Committee members will have an opportunity to scrutinise me on those matters.

[196] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr, Weinidog, Dr Christianne Glossop ac Andrew Slade. **Lord Elis-Thomas:** Thank you very much, Minister, Dr Christianne Glossop and Andrew Slade.

11.32 a.m.

Papurau i'w Nodi
Papers to Note

[197] **Yr Arglwydd Elis-Thomas:** Mae gennym fater o fusnes cyhoeddus arall, sef papurau i'w nodi, gan gynnwys yr ohebiaeth oddi wrth y Gweinidog yn dilyn ein cyfarfod diwethaf.

Lord Elis-Thomas: We have another matter of public business, namely the papers to note, including the correspondence from the Minister following our last meeting.

[198] Dyna ddiwedd ein trafodion. That brings our proceedings to a close.

Daeth y cyfarfod i ben am 11.32 a.m.
The meeting ended at 11.32 a.m.