



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

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

Dydd Mercher, 29 Ionawr 2014
Wednesday, 29 January 2014

Cynnwys **Contents**

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

Rheoli Tir yn Gynaliadwy: Tystiolaeth gan Cyfoeth Naturiol Cymru
Sustainable Land Management: Evidence from Natural Resources Wales

Rheoli Tir yn Gynaliadwy: Tystiolaeth ar yr Economi Wledig
Sustainable Land Management: Evidence on the Rural Economy

Rheoli Tir yn Gynaliadwy: Tystiolaeth ar Ynni ar Raddfa Fach
Sustainable Land Management: Evidence on Small-Scale Energy

Papurau i'w Nodi
Papers to Note

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

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

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

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
Llyr 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**

Chris Blake	Cyfarwyddwr y Cymoedd Gwyrdd (Cymru) Director, The Green Valleys (Wales)
Dai Davies	Cadeirydd, Hybu Cig Cymru Chair, Hybu Cig Cymru
Gary Davies	Cyfarwyddwr y Strategaeth Ranbarthol, Partneriaeth Ranbarthol De-orllewin Cymru Regional Strategy Director, South West Wales Regional Partnership
Siôn Aron Jones	Rheolwr Datblygu Diwydiant, Hybu Cig Cymru Industry Development Manager, Hybu Cig Cymru
Brian Pawson	Uwch Ymgynghorydd Amaethyddol, Cyfoeth Naturiol Cymru Senior Agricultural Adviser, Natural Resources Wales
Joanne Sherwood	Pennaeth Cynllunio Cyfoeth Naturiol, Cyfoeth Naturiol Cymru Head of Natural Resources Planning, Natural Resources Wales
Richard Tomlinson	Rheolwr Gyfarwyddwr, Fre-energy Managing Director, Fre-energy
Ben Underwood	Cyfarwyddwr Cymru, Cymdeithas Tir a Busnes Cefn Gwlad Director Wales, Country Land and Business Association

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

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

*Dechreuodd y cyfarfod am 9:33.
The meeting began at 9:33.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Yr Arglwydd Elis-Thomas:** Bore da a chroeso i Aelodau a thystion i'r cyfarfod hwn o'r Pwyllgor Amgylchedd a Chynaliadwyedd. Fel y gŵyr pawb sydd yn gwranddo ar y pwyllgor hwn, mae lle gwag ar y pwyllgor ers i Vaughan Gething ymuno â'r Llywodraeth. Rwy'n dweud hynny bob wythnos yn y gobaith y bydd rhywun yn gwranddo.

Lord Elis-Thomas: Good morning and welcome to Members and witnesses to this meeting of the Environment and Sustainability Committee. As everybody who listens to this committee knows, there has been a vacancy on this committee since Vaughan Gething joined the Government. I say that every week in the hope that somebody will listen.

09:34

Rheoli Tir yn Gynaliadwy: Tystiolaeth gan Cyfoeth Naturiol Cymru Sustainable Land Management: Evidence from Natural Resources Wales

[2] **Yr Arglwydd Elis-Thomas:** Rydym heddiw yn derbyn tystiolaeth ar reoli tir yn gynaliadwy. Mae'r ymchwiliad hwn yn allweddol, nid yn unig i ni fel pwyllgor, ond hefyd i'r trafodaethau presennol sy'n digwydd dan arweiniad y Gweinidog, fel y gwelwom ddoe yn y Cyfarfod Llawn. Mae'n bleser gennyf, felly, groesawu Joanne Sherwood a Brian Pawson o Cyfoeth Naturiol Cymru. Mae wastad yn bleser cwrdd â'r prif gorff y mae'r pwyllgor hwn yn ceisio gofalu amdano; yn wir, gallem ddweud mai ni yw bydwaig y corff hwn, gan ein bod wedi bod yno hyd yn oed cyn ei enedigaeth—neu o leiaf ar ei enedigaeth—yn ymwneud â'r cynllun busnes gwreiddiol ac yna â'r rheoliadau pan sefydlwyd y corff. Rydym yn edrych ymlaen at ymdopi â beth bynnag y bydd y Llywodraeth yn dod ger ein bron gyda Bil yr amgylchedd, a fydd yn dod ger ein bron yn fuan.

Lord Elis-Thomas: Today we are receiving evidence on sustainable land management. This is a key inquiry, not only to us as a committee, but also to discussions currently going on under the leadership of the Minister, as we saw yesterday in Plenary. It is my pleasure, therefore, to welcome Joanne Sherwood and Brian Pawson from Natural Resources Wales. It is always a pleasure to meet the main body that this committee is trying to look after; in fact, we could say that we are the midwife of this body, as we were there even before it was born—or at least at its birth—dealing with the original business plan and then dealing with the regulations when the body was established. We look forward to dealing with whatever the Government brings before us in the environment Bill, which will be before us quite soon.

[3] Would either, or both, of you like to make an opening statement? I will help you by asking a very general question. What do you think the phrase 'managing the land sustainably'—or maybe I should say 'earth', because *tir*, or *terroir* in French, means both, from *terra* in Latin—means? What does it mean to you as an organisation?

[4] **Ms Sherwood:** Yes, we would like to make an opening statement. Thank you for the invitation today. It is a very good question: what does managing land sustainably, or sustainable land management, mean? For us, we think that it means that all farms and businesses should have the ability to develop economically while, at the same time, protecting the environment for future generations and providing a range of benefits to society—whether that is by managing greenhouse gas emissions or pollution or improving opportunities for public enjoyment of the countryside. We think that it is a journey. We are on that journey alongside other people, because we have significant land-holdings in Wales alongside other roles. There are a range of tools that are available to promote engagement in this conversation

and this journey. There are tools around regulation and I am sure that we will come on to knowledge transfer later. There is also the system of payments. More than anything else, there is something about sharing best practice and exemplar projects. We are keen to work with others on this journey and we have agreed some points that we would like to work on with the unions. That is partly because we are not sure that there is an agreed definition of sustainable land management. That may be one of the things that we come on to and it might need an agreed framework to take this forward in Wales.

[5] **Lord Elis-Thomas:** Can I just tempt you and Brian a bit further on that? If there is no agreed definition of sustainable land management, what is yours?

[6] **Ms Sherwood:** I think that our definition would be something that means that there can be economic benefits alongside environmental and social benefits, so that ecosystems are protected. It is not about putting things in competition; it is about managing both together for now and the long term.

[7] **Mr Pawson:** One of the first lines of our evidence was that

[8] ‘sustainable land management (SLM) involves supporting economic activity whilst protecting and enhancing terrestrial and aquatic ecosystems.’

[9] You should be able to hand on the land to future generations in as good a heart as you received it, but we should also ensure that we have business resilience and ecosystem resilience so that systems can withstand the shocks that are likely to affect them over time. There is a link between the definition of sustainable land management and ecosystem resilience. Joanne referred to the fact that we do not have a clear and agreed definition. One of the things that we highlighted in our evidence was that there is a clear and agreed definition for sustainable forest management, which has been agreed at a European level. It makes it a lot easier to work out what one is aiming for if we have a mutually agreed definition. We can give you our definition and other people have given you their definitions but how do we know that we are all moving towards the same thing?

[10] **Lord Elis-Thomas:** Do you think—this is my final question, before I hand over to Antoinette—that it is helpful for the National Assembly and Welsh Government in legislating and in using definitions to relate them to international definitions, whether that is through European or United Nations environmental programmes?

[11] **Mr Pawson:** If international definitions for things exist, it is difficult to set up one’s own definition, because you end up with a lack of clarity—people do not know what we are aiming for in Wales. I also think that there is more strength if we base our definitions on ones that are already in existence.

[12] **Ms Sherwood:** May I just add that I also think that the markets—particularly for things like timber—are European markets, if not global markets, so I think that agreed definitions are helpful?

[13] **Antoinette Sandbach:** I am really delighted that both of you have mentioned timber. I would like you to look at the way that Natural Resources Wales is managing its current forest estate in south Wales, particularly in relation to Phytophthora. You have over 1 million cu m of woods with infected larch standing there and no plan other than to leave it. You are two years behind on your felling. Will you explain to me how you are protecting the environment for future generations by adopting that approach? How does that link in with your sustainable land management priorities?

[14] **Ms Sherwood:** Clearly, Phytophthora is a big issue, particularly in the south Wales

Valleys as you have identified. We looked at felling and what that would mean, and we also looked at other methods of controlling the disease, but leaving the trees standing, which also helps to keep the carbon where it is. There is also an issue about making sure that we know how we will be resourced to replant some of that area and how, if and when that replanting takes place, it will help with diversity, plant health and resilience against diseases such as Phytophthora.

[15] **Antoinette Sandbach:** You are resourced by the Welsh Government. How you allocate those resources is a question for NRW, but it also affects other landowners in the south Wales Valleys, and indeed further up—I know that you have done modelling that shows that, as a result of that decision, the disease will effectively spread throughout mid Wales and towards west Wales as well. None of those landowners get grants for restocking. Restocking locks up carbon as soon as you use the wood, yet it seems to me that NRW is taking an approach that says, ‘We are not going to allocate the resource to deal with this issue in the Welsh Government estate, but we expect private landowners whose woods are infected by that decision to restock at their own expense, and they are not allowed to plant Phytophthora-resistant Sitka’. I want to know how, in your practical day-to-day management, you are applying the principles that you want other landowners to apply.

[16] **Ms Sherwood:** We are in discussions with Welsh Government about how we allocate the resources that we are given to different priorities from Government, including towards that management of Phytophthora. The other thing that we have looked at through our discussions and our contributions to the debates on the common agricultural policy and the rural development plan is how other private landowners can get some funding for replanting on their land as well.

[17] **Antoinette Sandbach:** At the moment, though, that funding does not exist, but you insist that the replanting takes place. You are also insisting that rather than planting with Sitka, which is resistant to disease and would have an economic benefit in the future, which would lock up carbon and grows the quickest, that landowners plant native species that continue to be vulnerable to Phytophthora. These native species will not grow as well and I am certain that your tree health people will be advising you of that. Yet, that approach of planting Sitka is not being taken. I am concerned when you are asking for additional powers for NRW to do innovative new projects that you are not actually using your current powers. As I understand it, there has been no analysis of your legal powers by Natural Resources Wales—I have a written answer that confirms this—

[18] **Lord Elis-Thomas:** May I suggest that the line of questioning returns to the main subject of the morning? We are not examining the legal powers of NRW. If we were, no doubt, we would have others on the panel.

[19] **Antoinette Sandbach:** Okay. My concern is, for example, that you are applying standards outside the Welsh Government forest estate and expecting private landowners to apply standards that do not apply to your own management of your own estate. I want to know how that fits into your idea of sustainable land management.

09:45

[20] **Ms Sherwood:** May I pick up the point about the different varieties and species of tree? What we have seen is that there has been a degree of monocultures—in other words, single-species planting—and they are particularly vulnerable to disease as it comes in. It is inevitable that disease will come in. So, on that sort of diversification, we work very closely with Forest Research to understand, and to undertake some trials about, what sort of species can, indeed, produce that timber in the long run. You are absolutely right that there needs to be a long-term sustainable supply of timber to the market, as well as resilience to some of

these diseases. This is a journey. We are learning and doing research and sharing that with the industry to help it to be as resilient as it can be, as well.

[21] **Lord Elis-Thomas:** Thank you; you brought it back in. [*Laughter.*] I am sorry; I am just trying to—

[22] **Antoinette Sandbach:** I know. It is just concerning to see how that works.

[23] **Lord Elis-Thomas:** I think that your point was well-made and now we understand the discussion in the context, especially when we came back to the issue of single species, because what you are talking about, really, is a forest estate that is much more diverse, but still commercial.

[24] **Ms Sherwood:** Absolutely.

[25] **Llyr Gruffydd:** Bore da. Fe sonioch chi yn eich sylwadau agoriadol ynglŷn â'r pum blaenoriaeth ar gyfer rheoli tir yn gynaliadwy yr ydych chi wedi eu cytuno, fel Cyfoeth Naturiol Cymru, gyda'r undebau amaeth a rhai o'r budd-ddeiliaid amgylcheddol pwysig. Un o'r rheini yw sicrhau gwell dealltwriaeth o'r hyn mae rheoli tir yn gynaliadwy yn medru ei ddelifro. Sut ydych chi'n mynd ati i wneud hynny?

Llyr Gruffydd: Good morning. You mentioned in your opening remarks the five priorities for sustainable land management that you, as NRW, have agreed with the agriculture unions and some of the major environmental stakeholders. One of those is to ensure a better understanding of what sustainable land management can deliver. How are you actually achieving that?

[26] **Mr Pawson:** That sets out the approach that we want to adopt with others. One of the things that we continue to do as Natural Resources Wales is to liaise with partners in the farming sector, which we obviously do at a senior level. We have a group called the Wales land management forum, which is chaired by one of our board members. We meet with senior board members from the farming unions, the Confederation of Forest Industries and the young farmers. This is part of the journey that Joanne describes. We are actually talking to people to get a better understanding through simply exchanging information with each other.

[27] Obviously, when it comes down to getting a clearer understanding of what land is delivering, one of the examples that I would pick, because I actually managed the project, is the work that we did through the land use policy group on sustainable intensification. I think that the committee has received a copy of it, because I mentioned it in previous evidence. It was a starting point in trying to explore what we mean by sustainable land management, and what kind of indicators we would use. Basically, we have a basket of indicators looking at everything from greenhouse gas emissions, nitrate emissions and the quality of biodiversity, through to the amount of food being produced on land, or the quantity of timber being produced.

[28] One of the things that I found interesting as part of that study, was just how difficult it is—even if you work out which indicators you want to look at—to work out which metrics you use when considering those indicators. If we are looking at greenhouse gas emissions, do we mean the greenhouse gas emissions that a farm produces per hectare, or do we mean the greenhouse gas emissions that the farm produces per kilo of meat? I thought that food production would be easy, but actually, we spent ages talking about it. How do we measure it? We converted it to a measure of energy—gigajoules—which is fine if you are an arable farmer and if, over five years, you produce more arable crops, then the amount of energy that you produce goes up. One of the arable farmers in the case studies—all of the farmers were picked as being examples of people who were innovative—had decided partway through the study to go from producing cereals to producing fruit. His gigajoules went right down.

Presumably, he went into producing fruit because it was economically beneficial to produce fruit. One of the problems of measuring by energy is that it does not actually tell us anything about the quality of the food, or the nutritional value of the food. The conclusion that I came to at the end of the study was that sustainable intensification is a good way of talking about a concept that we need in order to deal with an increasing global population. Unfortunately, it does not deal with how you distribute food internationally.

[29] Perhaps, in Wales, we need to think more about sustainable production. From the point of view of the person running the business, is it profitable to do these things? Producing more food may be an answer for some people, but it will not be an answer for everybody. Surely, we need a sustainable production system that makes a decent return for the person running the business as well as impacting less on the environment.

[30] **Llyr Gruffydd:** Yr hyn rwy'n trio cael ato fe yw hyn: sut ydych chi'n cyfleu hynny i'r holl bobl sy'n ffermio'r tir? Mae'n ddigon hawdd i ni drafod y peth yn y fan hon. Rydym wedi derbyn tystiolaeth, fel pwyllgor, sy'n awgrymu nad yw nifer o ffermwyr sy'n cael arian ar hyn o bryd ar gyfer prosiectau sy'n cyfrannu at daclo newid hinsawdd, ac yn y blaen, yn gwerthfawrogi pam eu bod yn cael y pres, oherwydd nid ydynt o reidrwydd yn gwneud y gwaith eu hunain. Felly, nid ydynt bob tro yn deall y *rationale*. Nid wyf am gyffredinolli, ac efallai mai enghreifftiau unigol yw'r rheini, ond, yn sicr, rydym wedi cael y dystiolaeth honno fel pwyllgor. Felly, rwy'n tybio y byddech yn cydnabod bod ffordd bell i fynd i gyfleu'r negeseuon ynglŷn â'r *approach* eco-systemaidd, er enghraifft, i'r bobl sy'n defnyddio'r tir hwn.

Llyr Gruffydd: What I am trying to get at is this: how do you convey all of that to the people who farm the land? It is easy enough for us to discuss it here. We have received evidence, as a committee, that suggests that many farmers who currently receive funding for projects that contribute to tackling climate change, and so on, do not truly appreciate why they are receiving those funds, because they do not necessarily do that work themselves. Therefore, they do not fully understand the rationale behind it. I do not want to generalise, and perhaps these are individual instances, but, certainly, we have received that anecdotal evidence as a committee. So, I assume that you would acknowledge that there is a long way to go to convey these messages effectively about the eco-systems approach, for example, to the people who use the land.

[31] **Ms Sherwood:** That is absolutely right. It is clear, for example, that some of the terminology in itself can be a barrier to understanding, and we have committed to work with the Welsh Government to try to clarify what that means in reality and practice.

[32] We have looked at some research, and there are two suggestions. One is that people like information, but they like it in a number of different ways, whether it is through internet provision or leaflets and guidance. However, most people like face-to-face contact. So, advisory services are particularly important, and, historically, we have provided advice to services such as Farming Connect, so that they can go and talk to land managers. The other thing that has been particularly successful is peer demonstration schemes, where farmers or land managers can share their own best practice and knowledge. Projects such as that in the Cambrian mountains and the Future Farmers of Wales are very good examples of that, where they are helping to share knowledge around their own community, rather than relying on a stranger to come and to say, 'This is how it is done'. However, I agree that there is more work to be done there.

[33] **Llyr Gruffydd:** I would imagine that you clearly see a role for the RDP in delivering a lot of that.

[34] **Ms Sherwood:** Yes. Advisory services and information have to go alongside it, because people need to understand why they are being asked to do it and to understand some

of the ways that they might deliver and some of the practical things that they could do, and to learn from others where it has been successful, particularly because I think that buyers and people are worried about the expense of some of these things. They are worried about what it will do to their practice on the farm and whether it will make their lives more difficult. We are mindful of that.

[35] **Lord Elis-Thomas:** And, educating their advisers, no doubt. Julie James is next and then William Powell.

[36] **Julie James:** On that point, one of the things that we are interested in is developing the approach for payment for ecosystem services, but also encouraging people to use their land in the most advantageous way for society in general, as well as just for their own profit. I can think of a farm, which is very close to my constituency on the borders in Gower, that has just converted very good agricultural land to the production of Christmas trees, because that is considerably more profitable for their family, and I am sympathetic to that. However, it seems like a strange thing to do to very high-quality arable land in the circumstances. I wonder how you would approach farms that are taking that kind of approach to their land.

[37] **Ms Sherwood:** Decisions on individual farms are clearly a matter for the individual landowner, and the economics, the environment and social benefits need to go hand in hand. In terms of woodland, a lot of farm woodland has not historically been brought into management. One of the things that we would suggest is that it is about the land that is of marginal value, agriculturally, that is often the land that we would be encouraging the land managers to look at for woodland creation in particular. There are other benefits, as you said; there are social benefits. Many farms are looking at how they can encourage wider educational opportunities from what they do on their land.

[38] **Mr Pawson:** If I could add to that, I think that one of the things about sustainable land management is that it covers quite a large range of activities. One could start off by looking at what one might define as unsustainable land management, where, presumably, you have a regulatory framework, so, a farm that was unsustainable, you could argue, was one that was actually breaching the regulatory framework in some way. Plainly, as an organisation that has regulatory responsibilities, we have a role in ensuring that farms actually get above the regulatory minimum in the whole basket of indicators that we are looking at. However, assuming that—I have to use a football analogy—you have got out of the conference and you are into the old fourth division—

[39] **Julie James:** You have lost me now, I am sorry. [*Laughter.*]

[40] **Mr Pawson:** You are failing—you have got into the basic bottom of the league and our role, then, is to try to move you up through the league. I carry on with my football analogy; I grew up in the days when there was a fourth division and there was not even a premiership. We would like to get people from the fourth division up to the premier league.

[41] **Julie James:** I am sorry, I just do not do football; I am a rugby girl.

[42] **Mr Pawson:** I had the Swans in mind.

[43] **Julie James:** I am very pleased that the Swans are in whatever division they are in, but I am still a rugby girl. [*Laughter.*]

[44] Going back to the point that I am trying to make, I have every sympathy with the farmer in question, and no doubt it fits some definitions of sustainable land management, because it is a commercial crop of forestry, and it is not a monoculture, because it includes a number of different types of conifer and so on, but they are being grown for Christmas trees

across the entire land of the farm, not on marginal land or anything else. I suppose that I was trying to make a wider social point there that, while I have every sympathy with that family, and, indeed, I happily purchase my Christmas tree from them every year, there is a real big issue about whether they ought to be encouraged to use land that is prime arable land in that commercial way.

[45] **Ms Sherwood:** The environment White Paper sets out proposals for an area-based approach to natural resources management, and, as we think about how that might develop, those sorts of discussions will be had. Clearly, they have to be discussions that involve all of the interested parties; it is not something that can be imposed, because taking the ecosystems approach is very participatory, and, inevitably, there will be some trade-offs, and we are going to have to work out, as the policy develops and as the frameworks and guidance develop for that approach, what it means in those sorts of situations.

[46] **Lord Elis-Thomas:** William Powell is next and then Julie Morgan. May I just ask, quickly, whether you think that the White Paper definition—because obviously we have been looking at the environment White Paper—is an appropriate one, or would you propose improving it in any way? Presumably, you were consulted on it by Government.

[47] **Ms Sherwood:** Yes. One of the things that we said was that, with any definition that is set in statute, you have to be quite careful to ensure that you get it right. So, we think it should be a broad definition. The proposal in the White Paper sets out detail of what it might include, and there is always the risk that you miss something, and that you then potentially live to regret it, so we think that something that is very broad and all-encompassing would be the best definition, and, indeed, would meet some of the things around sustainable land management as well.

[48] **Lord Elis-Thomas:** We are very conscious of this, because, when we come to legislate, one of the issues for us is how detailed legislation should be, because that is where you get into difficulty, very often, in implementation.

[49] **Mr Pawson:** I think that one of the things about the White Paper definition—I talked about ecosystem resilience, and the White Paper definition talks about nature's life-support systems. I think that one of the difficulties with the definition that I used is that, of course, you then need to define what you mean by 'resilience' and you end up with long lists trying to define each element of the phrase that you have used. So, I think that there are merits in trying to use simpler language that avoids the need to keep using further definitions.

[50] **Lord Elis-Thomas:** So long as the environmental lawyers do not get hold of it. *[Laughter.]* William Powell is next.

[51] **William Powell:** If I could move back to the rural development plan, which you touched on earlier, you mentioned in particular the involvement that you have had with supporting Farming Connect. What other kinds of programmes would you like to see incorporated into the RDP in the next round that would actually help to deliver the cause of sustainable land management?

[52] **Mr Pawson:** Well, probably the big five: land management, which would cover all of our existing land-management schemes and new schemes to be developed; investment programmes; one-off capital grants or loans; knowledge transfer, which I think will be a very big part of the next RDP; and a lot of what Joanne was talking about, about how you actually ensure that farmers and other land managers actually do understand and learn from the schemes that they are being engaged in.

10:00

[53] There is a very recently published report that we only picked up yesterday by the Wales Rural Observatory on knowledge transfer, which talks a lot about knowledge exchange and, basically, mutual learning. These kinds of ideas, where you use facilitators to ensure that people learn through talking to each other and through doing, I think are much better; I think that we all learn better through doing things than we do by being told them. However, those things, of course, are much more expensive. So, I think that there is quite a lot to be done in terms of developing knowledge transfer. So, something for the big five, something for the uplands, and also to think about how we link what goes on in terms of land management and what goes on in wider rural communities in terms of social and economic development. Peter Davies's RDP advisory report talked about the role of LEADER and how the local action groups can perhaps look at ways in which some schemes could be delivered at a local level so that they are more tailored to local needs. The thing is trying to get the spin off between what happens through one part of the RDP and what happens in another part of the RDP so that it is all mutually reinforcing and you actually get economic social growth and environmental benefits in rural areas. I did mention, in part of our evidence, another study that the land use policy group did, looking at one of the Italian provinces that seems to have done a very good job of linking all of its different measures together.

[54] **William Powell:** If I could drill down a little bit more into the proposed loan scheme, am I correct in thinking that that would be an innovation in the RDP if that were—

[55] **Mr Pawson:** I do not think that loans are—

[56] **William Powell:** How do you see that operating? What kind of schemes or programmes do you think that would be appropriate for?

[57] **Mr Pawson:** Probably, the kinds of situations where you are going for investments. One of the things about loans, I think, is that, potentially, you have the opportunity, if you have a limited pot of money, to make that pot of money go a bit further. However, it depends on whether businesses—. Some businesses are probably more used to using loans than others—businesses are already engaging in loans, and, for some people, perhaps this would not be the appropriate way to go. The risk with loans, obviously, is whether you end up with people who are going to pay them back. In our last response to the RDP consultation, we said that we thought that it was important that people had a business plan. You could, if they do not have a business plan, even help them to develop a business plan through a small grant, but you need to try to make sure that, if you are going to go into a loans system, you do not create more problems by saying, 'This is a good way of making our resources go further. It is a good way of engaging people rather than just giving them a grant'—you need to manage the risks as well.

[58] **William Powell:** Might such a scheme be appropriate for developing local partnerships? I think that you referred to the Cambrian mountains initiative, and also I have recently become more aware of the work of the Wye and Usk Foundation in catchment management issues and promoting sustainable fisheries. Would that kind of case be one where such a loan scheme could be appropriate?

[59] **Ms Sherwood:** Shall I pick that up? I think that that is a good example. You mentioned the Wye and Usk Foundation. One of the things that we find when we have looked at reasons for water framework directive failures, for example, is that, with regard to farm infrastructure, there is a need to invest in some places in farm infrastructure, whether it is on access rates or on slurry storage. Those are exactly the sorts of areas where farmers are really worried about being able to make those sorts of capital investments, wanting to do the right thing, because it is a matter of applying nutrients at the right time, and being able to store them so that they can apply them at the right time. It is also better for their business, it stops

pollution, helps to prevent run-off, and it is better for things such as fisheries. So, I think that that is the other thing that it could be used for.

[60] **William Powell:** Finally, do you believe that the Welsh Government's proposals for the pillar 1 payments will actually actively support sustainable land management in time to come?

[61] **Mr Pawson:** Sorry, is that a question about the current structure of pillar 1 or the transfer from pillar 1 to—

[62] **William Powell:** Not the transfer, but the current pillar 1 approach of direct payments.

[63] **Mr Pawson:** One of the things about the move to area payments is that, with all of the modelling that was done, no matter how you ran the models, there were always going to be losers and gainers. Our advice was that, if we were in a situation where payments were likely to decline over time, one should try to avoid big shocks to the system, and, if you had to design something, it would probably be better to design something where, if the income stream is going to decline over time, everyone would see some sort of decline from the start rather than some people getting windfall gains from a move to the area payment system and some people getting losses. So, I think that the system that is currently being proposed would actually match what we were suggesting in that it would reduce the number of windfall gainers.

[64] The other thing that is being suggested is that the majority of greening is actually delivered through pillar 2 and that a substantial slice is moved from pillar 1 to pillar 2 to fund that rather than trying to use some kind of fairly complex scheme within pillar 1 that might not meet European rules. It is probably a better solution to try to do greening within pillar 2.

[65] **William Powell:** In answer to my first question, you said that it was important to incorporate some level of support for the uplands through pillar 2. Do you consider that there is a risk that, if that is not done effectively, it will lead to large-scale abandonment of the uplands, with associated problems in terms of under-grazing and invasive species taking over and so on? We have had examples from Snowdonia previously, and we saw it on one of our site visits as a committee. We heard about it in relation to the rhododendron problem. I know that it is a major problem in the wider Swansea bay area also. Is that a concern you have?

[66] **Mr Pawson:** When we talk about land abandonment, that is exactly where this is happening. There is obviously the issue of people moving out of agriculture altogether, whether that land is then abandoned or bought by somebody else. What we have also been picking up from some of our local-level staff is that there is less management of the uplands within certain farm systems, so there is more concentration on cross-bred ewes, perhaps, and keeping them on the in-bye, and not using the extensive grazings to the same extent. I think that there are ways of addressing that through the RDP. We were very pleased that one of the sections of the Glastir consultation talked about using a new approach in certain areas of the uplands—where, perhaps, you are trying to deal with extensive *Molinia*—of actually funding some of the fixed costs of running particular kinds of enterprises in the uplands or even covering insurance against disease risks. Certainly, one of the things I have always been interested in is the idea that, if you look at costs plus income forgone, everyone says it is a very inflexible formula. However, unfortunately, we are stuck with it because it is embedded in the World Trade Organization green box.

[67] You can look much more creatively at what you mean by costs, and, plainly, if we want somebody to keep five cows on an upland enclosure rather than 10, we can pay them the difference between five and 10. However, if what we want them to do is keep 10 cows, what

do we pay them? There is no income forgone. However, if we say that, actually, the costs of keeping those kinds of enterprises running in those kinds of situations are becoming greater over time, then I think that there are ways of looking at that, and I was very pleased to see that the Welsh Government consultation on Glastir suggested that it would start to look at that kind of idea.

[68] **William Powell:** Thank you, that is very useful.

[69] **Lord Elis-Thomas:** I am going to go to Julie Morgan next and then Joyce Watson, but may I ask one quick question on the back of your answers there? Do you therefore feel that your advice is being listened to and responded to by Welsh Government?

[70] **Mr Pawson:** One would always like to think that. [*Laughter.*]

[71] **Lord Elis-Thomas:** Okay, but, in particular, with reference to the new Glastir consultation, clearly, we have followed this as well since the inception and we are very keen to make sure that the objectives we are searching for as a committee are being realised in implementation, as you are, presumably. Julie Morgan is next.

[72] **Julie Morgan:** Thank you, Chair. I want to go back to how you communicate what is sustainable land management, and I can understand how a farmer who is producing food and struggling to make a living may find the idea of sustainable land management a burden and an intrusion on what she or he is doing. I just wanted you to say a bit more about how you get over that. How is your communication working so that people have the opportunity to understand what is meant by this?

[73] **Mr Pawson:** I think that there are lots of different organisations working on trying to ensure that farmers have a better understanding of this. I think that a lot of farmers already have a good understanding of it.

[74] **Julie Morgan:** Yes, but some do not.

[75] **Mr Pawson:** One of the interesting things about the work that I quoted earlier, which was done by ADAS on sustainable intensification, was that it involved looking at innovators in farming, who would not necessarily have called it sustainable intensification, but what they were definitely doing was trying to produce more food while impacting less. We also used farmer focus groups to discuss how you might, if you were not in the innovator category, but in the next category below, start to think about what you might do and how you might engage with these kinds of ideas. I think that a lot of farmers are quite interested in these things.

[76] If you were coming at the issue from the point of view of somebody who said, ‘I have to concentrate on food production’, I think that we would look at talking about why sustainable land management makes good business sense. If you were talking about better use of nutrients, for instance, and if you were developing a nutrient management plan, we have examples of farmers who saved literally thousands of pounds by using manures better. First of all, you are substituting manures for fertilisers that you would have to buy in, and at the other end of the scale, if you are managing your nutrients better, you are obviously reducing risks to the environment. To be blunt, you are reducing the risks of being taken to court and being fined.

[77] Therefore, there are lots of ways of engaging with these kinds of ideas, but I think that perhaps one of the most profitable ways—although you can engage with people as individuals, which might be at the nutrient management planning level—is trying to engage with land managers as groups and this idea of mutual learning. Agrisgôp was developed as part of the Farming Connect process as a way of encouraging farmers to share ideas for

innovation and some of those might have had an environmental impact, while some of them might not. You could use the Agrisgôp technique. You could use facilitators who were trained in encouraging people to share ideas to build this kind of better understanding. As Joanne said at the beginning, it is a journey that we are all on. I remember somebody telling me once that you could tell somebody something once and you could tell them again, but it is not until you had told them the seventeenth time that they could remember what it was that you said. I do not think that it necessarily takes that many times, but learning by doing and by sharing ideas is often the best way of doing it.

[78] **Julie Morgan:** So, you think that the mechanisms are there for this communication.

[79] **Mr Pawson:** I think that the framework is there in that we have Farming Connect. I know from when I have talked to colleagues in other agencies in England that they are very envious of the fact that Wales has something like Farming Connect, but one could expand on a lot of what is being done through Farming Connect. I think that the Wales Rural Observatory report that I just mentioned involved a lot of interviews with a lot of people from across not just Farming Connect, but the higher education colleges, agricultural colleges and universities. There are an awful lot of people, potentially, who could be engaged in the kinds of things that we are talking about. It comes back to this idea that you have to have a mutual understanding of what it is that you are trying to achieve and then work together.

[80] **Julie Morgan:** What about understanding within schools? Do you think that that is happening at all?

[81] **Mr Pawson:** I think that it is probably happening in some places. I remember the days when I was in a previous job as a policy officer for the Tir Gofal agri-environment scheme, and that had provision for educational access, which I think was difficult to develop under Glastir, because of the European rules that were applied. However, providing school visits to farms can be a good way of ensuring that these kinds of ideas are spread more widely.

10:15

[82] **Julie Morgan:** That seems to me an essential area that should be developed.

[83] **Ms Sherwood:** It is not just farms. We have education officers who work on a sustainable forest school-type approach. Part of it is that it helps young people to engage with their environment in a fun and proactive way. It helps them to learn lessons that are applicable later on in life, so I think that, as you say, the education of young people is important in that respect.

[84] **Lord Elis-Thomas:** Joyce Watson is next, then Russell George.

[85] **Joyce Watson:** My question is on the same theme, really, of transferring knowledge, because knowledge is power, and without it, we will not get the delivery that we want. Accepting that everybody knows the direction that they are travelling in, and I am sure that NRW certainly does, you actually manage your own land and I want to ask how, through the management of your own land, you then inform others how to manage their land. How do you spread, or transfer the knowledge that you have gained into the wider field?

[86] **Ms Sherwood:** Most of the land that we manage, as you are aware, is Welsh Government woodland estate, so it is managed on behalf of the people of Wales. We follow the UK Government's UK forestry standard, and there is an independent certification scheme with that, which is from the Forest Stewardship Council and another partner. We will follow that. There are guidelines that we follow, and it is about making sure that there is productive

forest while, at the same time, managing woodland for water, soils, landscape—whatever it is. We share that learning through industry conferences, events and visits to forests. Indeed, if this committee wanted to go out to see sustainable forest management in practice, and learn from our experiences on our estate, then we would be more than happy to set that up. Those are some of the things that we do. We work through bodies like Forest Research, which then shares the evidence around the forest industry.

[87] **Joyce Watson:** All knowledge that is transferred has to be backed by data, or certainly the two things go together. Are you satisfied that there is sufficient data gathering going on, and if you are not, how do you think that it might be improved?

[88] **Ms Sherwood:** On data and information, as you say, knowledge is always very powerful. A lot of the data sources in Wales are quite dispersed. Improvements in technology, such as storing things in the cloud, will start to help to improve that situation so that more people can access those data. One of the things that we have discovered is that, quite often, land managers do not just want raw data—they want the information that comes from the data, and the knowledge, wisdom and judgment that comes from that information. So, again, working through the advisory services is particularly important.

[89] Undoubtedly, there will be some gaps in that information as we go forward. As we are thinking about the approach to natural resources management, we are working out what those data are, what the gaps are, and who holds the data. So, we work with some partnerships, like the national biodiversity network, to access data from other voluntary and citizen science groups. It is an area where there is more to be done, and we talk with colleagues in Welsh Government about this idea of a data hub, and how that might be managed in the future.

[90] **Russell George:** You mentioned in your previous answer storing data in the cloud. How does technology, or poor access to technology, affect sustainable land management?

[91] **Ms Sherwood:** As information becomes more and more based around maps and being able to access systems that are mapping systems to look at information spatially on a screen, then clearly poor access to that sort of system will have a very big impact on understanding the outcomes in that area and understanding some of what needs to be done. Indeed, it is, maybe, about making the link to other people nearby who have already done that sort of thing. There is something there about making it all linked and having the appropriate technology to support it.

[92] **Russell George:** I am thinking, not just about having access to the technology itself, but being able to use the technology, because large parts of rural Wales have such poor broadband access as well. How does that link into what you have just said?

[93] **Ms Sherwood:** Those sorts of mapping tools are quite hungry in terms of speed of download. As we move towards natural resources management and area-based approaches, these are some of the issues that we will have to grapple with. How do you present information in a way that is accessible to the people who will need to sit down and discuss that around the table? That is a debate that we will have to have as we go forward.

[94] **Mr Pawson:** We still need to think through what we would need to do. Say that you were looking to measure the extent to which we are moving towards sustainable land management across Wales, and, accepting that we need a clear definition—we need to know which indicators that we are looking at and which things we are going to measure—you could look, for instance, at individual land managers to provide information on how they were progressing. Would you then look at everybody who provided that information, or would you look at a sample of those who did so? It is the same as with a farm business survey; you

would probably look at a sample. You could look at it being a system where, ideally, you would feed the data in over the net, because it would be easier to enter it that way. However, provided you were actually able to use a system that said, ‘Across our sample of 500 farmers, we can see that we are clearly moving in the right direction’, you would not need all of those 500 farmers, necessarily, to submit data over there. You can build the technology in at one level, but you can make it less of a technological impediment at the level of the person who has to feed in the data.

[95] **Russell George:** As you say, we have to be conscious that, when we come to land management, large parts of rural Wales have poor or no connectivity at all when it comes to broadband and using mobile devices. Thank you.

[96] **Lord Elis-Thomas:** Mick Antoniwi is next and then Antoinette Sandbach for round 2. *[Laughter.]*

[97] **Mick Antoniwi:** I have a very short question following on from the discussions about definitions and the importance of those. As you know, three pieces of legislation will be going through—the environment Bill, the planning Bill and the sustainability Bill; sorry, the future generations Bill, I have difficulty with the change in name. Do you have any concerns about how those might overlap and impinge upon your definition or the work that you do? If there are risks from that, how are you dealing with them?

[98] **Ms Sherwood:** In our response to the environment Bill White Paper, we flagged up that these Bills all need to be going in the same direction of travel and, preferably, use common language, so that they are clear to everybody and be geared towards delivering the outcomes set out in the programme for government. The area-based approach to natural resources management that was set out in the environment Bill proposed that Natural Resources Wales takes a lead on that. However, we have been clear that it also requires all of the delivery mechanisms to deliver the outcomes of whatever the plans are, otherwise, it will just be a plan that sits there and we will not move forward in actuality. Some of the Bills that you have just mentioned could help with that, and we have been making those comments at the appropriate point.

[99] **Mick Antoniwi:** Are you confident that there is a mechanism for communicating the identification of those potential conflicts that might arise?

[100] **Ms Sherwood:** We will certainly make those points in our response to the consultation that is out now on the planning Bill. We sit on the reference group for the future generations Bill, so we make those points in that forum as well.

[101] **Lord Elis-Thomas:** And, you are listened to there as well, are you?

[102] **Ms Sherwood:** As Brian said, we make our contribution and we get involved in discussion with officials as well.

[103] **Antoinette Sandbach:** I wanted to come back to two points; first, the data collection point that Joyce Watson raised earlier. There are a lot of data at the local records office. We have the ‘State of Nature’ report that did not really refer to much Welsh data. What steps have you taken to draw the sources together? You talked about creating a data hub and putting it in the cloud—I do understand what you mean by that *[Laughter.]*—but I just wondered how far you had got with that. It seems to me that without a baseline it is very hard to measure outcomes.

[104] **Ms Sherwood:** That is absolutely right. You have to know what the outcomes are, you have to have a baseline and as you take that forward you have to measure certain

indicators, as Brian said. We have had some discussions, and we will continue to have discussions, with places like the local records centres. There are also national recording schemes—there is one for birds run by the RSPB and the national biodiversity network—which allow people to access that data. I do not think that it is solved yet; there is a lot more discussion to be had about how that would work, but it is certainly something that we want to be involved in. We have committed to trying to take that forward.

[105] **Antoinette Sandbach:** So, what you are saying is that, at the moment, no concrete steps have been taken, although everyone is talking about it. Who would be the co-ordinating body? Would it be you that would draw those sources together?

[106] **Ms Sherwood:** There is a debate to be had about whether you draw the sources together and have one big place where it is all put, or whether you have distributed information and data and ways of accessing those. We have already had a discussion about how technology can help or hinder some of those decisions, which are decisions that require investment and different ways of working. We are not at the stage where those sorts of decisions are being made, but there are discussions going on about them.

[107] **Antoinette Sandbach:** So, that is something that is being looked at, but, because it has resource implications, no decisions have been made yet.

[108] **Ms Sherwood:** That is right.

[109] **Mr Pawson:** I think that it also depends on what we are trying to do. If one had a particular purpose in mind, for example if we were trying to measure sustainable land management, it would not necessarily be Natural Resources Wales that would gather the data. We would not be charged with doing it, but I am sure that we would play a major part in it. Another example of a piece of work that I have seen recently—I have a copy sitting on my bookshelf at home—is the *Bird Atlas 2007-11*, which was designed specifically to show how our bird populations across the UK—that includes Ireland as well as the rest of Great Britain—have changed over the period since the 1970s. That is substantially based on citizen science, with the results gathered by the British Trust for Ornithology, the Scottish Ornithologists' Club and BirdWatch Ireland. Thousands of individuals have contributed—I have contributed just through recording birds in my garden. That was a specific project with a specific purpose in mind. There is the issue of how we ensure that data are accessible to all, and then there is the issue, if we decide on a particular purpose for those data, of deciding on how we run that particular project. With a project to do with a bird atlas, at least you are just talking to the ornithological community. However, as soon as we get into sustainable land management, you are potentially talking to lots of different communities and researchers and you are gathering data that may be in multiple clouds. I think that many of these questions come down to what we are trying to discuss and answer in a particular week.

[110] **Antoinette Sandbach:** That concerns me slightly. If we are talking about sustainable land management and if the decisions have not been made about what we are trying to look at, and where there is an ecosystems services approach and we do not know which part of the ecosystem we are measuring or looking at—

[111] **Lord Elis-Thomas:** We are on a journey.

[112] **Antoinette Sandbach:** I have one final question.

[113] **Lord Elis-Thomas:** Yes, and then we will move on to Julie James.

[114] **Antoinette Sandbach:** My final question is about flexibility. Some stakeholders have said that they want the flexibility to decide how they deliver outcomes that have been set at a

national and local level. If you have this big catchment approach, or ecosystems approach, my concern is that there might be a one-size-fits-all approach in that catchment that does not suit, for example, a specific site of special scientific interest. How much local flexibility will there be for project officers on the ground working with local landowners to make sure that there is enough flexibility so that it can actually work?

10:30

[115] **Ms Sherwood:** One of the requirements of the ecosystems approach is that it is a participatory approach. Looking ahead at the work that we are doing on river basin plans for the water framework directive, we are having a series of workshops in each catchment so that we can find out what the issues are locally and listen to some of the ideas about how those outcomes could be achieved. I do not think that we have all the knowledge, and people who manage land locally quite often have far better ideas and suggestions about how the land can be managed in specific locations. So, it is important that there is that degree of flexibility and that there is prescription only where it is absolutely essential to meet basic regulatory standards.

[116] **Mr Pawson:** One of the things about this kind of approach is that it has the potential to deliver a lot more. That is the thing about knowledge exchange and understanding why you are doing things. I can see how contributing to an objective would work at a specific local level. If you were trying to deliver to a national objective, you would have to break down your national objectives into local objectives and then say to a local group, working in a catchment, ‘Well, we’ve split down the national objective and the objective for you is this. We now have to work towards achieving your local objective.’ I think that that would be too confusing, but I think that we have to accept that going about it in that kind of way is potentially going to take longer and require different skills.

[117] The reason that we tend to go down the prescription route is that we are always very concerned with the jargon that the European Commission calls ‘transaction costs’. For example, if we are moving a payment of €100 per hectare from the exchequer to this person, how much extra does it cost to move it? If we are going to have a lot more discussion about how we go about things, then, effectively, the administration costs of running your programmes will go up. So, there always has to be a balance between saying that you have complete freedom to decide how to reach this objective—. Years ago, I did work with a number of groups of commoners and we had some very interesting and lengthy discussions about how to get to the objective. I do not think that you would always want to go down that route of leaving it completely open to start with, but you could have what I think is called—this is jargon again—‘directed choice’, where you say, ‘Well, these are the objectives and there are a number of routes of getting towards it and you can choose this combination of routes.’

[118] The Haverfordwest creamery example, which we cited in our evidence, is one way in which the farmers around the creamery, working with advisers from First Milk, have actually selected a range of land management options that will deliver the nutrient reductions that are equal to the increase in emissions that the creamery will produce if it moves into a cheese-making process. Farmers in that situation have had an opportunity to discuss and to work towards the objective; they have not been told, ‘You’ve got to do exactly that’, but neither have they been left with a complete freedom of choice.

[119] **Julie James:** Sorry about this question, because I suspect that there will be a long answer as well, so we might have to do it in writing. You say an intriguing thing in your paper about considering how the condition and connectivity of protected SSSIs affect the resilience of the wider environment. It is part of a very short paragraph that acknowledges that they were not designed to be within a connected system. I am very intrigued about how you might

develop that. However, since we have now run out of time, I think you probably cannot tell me now—

[120] **Lord Elis-Thomas:** We have not run out of time for someone who lives next door to an SSSI and is always behaving well. Please carry on.

[121] **Julie James:** I live right in the middle of several of them, as it happens. I am very interested in that, so I would quite like to know a little bit more about what you think about how they interact in that way.

[122] **Mr Pawson:** I am sure that that is something that we could put into a written answer, but—

[123] **Julie James:** Yes, not in two minutes—

[124] **Ms Sherwood:** Should I give you a brief taster?

[125] **Lord Elis-Thomas:** Yes, just give us a taster.

[126] **Ms Sherwood:** The process of designating protects the best of what there is, but I think that there is realisation that that needs to be connected in order to allow things to move and to be resilient to some of the future challenges from, for example, climate change. However, it also has to be considered in the context of broader land management. If you only protect those jewels in the crown, and if the crown falls away around the jewels, it becomes a much more difficult issue. That is where things like the rural development plan, and what we have been talking about this morning in terms of sustainable land management, is incredibly important. So, that, to give you a flavour of this, is the sort of thing that we were trying to get across. However, we are happy to write to you with more information, if that would be helpful.

[127] **Mr Pawson:** Just to add to that, I suppose that if we designated sites because they are peatlands, and because of the botany and the plants and animals found on those sites, then you would look at the network of peatlands and think how those peatlands actually contribute to storing water and carbon. Many of those sites were designated back in the 1950s when we did not even talk about greenhouse gas emissions. So, these sites serve another purpose, and, as a network, the whole is greater than the sum of the parts.

[128] **Lord Elis-Thomas:** We would be very grateful for some more information on that. I have one final question, which is also, possibly, one for further communication. You mentioned, in your very comprehensive paper, the fact that the Welsh rural development programme does not easily accommodate the integration of agricultural and commercial forestry. You suggest ways in which this might be done through more broadly connected advice. Would you have more to tell us about this, because we are clearly interested in the whole issue?

[129] **Mr Pawson:** Again, we wrote this evidence back in October, and the recent Glastir consultation talks, to a much greater extent, about ways in which the woodland part of Glastir could be integrated better with the other parts of Glastir. However, a lot of it is about thinking that we actually had the same kind of approach to woodland management as we had with farming through Farming Connect, where there is an attempt to engage with people in terms of why they are doing what they are doing and in terms of sharing knowledge and best practice.

[130] **Lord Elis-Thomas:** If you have other things that you would like to say to us about the Glastir consultation, in addition to your evidence that was prepared before that appeared,

we would be very grateful, because, clearly, part of our role as a committee is not to drag the Government but push the Government in a direction that we think is appropriate for public policy; is that fair?

[131] **Mr Pawson:** I think that we are still absorbing the Glastir consultation.

[132] **Lord Elis-Thomas:** We all are. [*Laughter.*]

[133] I thank you very much for your evidence.

[134] Cymerwn doriad byr a dod yn ôl am We will take a short break and come back at
10.45 a.m. 10.45 a.m.

*Gohiriwyd y cyfarfod rhwng 10:37 a 10:47.
The meeting adjourned between 10:37 and 10:47.*

Rheoli Tir yn Gynaliadwy: Tystiolaeth ar yr Economi Wledig Sustainable Land Management: Evidence on the Rural Economy

[135] **Yr Arglwydd Elis-Thomas:** Hoffwn groesawu panel newydd i'r sesiynau tystiolaeth ar reoli tir yn gynaliadwy, lle rydym yn ffocysu'n arbennig ar yr economi wledig. Mae'n dda gennyf groesawu'r tîm, sef Ben Underwood, cyfarwyddwr Cymru, Cymdeithas Tir a Busnes Cefn Gwlad, a Gary Davies o bartneriaeth ranbarthol de-orllewin Cymru—fy ail hoff ardal yng Nghymru, gan fy mod wedi cael fy ngeni yno. Mae hefyd yn arbennig o braf gweld cadeirydd Hybu Cig Cymru, Dai Davies, a Siôn Aron Jones, rheolwr datblygu diwydiant Hybu Cig Cymru, gyda ni. Mae'r cysylltiad rhwng marchnata a chynnyrch a'r tir cynaliadwy yn rhywbeth sydd o ddiddordeb mawr i ni, fel pwyllgor.

[136] I gychwyn gyda Siôn a Dai, sut yn union ydych chi'n gweld eich corff chi, fel corff cyhoeddus sy'n rhan o weithgaredd cyhoeddus, yn hyrwyddo cynnyrch daear Cymru, yn cyfrannu'n uniongyrchol at yr economi wledig?

[137] **Mr D. Davies:** A gaf i yn gyntaf, Arglwydd Gadeirydd, ddiolch i chi a'r pwyllgor am y cyfle i ddod yma i roi tystiolaeth y bore yma?

[138] Roeddech chi'n gofyn beth yw'n cefndir ni. Dai Davies ydw i, ffermwr o sir Gaerfyrddin. O wrando ar y corff cyntaf a roddodd dystiolaeth y bore yma, mae eisiau fy addysgu ar redeg a rheoli fy fferm.

Lord Elis-Thomas: I would like to welcome a new panel to the evidence sessions on sustainable land management, in which we are focusing especially on the rural economy. I am pleased to welcome the team: Ben Underwood, director for Wales of the Country Land and Business Association, and Gary Davies from the regional partnership for south-west Wales—my second favourite area in Wales, as I was born there. I am also especially pleased to see the chair of Hybu Cig Cymru, Dai Davies, and Siôn Aron Jones, industry development manager for Hybu Cig Cymru, with us. The link between marketing and produce and the sustainable land is something that is of great interest to us, as a committee.

Starting with Siôn and Dai, how exactly do you see your organisation, as a public body that is part of public activity, promoting the produce of the land of Wales, contributing to the rural economy?

Mr D. Davies: May I first of all, Lord Chair, thank you and the committee for the opportunity to come here to give evidence this morning?

You asked us about our backgrounds. I am Dai Davies, a farmer from Carmarthenshire. From listening to the evidence given by the first body this morning, I need to be educated in how to manage my own farm.

[139] **Yr Arglwydd Elis-Thomas:** Rwy'n meddwl bod y broses yn gweithio'r ffordd arall, hefyd.

Lord Elis-Thomas: I think that the process also works the other way round.

[140] **Mr D. Davies:** Ni wn a ddylwn fynd i lawr y llwybr hwnnw. [*Chwerthin.*]

Mr D. Davies: I do not know whether I should go down that route. [*Laughter.*]

[141] Fel y gwnaethoch esbonio, sefydlwyd Hybu Cig Cymru gan Lywodraeth Cymru, ac wrth gwrs, Llywodraeth Cymru sy'n berchen arno hefyd. Fodd bynnag, mae'n cael ei arwain gan y diwydiant, a'i bwrpas yw datblygu a hybu marchnata cig coch Cymreig.

As you explained, Hybu Cig Cymru was established by the Welsh Government, and of course, it is owned by the Welsh Government. However, it is industry-led, and its purpose is to develop and promote the marketing of Welsh red meat.

[142] Roeddech yn sôn am weithio gyda'n gilydd a'r gair Saesneg ffasiynol y dyddiau hyn yw *sustainability*. Rwy'n credu bod angen inni ddeall yn union yr hyn rydym yn ei olygu wrth *sustainability*. Fel ffermwr o gefn gwlad, byddwn yn dweud ein bod yn gallu cael *true sustainability* oherwydd y briodas rhwng amaethyddiaeth a'r amgylchedd. Fel pob priodas, mae gennych ddau bartner yn rhan ohoni. Os ydych am gael priodas lwyddiannus, mae'n rhaid ichi barchu anghenion y ddau bartner, ac mae'n rhaid i'r ddau bartner gael maintais o fod yn gysylltiedig â'r briodas. Wyt ti am symud ymlaen, Siôn?

You mentioned collaboration, and the fashionable word used these days is 'sustainability'. I think that we need to understand exactly what we mean by 'sustainability'. As a rural farmer, I would say that we can have true sustainability as a result of the marriage between agriculture and the environment. As with every marriage, there are two partners within it. If you are to have a successful marriage, you have to respect the needs of both partners, and both partners should have some benefit from the marriage. Do you want to take it forward from there, Siôn?

[143] **Yr Arglwydd Elis-Thomas:** Rwy'n gyfarwydd â phriodas Siôn Aron, a'i deulu. Os oes gennyf ryw ffordd o ddatblygu'r gymhariaeth honno, byddai'n ddifyr iawn.

Lord Elis-Thomas: I am familiar with Siôn Aron's marriage and his family. If you have some way of developing that comparison, it would be very interesting.

[144] **Mr Jones:** Diolch yn fawr, Gadeirydd. Mae Dai Davies wedi amlinellu rôl Hybu Cig Cymru. Mae Hybu Cig Cymru yn derbyn lefi oddi wrth gynhyrchwyr—o'r stoc sy'n cael ei ladd yng Nghymru—ac mae hynny'n berthnasol i wartheg, i wŷn a defaid, ac i foch. Felly, dyna yw'n eglurhad ni o 'gig coch'. Rydym yn rhan annatod o'r gadwyn cig coch oherwydd y ffaith ein bod yn gweithio ar y cyd gyda phob elfen o'r gadwyn gyflenwi—o'r cynhyrchwyr i'r cyfanwerthwyr, fel y bu ichi egluro yn eich geiriau agoriadol.

Mr Jones: Thank you very much, Chair. Dai Davies has outlined the role of Hybu Cig Cymru. Hybu Cig Cymru receives a levy from producers—from the stock that is slaughtered in Wales—and that relates to the cattle that are slaughtered, lambs and sheep, and pigs. That is our explanation of what constitutes 'red meat'. We are an integral part of the red meat chain in that we work in partnership with every part of the supply chain—from the producers to the retailers, as you explained in your opening remarks.

[145] Wrth sôn am gynaliadwyedd, rydym yn credu ein bod yn cryfhau ac yn adeiladu ar y dirwedd sydd gennym yng Nghymru, sydd mor addas ar gyfer cymryd yr haul, pan fydd

With regard to sustainability, we believe that we strengthen and build upon the landscape that we have in Wales, which is so suitable for taking the sun, when it shines, and the

allan, a gwres yr haul a'i drosglwyddo i dyfu glaswellt, gan ddefnyddio mwynau'r pridd a throsi hynny i gig coch maethlon o safon ar gyfer y boblogaeth yng Nghymru a ledled y byd. Felly, ein nod ni—a dyma sut rydym yn edrych ar gynaliadwyedd—yw cryfhau'r dirwedd, a'r amgylchedd sy'n cael ei werthfawrogi gymaint gan y cyhoedd a chymdeithas yn gyffredinol, tra ar yr un pryd yn galluogi ffermwyr i fod yn broffidiol a chyflenwi bwyd sy'n ddiogel ac yn iachus.

[146] **Mr D. Davies:** Dylwn ddweud un peth cyn inni symud ymlaen: rydym yn siarad am *sustainability* ac, wrth gwrs, mae dwy ran iddo, sef y rhan *economic* a'r rhan sy'n ymwneud â chefn gwlad a gofalu am gefn gwlad. Mae Hybu Cig Cymru yn dod o dan y sector *economic*. Ar ddiwedd y dydd, mae'n rhaid inni gofio mai dim ond rhyw 5% o'r bwyd rydym yn ei gynhyrchu yng Nghymru rydym yn gallu ei fwyta; mae'n rhaid inni edrych y tu allan i Gymru i allforio—boed i Loegr neu wledydd eraill, neu dros y dŵr—i sicrhau bod y ffrwyth hwnnw yn dod yn ôl i gefn gwlad Cymru a bod *economics* cefn gwlad Cymru yn llwyddiannus.

[147] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr am y pwyslais hwnnw. Hoffwn ofyn un cwestiwn arall cyn imi symud at Ben. Rwyf wedi gwrandao ar y Gweinidog Cyfoeth Naturiol a Bwyd yn mynd drwy ei bethau, fel y byddaf o hyd yn gwrandao ar bob Gweinidog sy'n atebol i'r pwyllgor hwn. A yw'r model sydd gennych o ran Hybu Cig Cymru a'r ffordd y mae wedi datblygu fel corff marchnata economaidd yn y farchnad, fel rydych wedi pwysleisio, yn fodel sy'n addas i weithgaredd arall o fewn y Gymru wledig, nteu a ydych yn meddwl ei fod yn rhywbeth i'w ffocysu yn arbennig ar gig coch?

[148] **Mr D. Davies:** Byddwn yn gobeithio ei fod yn fodel sy'n gweithio a'i fod yn fodel llwyddiannus. Mae wedi bodoli ers 10 mlynedd a chredaf y cafodd tystiolaeth ei chasglu at ei gilydd rhyw flwyddyn yn ôl yn dangos yn glir ei fod wedi bod yn llwyddiannus. Credaf mai un o'r manteision sydd gennym yn y diwydiant cig coch yng Nghymru yw ein bod, drwy weithgareddau'r Llywodraeth a'r Cynulliad, wedi datblygu

heat from the sun and transferring it to grow pasture, using the soil's minerals and transforming that into nutritious red meat that is of a high standard for the population of Wales and across the world. Therefore, our aim—this is how we look at sustainability—is to strengthen the landscape, and the environment that is valued so highly by the population and society more generally, while at the same time enabling farmers to be profitable and supply food that is safe and healthy.

Mr D. Davies: I should make one point before we move on: we are talking about sustainability and, of course, there are two parts to that, namely the economic aspect and the issues relating to rural areas and the protection of rural areas. Hybu Cig Cymru comes under the economic sector. At the end of the day, we have to bear in mind that we can eat only around 5% of the food that we produce in Wales; we have to look outside Wales to export—whether to England or other countries, or across the water—to ensure that the profits come back to rural Wales and that rural Wales can be economically successful.

Lord Elis-Thomas: Thank you for that emphasis. I would like to ask one further question before I turn to Ben. I have listened to the Minister for Natural Resources and Food, as I always listen to every Minister who is accountable to this committee. Is the model that you have for Hybu Cig Cymru and the way in which it has developed as an economic marketing body involved in the market, as you have emphasised, a model that is appropriate for other activities in rural Wales, or do you think that it is something to be particularly focused on red meat?

Mr D. Davies: I would hope that it is a model that works and that it is a successful model. It has existed for 10 years and I believe that the evidence that was collected about a year ago demonstrates clearly that it has been successful. One of the benefits that I believe we have in the red meat industry in Wales is that, through the activities of the Government and the Assembly, we have developed a partnership between us and the

partneriaeth rhyngom ni a'r proseswyr. Mae gennym dri o'r proseswyr mwyaf yn y *northern hemisphere*, o ran prosesu wyn yng Nghymru. Roedd yn bwysig i ni ein bod yn gallu datblygu partneriaeth gyda'r bobl hyn. Ar ddiwedd y dydd, mae pobl yn gofyn i ni, 'Pam ydych chi'n allforio i leoedd fel Dubai?' Nid yw Hybu Cig Cymru yn allforio ei hun; yr hyn mae'n ei wneud yw agor drysau i roi cyfle i'r proseswyr allforio eu cynnyrch i Dubai. Ni fyddai'r un o'r proseswyr hyn yn allforio i fachnadoedd felly oni bai eu bod yn gallu gweld elw yn cael ei wneud.

processors. We have three of the largest processors in the northern hemisphere, in terms of lamb processing in Wales. It was important to us that we could develop a partnership with these people. At the end of the day, people ask us, 'Why do you export to markets such as Dubai?' Hybu Cig Cymru does not export itself; what it does is open doors to give these processors the opportunity to export their produce to Dubai. None of these processors would be exporting to these markets unless they saw that there was a profit to be made.

[149] Un o'r gwendidau mawr sydd gan rai o'r sectorau eraill, efallai, yw'r ffaith nad ydym yng Nghymru yn rheoli lle mae cynnyrch yn cael ei brosesu. Rydym yn gweld yn y sector llaeth, er enghraifft, bod dros 50% o'n llaeth yn cael ei symud o Gymru i rywle arall i roi ychydig mwy o werth iddo. Mae'n bwysig iawn ein bod yn gallu dod â'r cynnyrch crai yn ôl i Gymru i gynyddu ei werth. Wedyn, byddai'r sector llaeth yn gallu gweithio gyda chorff tebyg i Hybu Cig Cymru i adeiladu perthynas â'r proseswyr hynny. Y peth pwysicaf sydd gennym ni yng Nghymru, o ran cig coch, yw'r statws PGI, y dynodiad daearyddol gwarchoddedig, ac mae hynny'n werthfawr iawn o ran allforio a marchnata ein cynnyrch.

One of the major weaknesses with some other sectors is that we in Wales do not control where our produce is processed. We see that, in the dairy sector, for example, more than 50% of our milk is taken from Wales to be processed and to have value added to it elsewhere. It is very important to us that we can bring the core produce back to Wales so that we can add value to it here. Then, a body like Hybu Cig Cymru could work in the dairy sector to build those relationships with processors. The most important thing that we have in Wales, in terms of red meat, is that we have PGI—protected geographical indication—status, which is extremely valuable in terms of the export market and marketing our produce.

[150] **Yr Arglwydd Elis-Thomas:** A ydych yn meddwl y byddai'n werth inni edrych ar y model sydd gennych, i weld a oes agweddau eraill ar yr economi wledig lle byddai hynny'n gweithio?

Lord Elis-Thomas: Do you think that it would be worth us looking at the model that you have, to see if there are other aspects of the rural economy where that would work?

[151] **Mr D. Davies:** Efallai na fyddai'r model yn ffitio'n uniongyrchol fel ag y mae ar hyn o bryd, ond byddai modd ei addasu er mwyn datblygu hynny. Ar ddiwedd y dydd, os ydych am farchnata cynnyrch Cymru, rhaid ei gynhyrchu yng Nghymru er mwyn gallu gwneud hynny.

Mr D. Davies: The model might not be a perfect fit in its current form, but it could be adapted in order to develop that. At the end of the day, if you want to market Welsh produce, it must be produced in Wales in the first place.

[152] **Lord Elis-Thomas:** Ben, would you like to speak about your role in your organisation?

[153] **Mr Underwood:** Absolutely. I will just say a little bit about the CLA. We represent 4,000 land-owning members, and our *raison d'être* is to maintain the asset value and ensure that they can derive the best income possible from those assets—that is rural property and land. We look at land in the widest sense. So, agriculture is one use of land, but we look at all uses of land, from forestry to golf courses to diversification to renewable energy, whatever

that may be. That is the key point: the rural economy now has a greater diversity of income streams of businesses than it ever has done before. At the last count, we had 260 different types of business activities that our members get involved with. Perhaps the exciting one, and the one that you are alluding to, is the interest in this payment for ecosystem services and the issue of whether we can begin to market those as we do very well our red meat. It is about whether we can market the other assets that 'Wales plc' has to the rest of the UK and the world. That is what we are trying to start to explore, and we are pleased that, in the environment White Paper, there was a good step forward to enshrine in law some sort of mechanism to start taking this forward, rather than just talking about it.

[154] **Lord Elis-Thomas:** As you know, this committee will be scrutinising that Bill when it appears, and we look forward to being able to do that effectively, because, clearly, the whole point of having new legislation for Wales is that it serves business in Wales; otherwise, what are we doing?

[155] **Mr Underwood:** Absolutely.

[156] **Lord Elis-Thomas:** Gary, gwrrddon ni am y tro cyntaf pan oeddem ni'n dau'n ceisio gweithio gyda'r Ymddiriedolaeth Genedlaethol yn y gorllewin a lleoedd eraill. A elli di ddisgrifio beth mae partneriaeth y de-orllewin yn ei wneud, a beth yw'r berthynas gyda'r diwydiant croeso a thwristiaeth yn gyffredinol?

Lord Elis-Thomas: Gary, we met for the first time when we were both trying to work with the National Trust in west Wales and other areas. Can you describe what the south-west Wales partnership does, and its relationship with the hospitality and tourism industry in general?

[157] **Mr G. Davies:** Rwy'n flin, ond atebaf yn Saesneg, os yw hynny'n iawn, Gadeirydd.

Mr G. Davies: I apologise, but I will answer in English, if that is okay, Chair.

[158] The south-west Wales partnership is one of four partnerships working alongside Visit Wales and Welsh Government, particularly with a remit to work with the private and public sectors in order to deliver Government policy. I would like to think that we are that bridge between policy and delivery.

[159] To add to what has been said, looking at sustainable development within the visitor economy, we certainly look at the balance between economic development and environmental, social and cultural issues, to balance those accordingly on a local basis. I would imagine that the biggest thing that the partnerships are there for is to maintain that balance and to ensure that local delivery models are available to deliver Welsh policy.

11:00

[160] **Russell George:** I have a wider question to start with. Could you outline the barriers that currently prevent sustainable land management, and how these barriers, as you see it, could be overcome?

[161] **Mr D. Davies:** As one of those persons who have to live with those barriers, for a number of years, a big issue for me has been that the agri-environment schemes have always been based on a whole farm. As I said, it is a marriage, therefore, you have to respect the fact that certain skills within that marriage have to be respected. The worst thing that happens in my marriage is if I go into the kitchen and start tampering and telling my wife that she is stirring things in the wrong way. The other one that gets me going is when my wife sits in the back of the car and dictates to me about how I drive. We need to work together for mutual benefits.

[162] It was interesting to hear NRW discussing agricultural farming this morning. We have a potential in Wales, if we had certain freedoms, to produce all of the produce that we currently produce—we have a total of approximately 5 million acres in Wales—within 2 million acres, and there would be 3 million acres spare for doing something else. That is the theory; it does not work like that in practice. Partial farm involvement in agri-schemes is the way forward because, fortunately or unfortunately, in Wales, the vast majority of farms have land that is not totally suitable for agriculture, or is not economic for agriculture, but it could be developed much further for environmental issues. There was a discussion this morning about the development of technology, better knowledge transfer and better use of fertiliser. It is all there: we have that technology in place already. The only thing that we lack in Wales is that we need to change the structures of farms so that we can use this technology in a better way.

[163] When I bought our farm back in the late 1970s, there were 20 cows being milked on it; now, there are 400 cows being milked there. The structure of the farm is exactly the same. The size of our paddocks and fields is exactly the same. We need to work closely with NRW to see if we can change the structure of the farms in order to use modern and better targeted equipment, and to justify the costs of technology coming onto the farm. I know that it causes panic to environmentalists when I say that we should be restructuring our field sizes, so that we can use this modern technology. However, I am willing to give up certain amounts of our farms to build larger wildlife corridors to justify removing some of those hedges so that we can use the machinery. The Enclosure Acts came in back in the 1800s and the machinery that was being used then was totally different to the machinery that we are using now. With the machinery that we were using in the 1970s, if we were harvesting 10 acres of silage a day, we were very happy. If we do not harvest 150 acres a day now, it is no longer economical for the contractor to be doing it. So, we need to work together and to understand our problems on a far bigger scale than we are currently doing. That is one of the problems that I see, going forward.

[164] **Mr Jones:** Hoffwn ychwanegu, Gadeirydd, rwy'n credu mai'r hyn sydd hefyd yn bwysig yw'r pwyslais rydych chi, fel pwyllgor, wedi'i roi ar fesuriadau wrth edrych ar y pwnc hwn. Gwnaethom wrando ar y sesiwn flaenorol ynglŷn â phwysigrwydd cyfathrebu effeithiol. Fodd bynnag, heb inni wybod lle rydym ni; lle rydym eisiau cyrraedd; sut yr ydym yn mynd i gyrraedd yno; a beth fydd canlyniadau'r buddsoddiad, mae'n anodd iawn i gyfathrebu â'r diwydiant yn ei gyfanrwydd a'r bobl ar y ddaear yr hyn rydym eisiau ei gyflawni, sut rydym eisiau ei gyflawni a pha rôl y gallant ei chwarae o ran cyrraedd y targedau hynny. Fel corff sector cig coch, rydym wedi datblygu map ffyrdd cig coch Cymru, sy'n amlinellu'r gweithgareddau amrywiol y gall y diwydiant eu cyflawni er mwyn cyfrannu at y nod o leihau allyriadau nwyon tŷ gwydr.

Mr Jones: I would like to add, Chair, that I think what is also important is the emphasis that you, as a committee, have put on measurements in looking at this subject. We listened to the previous session on the importance of effective communication. However, without knowing where we are; where we want to go; how we are going get there; and what the outcomes of the investment will be, it is very difficult to communicate to the industry as a whole and to people at a grass-roots level what we want to achieve, how we want to achieve it and what role they can play in reaching those goals. As a red meat sector body, we have developed a road map for red meat Wales, outlining the various activities that the industry can achieve in order to contribute to the aim of reducing greenhouse gas emissions.

[165] O ran lle rydym ni, fel gwlad, eisiau symud ymlaen, mae'n bwysig fod y pwyslais yr ydych chi wedi ei roi ar y mesuriadau yn cael ei gyfathrebu drwy'r holl strategaethau

In terms of where we, as a country, want to move forward, it is important that the emphasis that you have put on the measurements is communicated through all

mae Llywodraeth Cymru yn symud yn eu blaen, a bod y negeseuon drwy'r strategaethau hynny yn gyson. Er enghraifft, ar y funud, mae ymgynghoriad ar y cynllun gweithredu bwyd; bydd ymgynghoriad yn y dyfodol agos ar gynllun amaethyddol, a bydd ymgynghoriad yn y dyfodol agos hefyd ar iechyd a lles anifeiliaid. Yr hyn sy'n bwysig yw bod negeseuon cyson drwy'r strategaethau ynglŷn â lle rydym eisiau cyrraedd a sut rydym eisiau cyrraedd yno. Ar y funud, nid yw Hybu Cig Cymru yn teimlo bod y mesuriadau hynny yn ddigon effeithiol, ac nid yw'n teimlo bod y data a oedd yn rhan o'r drafodaeth flaenorol wedi cael ei gasglu mewn modd sydd yn bwydo'r strategaethau a'r nodau rydym eisiau eu cyrraedd.

of the strategies that the Welsh Government is moving forward on, and that the messages through those strategies are consistent. For example, at the moment, there is a consultation on the food action plan; there will be a consultation in the near future on an agriculture plan, and there will also be a consultation in the near future on animal health and welfare. What is important is that there are consistent messages through those strategies in terms of where we want to go and how we want to get there. At the moment, Hybu Cig Cymru does not feel that those measurements are effective enough or that the data that were part of the previous discussion have been gathered in a way that feeds into the strategies and the objectives that we want to achieve.

[166] **Mr D. Davies:** Siôn mentioned greenhouse gases, which is a very important issue, but we are very fortunate in Wales that we have the Institute of Biological, Environmental and Rural Sciences. There is a tremendous amount of work going on in IBERS at the moment on the development of high-sugar grasses. We know that high-sugar grasses produce far less methane than conventional grasses. Fortunately, or unfortunately, I sit on the biosciences knowledge transfer network, which is based in Moredun in Edinburgh, which works very closely with IBERS. The work that it is doing there on the flora in the rumen of cattle is quite important. The Scottish Government has invested a substantial amount of money in chambers where animals can be fed different rations, and the amount of methane given off can be recorded. Other work involves manipulating the flora in the stomach, because it seems that if you feed certain roughages to ruminants, the number of bacteria in the stomach builds up very rapidly. It gets to a certain point and they all die off at once and you get a massive release of methane. The work being done at the moment is to try to keep the level of bacteria at a certain level, so that we never get to the stage where we have this massive release of methane.

[167] So, it is very encouraging that institutions in Wales that are very much respected throughout the world can work with organisations such as Moredun to drive the industry forward.

[168] **Russell George:** Thank you for your answers. I am particularly interested in barriers to rural development. Mr Davies, I could see you listening to the answers in the previous session when I talked about technology, and you mentioned technology in your response there. I am particularly interested in your views on how technology with regard to poor broadband and a poor mobile infrastructure is a barrier and how a poor transport infrastructure is a barrier.

[169] **Mr D. Davies:** Technology is very important, but it is not the be-all and end-all. As I mentioned, sustainability and the use of organic and chemical fertilisers was highlighted earlier this morning, and the management of that. The technology is already there as far as the arable sector is concerned, to have fertiliser spinners that you drive into the field and whenever the level of nitrogen is high enough in that field, the fertiliser switches off and it comes back on again when it picks up that the field needs a fertiliser.

[170] Therefore, the technology is there, but the cost of this technology is prohibitive with the structure that we have in Wales. If you hire one of these machines to come in, it needs to be doing several hundred acres in a day to be able to do it. With the field structure that we

have at the moment, it is not really possible.

[171] However, going back to what NRW said about the importance of making sure that pollution does not take place—and I think that it mentions in its paper that 14% of the incidences of pollution were related to agriculture—I am sorry to say that those pollution incidences are related to UK figures, or England and Wales figures, certainly. If you looked at the figures for Wales you would see that they would be much lower than that, but I do not think that the data are available.

[172] **Mr Jones:** Just to respond to the point that you raised on rural connectivity; I think that you are exactly right to emphasise the difficulties faced by rural communities across Wales in being able to access some of the knowledge transfer tools and communications that are out there to assist the industry in looking at ways in which it can improve sustainable production of red meat. I will just draw some figures to your attention: in 2012, there were 9,114 beef cow holdings in Wales—so, beef-producing holdings—and 14,693, so, nearly 15,000 holdings in Wales with sheep. At the moment, the knowledge transfer activities that take place are reaching a small proportion of that target audience. If we were to move the sustainable production of Welsh lamb with protected geographical indication status forward, as well as PGI Welsh beef production and pork, to a lesser extent, because the number of producers are small, we need to be accessing and drawing the attention of more of those individual businesses to the tools that are out there, as Dai has outlined, which can help them to improve profitable and sustainable production of livestock. If you are profitable, you are more likely to be sustainable because you are producing more kilograms of meat per animal, and there are win-wins for reducing greenhouse gas emissions in that respect.

[173] An initiative that was recently taken forward by Hybu Cig Cymru, and funded by the rural development plan for Wales, to which there was so much reference in the last session, included an elite ram project where we managed to get 2,500 farms in Wales online, despite the problems with rural connectivity—although, I remind you that there are 15,000 sheep producers. They took part in an online training exercise on understanding estimated breeding values, that is, a better understanding of the genetic tools that are out there to help farmers to choose in favour of rams that can produce progeny that are a little heavier in weight and have better conformation attributes in the carcass; that is, producing more of what the market requires. We also send text messages to 2,000 farmers about market prices. Everyone has a mobile phone these days, not necessarily a smartphone—

[174] **Russell George:** But, they might not be able to pick up the reception.

[175] **Mr Jones:** However, we will be sending messages to 15,000 sheep producers. That is what we want to be doing, not to 2,000. That is the answer to your point about rural connectivity. It needs to improve in order for those businesses to access the tools that can help them to improve their sustainable livestock production.

[176] **Mr D. Davies:** Just to add a short note, really, in terms of the movement of stock, that is where it comes into its own: where we can use this technology to record every movement of stock that we have. As far as the risks of disease are concerned, if we know where the stock has come from and where it is going, we can eliminate a certain amount of these risks.

[177] **Lord Elis-Thomas:** I know that Ben and Gary must have some examples.

[178] **Mr Underwood:** I have a couple of quick points. It seems a while ago that the question was asked, so, excuse me if I—

[179] **Lord Elis-Thomas:** As long as you remember what it was.

[180] **Mr Underwood:** We have moved from sustainable land management to development, is what I think that you said, secondly, but I would like to concentrate on that quickly. On the broadband point, I am ruthlessly trying to monitor and get out of BT, on the superfast broadband roll-out project, what percentage of rural areas that desperately need it have actually benefited from this. I have no evidence from my membership calling me saying, ‘Wow, this is revolutionary. Look what’s happened’. The figures I get support that—reluctantly provided by BT—and any way people can push on that—

11:15

[181] **Lord Elis-Thomas:** Can I ask you what you mean by ‘reluctantly’? This is very serious. It is a contractor to Welsh Government.

[182] **Mr Underwood:** It is, but, of course, as we well expected, the priorities were inevitably going to be the areas where the immediate income was greatest, that is, most people took up a broadband contract of some description because that is the way the economic model drives it, but—

[183] **Lord Elis-Thomas:** But the need for connectivity was probably greater elsewhere, in terms of the need of the business that has no connectivity at all.

[184] **Mr Underwood:** At the very start of this contract, I was always pushing for it to be done on the need for connectivity and not on how lucrative linking up an area may be, which is why we were in this position in the first place. I question whether that has been followed through, and that is why, frankly, we still have swathes of rural Wales without any broadband, despite the superfast broadband project. Yes, the grant system from Welsh Government helps in some instances, but I have got many examples of where, frankly, that just does not cut the mustard.

[185] Just quickly, moving on to the second point I wanted to make, it would not be a CLA comment without mentioning the planning system, but there is no doubt, on sustainable development, that we still do not have a proactive pro-sustainable development planning system in Wales. The language in Cardiff, now, is very positive and, in fact, what has just come out in the planning consultation is very positive, but the guys on the ground delivering it still—. I mean, the number of phone calls we get to our office about piffling little arguments about silly colours of window frames and things like that is just unreal. That is what is holding things back; it is like wading through treacle. I have got people telling me that they are investing in England, not Wales. I say no more.

[186] **Lord Elis-Thomas:** May I invite you to let us have as much of that rubbish as you can find?

[187] **Mr Underwood:** I have got a 100-page—. Antoinette has got it; many have. We have a testimony that we did, and I think we need to keep going with that, but, yes, I will happily provide it.

[188] **Lord Elis-Thomas:** Yes, please give us that in evidence because, of course, we are going to be dealing with the planning Bill. I am already involved in lots of discussions about it—

[189] **Mr Underwood:** Sure. There are some good proposals in it—

[190] **Lord Elis-Thomas:** This committee has had some discussions on it. We are determined—and I give you this undertaking on behalf of us all—that we will create a planning system that is fit for purpose for twenty-first century Wales to support business. If

we do not do that, we have failed.

[191] **Mr Underwood:** Sure. Good.

[192] **Lord Elis-Thomas:** Gary, did you want to comment?

[193] **Mr G. Davies:** Yes, if I could come back quickly to connectivity, or, indeed, the lack of connectivity. The visitor economy now relies hugely on connectivity, particularly in those parts of Wales where we want people to go at those times of the year that we want to see them there. A significant number of people are now booking online, with some establishments getting upwards of 80% of bookings online. When people are there, they want information online. It is the fifth utility. Therefore, any lack of connectivity or, indeed, slowness in connectivity is a minus, as indeed it is for people whose work relies on it. The dependence, Chair, on British Telecom is significantly more now than it has been in previous years. If I may take the opportunity today, I would like to say that the lines in the Towy valley have been down for five weeks with British Telecom, with no recourse to British Telecom at all at the moment. One has made that point to it, and it is a big loss maker for people going into Easter if this continues.

[194] **Lord Elis-Thomas:** Thank you for saying that, and, again, the offer is open to you whenever you have issues of that kind for us to get involved. Julie James is next.

[195] **Julie Morgan:** I want to develop that planning theme. Many of you have said in your various submissions to us that there is a need to get a balance between the requirements of the planning system and the requirements of the environment or resilience of one sort or another. Dai, you gave a very good example there in terms of machinery, corridors and all the rest of it. What mechanisms would you like to see in addition to those suggested in the Bills for balancing those two things for the decision makers on the ground, leaving aside where those decision makers should be and whether it should be the Welsh Government or local authorities and so on? That is a whole other conversation. However, what tools would you like to see the person making that decision have at their disposal to make that decision in that balanced way?

[196] **Mr Underwood:** Based on experience, guidance alone is not powerful enough, because that can still be interpreted by personal relations and personal interpretation. Therefore, I have to say that I think that there needs to be—and it comes down to man management to some extent—a very strict performance-related penalty-type monitoring system that ensures that decisions are made fairly, based on the three pillars of sustainability. There needs to be some real feedback mechanism that has some teeth that means that those on the ground do not go to bed at night thinking that they have had a successful day if they have managed to prevent any development in the Welsh countryside, which is the mindset that many have at the moment.

[197] **Julie James:** The planning Bill addresses that point fairly forcibly.

[198] **Mr Underwood:** That is great. At last. Sorry if I am repeating what that says, but I think that that is fundamental.

[199] **Julie James:** Does everybody else agree with that?

[200] **Mr Jones:** Could I just add that of those 9,000 beef producers and 15,000 sheep producers, many will have both enterprises on their farm? If they are to adapt to the changing support system that the common agricultural policy reform is likely to deliver and the reducing incomes on a general basis, they need to be able to consider all options for increasing their production efficiencies, in addition to looking to the market for increased

returns, as many will undoubtedly do. Unless they have the whole suite of options that Ben and Gary have referred to in terms of maximising the opportunities for rural tourism and for renewables, with a planning structure that can carefully consider all three elements of sustainability—the social, economic and environmental—it is likely that fewer of those producers will be part of vibrant rural communities in future, because they will not be able to sustain their businesses in the same way as, perhaps, they have been able to do in the past.

[201] **Mr D. Davies:** On this—

[202] **Julie James:** Sorry, but may I just ask a little question there? I will come back to you. I take the point about guidance; guidance can be national guidance. One of my bugbears, for years, has been the lack of specific planning briefs for small local areas, made in conjunction with businesses in those areas. Would they go some way towards assisting with what you just said?

[203] **Mr Jones:** I talk on a general basis. I am honest enough to admit that I am not familiar enough with the planning process to comment on that point, but perhaps Ben is. My point is that the businesspeople need to have all the options and a planning system that is fit for purpose to allow them to draw in additional income streams to supplement and sustain their businesses.

[204] **Mr Underwood:** My only point on the local guidance, again, is that guidance, as we well know, is still open to interpretation and is not very forceful if there is not a mechanism behind it to—

[205] **Julie James:** Yes, I take your point. The point that I was making—I am sorry, I am a planning nerd, so I apologise for having my goggles—

[206] **Lord Elis-Thomas:** No, you are not a planning nerd. You are a very experienced planner and lawyer.

[207] **Julie James:** I was talking more about the development of a specific planning brief, or areas, which has a lot more force than guidance—

[208] **Mr Underwood:** So, like a local development plan.

[209] **Julie James:** Yes, but it can be very specific to particular areas, so that you can have, in advance, a conversation with the planning authority that allows it to have very specific guidelines for particular areas that give you a lot more certainty about what would or would not be acceptable in terms of a planning application and that cuts a lot of the cost for the applicant out, because a lot of that work has been done in advance and agreed as part of the overarching plan. I personally would like to see a lot more of that, because I think that it takes a lot of the uncertainty and misery out of it—

[210] **Mr Underwood:** So, it would be at parish level or something like that.

[211] **Julie James:** It can be, yes. It can be an individual parcel of land, in fact.

[212] **Mr Jones:** That sounds entirely logical.

[213] **Mr D. Davies:** I think that that is one very important thing that, perhaps, we have missed in the past, because the other thing that we seem to have missed in Wales over the last 10 or 15 years is that we lose our primary product—we do not get the opportunity of developing or adding value to it and adding to the social value of rural Wales and whatever. We have to remember that, in order for us to be viable in rural Wales, yes, we need profitable

agriculture, but we also need a profitable society within that. Many farmers will raise a family, and part of the family will go back into the farm, while part of it will expect to get employment in the area. With such things as our beef production, 50% of that is processed within England. If there were certain areas of Wales that could be set up to develop processing capacity, not only would it benefit the farmers, but it would benefit the economy of Wales within that region. As far as milk is concerned, it is the same. I do not know enough about trees, but I assume that the trees are shipped away. Historically, we have always moved our primary products away from Wales and allowed somebody else to add value to them. It reminds me of when we used to import cotton from India; we let them grow it, but we added value to it here. Soon, the Indian cotton traders realised that they did not have to give it to the UK; they could add value to it themselves. That is perhaps the route that we should be taking in Wales.

[214] **William Powell:** If I can return to one particular aspect of planning, particularly focusing on Mr Dai Davies: you referred earlier to the field patterns no longer being suitable for modern-day agriculture, and in the same way, most of our farms have got traditional buildings that are not suitable for mechanised agriculture, and fodder is stored elsewhere, in other settings. Would you like to see a different approach in emerging planning policy to facilitate the use of such buildings for other purposes, be it domestic or economic?

[215] **Mr D. Davies:** Certainly, going down that route, because we have some tremendous valuable buildings on many of our farms in Wales that cannot adapt to modern uses, as it were. The restriction seems to be that, if there is extra traffic coming up the road, or whatever, it seems to be always turned down. It can take years for you to get planning permission and the enthusiasm by that time has virtually dried up, and you think, 'Is it worth the hassle, or shall I move on to do something else?' Coming back to the farm structure, I do not want you to go away from here and think that we want to help set up another east Anglia in Wales, because that certainly is not what I want to do. However, it is about sensible flexibility in certain areas to allow field structure to change. How many times have we heard dairy farmers in Wales saying, 'Well, my field structure is too small; I cannot expand the herd, so I have decided to go out of dairy and into something else?' We heard this morning the concern regarding the pollution of rivers, but rivers and river banks would be ideal vehicles for wildlife corridors. Why do we not develop them on quite a major scale and compensate farmers for that, giving them the flexibility of readjusting the boundaries of their fields and things so that they can use and take advantage of modern technology to move forward and make that more profitable?

[216] **William Powell:** So, you would like to see a wider range of options within Glastir, and another, potentially, within the RDP that would facilitate that sort of development.

[217] **Mr D. Davies:** Yes, but at the end of the day, it has to be acceptable to both partners, the ways and means. The last thing we want as far as farming is concerned is someone constantly looking over your shoulder dictating to you how you should do it, and still expecting you to carry out a profitable enterprise. It is partnership and respect that we need.

[218] **William Powell:** Absolutely. If I could broaden things to the Minister's recent announcement on the way ahead with the common agricultural policy, and particularly the modulation of the full 15% into the RDP, do you regard that as the right way forward? Do you see it as an opportunity, or are you somewhat disappointed by that approach?

[219] **Mr D. Davies:** As a farmer, I can say he was never going to win. Whichever plan he was going to put into operation, he was never going to win, therefore, I have sympathy with moving forward. I can well understand his vision, because he goes back to grass roots. They used to say, at one time, of the African continent that you can feed the African continent, but if you give them the technology and the ability to produce their own food, they will be there

for the long term. The problem that we have here is that we have transferred some of these funds from pillar 1 to pillar 2, hoping that we can develop the industry to be in a stronger position to stand on its own two feet further down the road. The way that some farmers are thinking is, 'Am I going to survive long enough to get to that position?', because at the end of the day the return is going to come from the marketplace. Is the market willing to give us that return so that we can move away from the support that we have had historically?

[220] **William Powell:** If we could broaden it to the rest of the members of the panel, are there particular forms of RDP programme that you think would be usefully developed to promote the sustainable management of the land?

11:30

[221] **Mr Underwood:** Very quickly, if I may, just on your farm buildings point, I would just like to say that elsewhere, that is, across the border, there are permitted development rights for converting old farm buildings. We do not have that in Wales. That is absolutely crass. So, that is what I feel on that point. On the 15%, I echo what Dai said. It is disappointing, in the sense that if we base—yes, there were elements of the RDP in the current scheme that we are in or finishing that have been a success, but there are many examples that have not been, and I have heard about those at first hand. Those are predominantly the small, more county-based type of diversification schemes that, frankly, no one knew really about. There was a lot of repetition, and a lot of money wasted on the administration and employment of people to administer it. So, I put a very big question mark over the Minister claiming that he can build a foundation and boost business entrepreneurship and business acumen via the RDP, based on what I have learned in the last period. So, I think that the jury is out.

[222] **William Powell:** And from the partnership's perspective?

[223] **Mr G. Davies:** We have just one, winning example. Dai and I happened to be involved in the same function yesterday morning to strengthen the links between producers and the hospitality industry in terms of food. That covers so many different aspects and we have used the RDP to be able to support those initiatives and that is something that we hope to be able to build on, because that is an essential connection between us and the farming community, and, if I dare say so, such an obvious one for hospitality to be able to work together on a single shared objective.

[224] **Lord Elis-Thomas:** Siôn Aron, and then I will call Joyce Watson.

[225] **Mr Jones:** I support the point that Gary made, and picking up on the point that Ben made, there is much talk of the rural development plan and its potential to transform Wales, as, undoubtedly, there would have been talk of the previous rural development plan and its potential to transform rural Wales. I think that there is a danger of our expectations being greater perhaps than the ability of the funding and the structures within the rural development plan to deliver change. What we are in danger of doing as a country, and as organisations that are focused on rural areas, is looking to the rural development plan, when we should be looking at all of the funding vehicles that are available to us within Wales and outside of Wales to achieve the strategic objectives of the food action plan, the agriculture strategy, the red meat road map and the animal health and welfare strategy. The danger with funding a large number of small projects across Wales is that they do not achieve the strategic outcomes that the strategies aspire to, and, indeed, the programme for government aspires to. Therefore, the red meat sector believes that a sector-specific approach is required to realise the objectives of our strategic action plan for the red meat sector—so a sector-specific approach is important—and that any projects at a local level should contribute towards, and, indeed, understand the aims of that national strategic approach, as opposed to operating in a vacuum,

perhaps.

[226] **Yr Arglwydd Elis-Thomas:** Diolch **Lord Elis-Thomas:** Thank you very much.
yn fawr. Joyce Watson sydd nesaf. Joyce Watson is next.

[227] **Joyce Watson:** I want to come back to joined-up thinking, so, actually, it is exactly where you have left off that I want to start. I completely agree with your comments about adding value to our products, but that did exist. That is the point. I remember—I represent Mid and West Wales, I live in Pembrokeshire—that some of these processing plants existed and they do not exist anymore. I have to assume that the marketplace has played a part in that. That is my assumption. So, I suppose that my question to you, in terms of the sustainability of the rural areas and adding value—which will help with that, I have no doubt, or even be a main driver—is: how do you think that can be taken forward at this point, from where we are now, and rebuilt to where we were? What has happened that we are where we are, and what needs to happen in terms of where we need to go?

[228] **Mr Jones:** I think that we are very fortunate in the red meat sector that we do have those processing entities, be it the 19 small and medium-sized abattoirs that we have in Wales, which provide an important service locally, or the three main processing plants of St Merryn Foods, which is owned by the 2 Sisters Food Group in Merthyr Tydfil, Dunbia in Llanybydder, Ceredigion, or Randall Parker Foods in Llanidloes, Powys. So, we have those processing plants in Wales. We have the primary production feeding those processing plants; we constantly need to look at opportunities to add further value to that activity, but, in terms of the other sectors, probably most notably milk, as Dai alluded to earlier, we are exporting much of that product.

[229] **Mr D. Davies:** You are quite right to ask the question of what has happened. I am a bit of a cynic; I have lived on the Pembrokeshire border for quite some time and I have seen quite a lot of activity. At one time, from our farm, we used to see three dairies. All three dairies have disappeared. Sadly, a small dairy that opened about 15 months ago will close tomorrow. Looking back, as far as the milk sector is concerned, it has become a national industry and quite a lot of the control is outside Wales. We see the example of Dairy Crest, which was a spin-off of the Milk Marketing Board. It closed the Whitland plant, which, at one time, was the largest dairy plant in Europe, but it did not actually close it, it sort of mothballed it. It just left it there, sort of hanging around, as if to say, 'You dare come into this patch and we will reopen our plant'. We had a small plant set up in Whitland; Dairy Crest bought it and had it within its power for a year and then what did it do? It closed it and said, 'We'll move our milk to Gloucestershire; that is where our main plant is.' I may be a cynic, but it is these massive companies that have control of our agri-products, and we need to be moving away from there.

[230] We have secured that in the meat sector, in that we have persuaded big companies to come into Wales, to work very closely and to see the advantages of working in Wales, and we think we need to be looking at that as far as milk is concerned. However, it is very important for us, going forward over the next seven years, as far as RDP and other funds are concerned, to know, ideally, what we would like to see Wales as being in 2020. Unless we know where we are going, how will we know how we are going to get there? How are we going to plot the route to get there unless we know what we want to achieve by 2020? The Welsh Government and the Assembly have a very important role to play in that.

[231] **Joyce Watson:** Ben, have you got anything to add?

[232] **Mr Underwood:** No; these guys are the experts. The only thing I would say is that it is absolutely in line with what Dai said about adding value to the commodities that we produce in Wales. We cannot do that without these processing plants; they are absolutely

fundamental.

[233] **Joyce Watson:** When I talk about adding value, I am talking about that industry, but there is value to be added everywhere and join up. If you are talking about a vision, and we are talking about a vision, which is called land management, from which it will start, how do you guys all work together to realise that vision to help us interpret it?

[234] **Mr D. Davies:** I suppose HCC is a vision: farmers pay a levy towards HCC and HCC, hopefully, delivers what they expect us to deliver. That is a good example of co-operation.

[235] **Mr Jones:** May I perhaps allude to a project that we are currently running, which will improve the sustainable production of red meat and will also address the disgraceful waste of food? As a society, we know that 30% of the food that is grown and reared does not end up in our digestive tracts. We are a very wasteful society. The figures were highlighted recently by the waste and resources action programme in terms of reducing waste. So, what HCC is doing on behalf of the entire supply chain is looking to improve the sustainability credentials of PGI Welsh lamb by extending the shelf life of that product.

[236] So, by extending the shelf life of Welsh lamb, we will be able to reduce waste in Wales and in the UK and help the multiple retailers that retail the majority of Welsh lamb—more than 80% of the Welsh lamb slaughtered in Wales would go to the multiple retailers. We are helping them to address their responsibilities and obligations in terms of reducing waste by extending the shelf life of our product. We are also increasing the competitiveness of the product, which will enable us to sea-freight products to distant markets. We are trying to break into, or lift the restrictions on, exports of Welsh lamb to China, for example. If we can sea-freight that product, as opposed to air-freighting it, because we will have a longer shelf life, that will help improve the sustainability credentials of Welsh lamb. So, we are working with producers to make sure that the animals that they are supplying are as clean as they can be when they arrive in the lairage at the abattoir. We are working with the processors to make sure that all of the interventions that they undertake at the abattoir maximise shelf life and reduce contamination. We are working with the Food Standards Agency to ensure that its inspection of that food in the abattoir involves minimal contact by its inspectors between carcasses and with individual carcasses, while ensuring that they are safe to go into the food chain. We are also working with retailers to ensure that they are maintaining the chill chain through to the end-point of the sale of that product. If they leave the product out on the loading bay, it can deteriorate, because it is not at the optimum temperature. If they overload their display cabinets, again, they are not making the best use of the shelf life of that product. So everybody in the supply chain has a responsibility, and we see our role as working with all of them individually and collectively to ensure that they are all aiming towards the maximum shelf life extension for Welsh lamb, which is as sustainable a project as I can think of.

[237] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr. Antoinette Sandbach sydd nesaf, wedyn Mick Antoniow a Llyr Gruffydd, ac yna bydd yn rhaid inni orffen.
Lord Elis-Thomas: Thank you very much. Antoinette Sandbach is next, then Mick Antoniow and Llyr Gruffydd, and then we will have to conclude.

[238] **Antoinette Sandbach:** I want to ask you whether one of the barriers is grid connection costs, particularly where, for example, there is diversification into energy, or if you want to put a small processing plant on a farm. What are your experiences of connection costs as being a barrier to entry? Perhaps Ben could answer first.

[239] **Mr Underwood:** Yes, certainly from the point of view of connection in terms of renewable energy, you have a checklist of wind speed, if it is turbines, or sunlight, if it is sun, but, almost pre-empting that, there is grid connection, and that, frankly, is the party stopper. It

really is to that extent, particularly in south-west Wales, where, frankly, grid connection and the grid is full in many places. Grid connection, frankly, renders most of these projects uneconomic in many cases. So, the ultimate answer is yes, it becomes a complete non-starter, but that is certainly not unique to this country.

[240] **Antoinette Sandbach:** The other thing that I was concerned about is that most of the producers that I speak to say that they have issues not around processing, but around distribution. I wondered whether you were able to comment on that, which is the key barrier for them. For example, supermarkets want their produce, but the big barrier to entry is distribution—particularly trying to get distribution across Wales, for example, for Welsh products. I wonder whether you have anything to say on that.

11:45

[241] **Mr Jones:** Undoubtedly, for those producers who want to sell direct to a multiple retailer, that will be a challenge for them, whether they are in the red meat sector or indeed any other sector. That has long been a challenge for the Welsh Government and for the Welsh Development Agency previously—how to develop clusters that enable sufficient capacity to be generated so that you can supply those multiple retailers. I would suggest that there is a role for multiple retailers to work with businesses in Wales and with the Welsh Government to maximise the opportunities for getting those products to those multiple retailers. Having said that, the majority of Welsh lamb and beef, to that extent, will be slaughtered in those three main abattoirs, and will end up on the supermarket shelves.

[242] **Mr D. Davies:** With any marketing, there are two things that the market requires: critical mass and quality. There is no problem with any produce from Wales as far as quality is concerned—it is as good as produce from anywhere else in the world, if not better. Critical mass can be a problem. We have seen the number of sheep drop from 6 million to, at one stage, below 4 million. Then we saw the rationalisation of processing plants, especially in north Wales.

[243] If you are a small producer and you intend to break into the retail market, you cannot say to them, ‘Well, I can deliver some on Monday. Perhaps not next week, but I will have some the week after that.’ They are just not interested, and as Siôn says, it is important for us to develop some kind of a hub system so that small producers can come together to guarantee that there is a consistent supply into that market. Even for us, in the global market, if we do not honour a contract or a certain supply into a country, then it is no good going back there the second year, because once you have let them down, they are just not interested anymore.

[244] **Antoinette Sandbach:** So, what have you done to improve that distribution network in 10 years in the Welsh meat sector?

[245] **Mr D. Davies:** As far as the Welsh meat sector is concerned, distribution is virtually in the hands of the retailers, because they have certain hubs within the country. You question the fact that, as far as Morrisons, for instance, is concerned, the majority of its Welsh meat is shipped out of Wales, and then shipped back when it has been processed. Morrisons insists on having its own processing centres. The majority of the produce from Merthyr will go to Tesco. Tesco will not be interested in bringing stuff in from Llanybydder or from north Wales; Merthyr is its hub, and the produce is moved from Merthyr to its distribution hub. Supermarkets control virtually everything.

[246] **Yr Arglwydd Elis-Thomas:** Llyr **Lord Elis-Thomas:** Llyr is next. sydd nesaf.

[247] **Llyr Gruffydd:** Rwyf jyst eisiau holi **Llyr Gruffydd:** I just want to ask about your

am eich sylwadau blaenorol ynglŷn â'r potensial i gynhyrchu mwy. Mae'r agenda *sustainable intensification* yn cael ei drafod yn eithaf eang erbyn hyn, ond mae'r adborth yr ydym fel pwyllgor wedi ei gael gan yr undebau amaeth, a chan nifer o'r cyrff amgylcheddol, yn eithaf llugoer, a dweud y gwir. Maent yn teimlo nad yw'r potensial y mae rhai pobl yn meddwl a ddaw yn sgîl *sustainable intensification* yno. Hoffwn glywed eich safbwynt chi ar hynny.

[248] **Mr D. Davies:** Rwy'n credu bod yn rhaid i ddatblygiad y cynnyrch fynd law yn llaw â datblygu'r farchnad. Ni allwch jyst creu rhagor o gynnyrch; rydym wedi gweld beth ddigwyddodd pan oedd pobl yn cael eu talu yn ôl y pen—yr *headage payments*. Roedd pobl yn cynhyrchu mwy, ond nid oedd cysylltiad rhwng hynny a'r farchnad. Rwy'n gweld potential ofnadwy o ran datblygu'r farchnad. Fel roedd Siôn yn dweud, rydym yn gobeithio mynd i mewn i Tsiena a'r Unol Daleithiau. Mae gobaith i dyfu'r farchnad mewn ardaloedd neu mewn sectorau cyfoethog iawn, ac rwy'n gobeithio y bydd mwy o arian yn dod yn ôl o'r farchnad a fydd yn galluogi ein cynhyrchwyr ar lawr gwlad i gynhyrchu mwy, fel bydd y farchnad yn tyfu. Fodd bynnag, ni ellir gwneud hynny heb y farchnad.

[249] **Yr Arglwydd Elis-Thomas:** Siôn sydd â'r gair olaf, ac wedyn bydd yn rhaid i ni orffen.

[250] **Mr Jones:** Mae holl bwyslais gweithgareddau datblygu'r diwydiant o fewn Hybu Cig Cymru—ac rwy'n gyfrifol am y tîm hwnnw—ar geisio gweithio gyda ffermwyr a'r gadwyn fwyd i edrych ar ffyrdd o fod yn fwy proffidiol wrth gynhyrchu pob cilogram o gig ar ffermydd. Un ffordd o gynyddu proffid yw cynhyrchu mwy o gilogramau y pen o ran defaid, gwartheg a moch. Byddwn i'n dadlau fod gwneud hynny yn ffordd o gyflawni'r dyhead o gynhyrchu'n fwy dwys ond yn fwy cynaliadwy.

[251] **Lord Elis-Thomas:** I am conscious that there are some areas that we have not covered properly. We have already asked for some additional evidence on the planning side, but we would also be interested in the relationship between the Welsh landscape and branding and promotion. I know that you have some clear ideas on that. Would you be prepared to give us an additional piece of work on that?

previous comments regarding the potential to produce more. This sustainable intensification agenda is discussed quite broadly by now, but the feedback that we have had as a committee from the farming unions, and from many of the environmental bodies, has been quite lukewarm, if truth be told. They do not feel that the potential that some people think will come as a result of sustainable intensification is there. I would like to hear your view on that.

Mr D. Davies: I think that the development of the produce has to go hand in hand with market development. You cannot just produce more; we saw what happened when people were paid per head—the headage payments. People were producing more, but there was no link between that and the market. I see great potential in terms of developing the market. As Siôn said, we are hoping to get into China and the United States. There is hope to develop the market in wealthy parts of the world or in wealthy sectors, and I hope that more money will come back from those markets that will enable our producers at grass-roots level to produce more, as the market grows. However, that cannot be done without the market.

Lord Elis-Thomas: The final word goes to Siôn, and then we will have to conclude.

Mr Jones: The whole emphasis of Hybu Cig Cymru's activities in industry development—and I am responsible for that team—is on working with farmers and the food chain to look at ways of being more profitable in producing every kilogram of meat on farms. One way of increasing profit is to produce more kilograms per head in terms of sheep, cattle and pigs. I would argue that doing that is a way of achieving the aspiration of sustainable intensification.

[252] **Mr G. Davies:** Quickly, Chair, it is an integral part of the purpose of visiting Wales, and increasingly so. The vast proportion of visitors to Wales, when asked why they come to Wales, tell us now that they come for the integrity and beauty of the landscape and the coastline. One could argue that the visitor economy of tourism is more dependent on land management than most other sectors in Wales and, therefore, the need to work alongside our colleagues in farming—farmers, food producers and so on—is becoming increasingly important, because future trends are telling us that visitors will have an even more acute awareness of sustainable development economically as well.

[253] Coming back to the point that I made earlier on this morning, I think that maintaining that balance between economic development and the pillars of sustainability is what is important, and I think that that is managed on a destination level and through dialogue with colleagues in Wales, and we are small enough to be able to do that. My one hope, having heard what Dai, Siôn and Ben have said this morning, is that if you get Welsh lamb to go to China we use that opportunity to get the Chinese to come to Wales as well. I say it flippantly, but it is an opportunity, and I would like to think that the promotion of Welsh food in overseas markets can be used as an opportunity to market Wales's particular identity within those markets. There is still some work to be done there between the hospitality or the tourism sector and, let us say, the food division in order to combine forces to get that Welsh message to go that little bit further.

[254] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr am hynny. Mae hynny'n help mawr i ni ac fe fydd yn canolbwyntio ein meddyliau pan ddown i ysgrifennu'r adroddiad. Diolch yn fawr iawn i chi fel panel.

Lord Elis-Thomas: Thank you very much for that. That is a great help and it will concentrate our minds when we come to write the report. Thank you very much as a panel.

11:53

Rheoli Tir yn Gynaliadwy: Tystiolaeth ar Ynni ar Raddfa Fach Sustainable Land Management: Evidence on Small-Scale Energy

[255] **Lord Elis-Thomas:** May I apologise to you both for the delay? We are very pleased to see you. I will say a short word of introduction in Welsh—the interpretation is on channel 1 on the headphones—and then I will call Julie Morgan.

[256] Pwrpas y sesiwn hwn yw clywed tystiolaeth ar ynni ar raddfa lai fel rhan o'n hymchwiliad ni ar reoli tir yn gynaliadwy. Rydym wedi cyffwrdd â hyn yn barod, wrth gwrs, yn yr ymchwiliad ar ynni ac rydym wedi cwrdd ag un ohonoch, o leiaf, o'r blaen yn y cyd-destun hwnnw, ac rydym yn gyfarwydd â'r sector. Mae gennym ddiddordeb, felly, mewn trafod y cysylltiad rhwng ynni ar raddfa lai a rheoli tir yn gynaliadwy, ac yn arbennig ynni adnewyddadwy fel ffordd o arallgyfeirio.

The purpose of this session is to hear evidence on small-scale energy as part of our inquiry into sustainable land management. We have touched on this already, of course, in the energy inquiry and we have met with one of you, at least, before in that context, and we are familiar with the sector. We have an interest, therefore, in discussing the link between energy on a smaller scale and sustainable land management, and in particular renewable energy as a means of diversification.

[257] Before I call Julie, would either of you like to make some opening remarks on that theme, because I know that you are aware of what we are going to ask you?

[258] **Mr Tomlinson:** We talk about sustainability, and I think that sustainable farming is all about making the best use of resources and growing as much as you can from the resources

that you have available. Certainly, anaerobic digestion is about recycling that resource and getting it back to the land in the form of fertiliser. As an organic farmer, I am well up to speed on how to farm without using artificial fertilisers, and it is sustainable farming. Organic standards in themselves promote animal welfare standards and environmental standards that are the gold standard. Unfortunately, a lot of farmers feel that they are too onerous and too difficult to achieve, but I can assure you, having been an organic farmer for 14 years, that we are producing more food on our farm than my father or grandfather ever did, and we are doing it without the use of imports and sprays. So, that, in my view, is sustainable farming, and the problem that we have is getting that message out to farmers. It is an old industry; the average age is approaching 60. These guys do not take on new ideas readily, and unless farming is making a decent profit, and unless youngsters are attracted to coming into farming, the new generation will not come on with new ideas and push the industry forward. So, that is what I have to say on this, picking up on what I have just watched here on the television.

[259] **Lord Elis-Thomas:** Thank you. That was a very helpful statement. Chris, you have been with us before.

[260] **Mr Blake:** Yes, you have heard from me before. My interest is in renewable energy generation. The landscape of Wales is extremely well suited to generating a lot of our electricity, and that can be done on a very small scale; it can be done on a farm scale and on a community scale.

[261] I would just point out to start off that I think that we have missed an opportunity in the last two or three years and we need to move quickly now. On the feed-in tariff, of every feed-in tariff pound that comes into Wales, 95p of that is paid for by electricity consumers in England and Scotland. It is not quite too late to put an enormous effort into doing everything we can to get feed-in-tariff income coming into Wales, because it is free cash. In two days' time, the first feed-in tariff degression figures, the decrease in the FIT rates, will be announced. So, it is downhill from now on, and for each technology there is a 20% drop, which will take a lot of the viability out of a lot of the schemes and investments. So, it feels to me that we have missed a couple of years of activity here in terms of the feed-in tariff, and I can go through some of the reasons for that. From a Wales perspective, and from a community and upland farm perspective, capturing feed-in tariff pounds has been a missed opportunity, and we must not let it be missed again.

[262] **Lord Elis-Thomas:** Has the situation got any better since we started studying it and since you first came before us?

[263] **Mr Blake:** It is difficult to know. In some ways it has not. Natural Resources Wales changes to abstraction regimes are about to come in, and they are more difficult to work with. There are some cultural issues that it is beginning to address, but it will take a while. So, its perspective—its first and only perspective—is still very much about environmental protection, and there is very little consideration of the social and economic impacts of its remit. I acknowledge that there is a willingness to change from the top. I think that it will be a long time before that gets right down to the officer level. It could still take 18 months or two years to get an abstraction licence for a hydro scheme to take the water out and to put it back in 300m down the river. There are associated costs with that. Processing and licensing to scale is disproportionate, and that has not changed.

[264] **Lord Elis-Thomas:** Thank you for depressing me. [*Laughter.*] I call on Julie Morgan.

[265] **Julie Morgan:** You have set out some of the barriers that exist. Richard, you said in your introduction that many people have found it too onerous and difficult to achieve sustainable farming. Could you go into more depth about that? Why is it too onerous and too

difficult?

[266] **Mr Tomlinson:** It has certainly become less so. We have found that farm assurance schemes have become very onerous and difficult, which has narrowed the gap between farm assurance and organic standards. I think that a lot of farmers are realising that they are moving even closer to organic farming or sustainable farming through farm assurance schemes, which have been pushed very much by supermarkets trying to gain the upper hand in terms of their competitors. So, to that extent, it is getting easier, but organic farming already has a stigma for being difficult; there is a bit of a public relations problem to get over. Again, I think that it is just the age of farmers. My father-in-law is probably one of my biggest cynics as far as farming is concerned; he has been watching for years and now he sees that I am actually growing more grass and better crops than he is and he blames it on everything except the fact that he has not been doing it right.

12:00

[267] **Julie Morgan:** Obviously, there are great opportunities in Wales for small-scale energy generation. What role should the Welsh Government and Natural Resources Wales play in order to move this forward?

[268] **Mr Tomlinson:** I think that Chris would agree that one of the two biggest problems with renewable energy is planning. Planning is a big issue. When we first applied for planning permission for an anaerobic digester, nearly six years ago, they did not understand what an anaerobic digester was; they thought that it was radioactive. The safe answer for something that they do not understand is 'no'.

[269] **Lord Elis-Thomas:** May I ask which planning authority you dealt with?

[270] **Mr Tomlinson:** Wrexham. I have learned through a very painful process that you should never overestimate the intelligence of planners. [*Laughter.*] It was very difficult. I will not make any friends here, but never mind.

[271] It was a difficult process, but it has got a lot better. As I heard earlier on, the problem is that you can set the policy up high, but it is about getting the policy down to grassroots—to the person on the ground looking at the colour of the window frames. Those are the guys who need the educating. Unless they get clearly set out parameters to work to, the safe answer is always 'no', because nobody loses their job over a 'no'. If someone says 'yes' and it should have been 'no', they have done something wrong. However, if someone says 'no' and it should have been 'yes', well, that is okay—you have been cautious, so you are doing your job properly. That is the problem that we have.

[272] **Julie Morgan:** Is there improvement?

[273] **Mr Tomlinson:** There is an improvement, because they have now read the papers and seem to understand what anaerobic digestion is. We still have to do a newt survey, and all of the rigmarole around newts and bats and everything else, which is costly, time consuming and totally unnecessary. We have one of the best newt habitats in north Wales on our farm, which we created—we dug a pit out and dropped some dead wood into it and it is fantastic. Those newts would not travel from the habitat that we have created to where we built our anaerobic digester. It was a brownfield site—it was not a greenfield site—and it was hard-cored and everything. Yet, we still had to pay £3,500—it still hurts me every time that I say that—to put a newt fence around it, but they would not travel that far; it was 500m away. So, it is a bit ridiculous.

[274] So, planning is one thing. That still needs a good, hard push. The distribution network

operators and the hook-ups; if you are looking to export power into the national grid, those guys do not want to help you. We are involved with applying for grid connections, and we have seen the same size of transformer within 20 miles dealing with the same DNO and we have seen a £20,000 difference in price for exactly the same piece of kit. It is wrong. It should be regulated. In Germany, if you put in an application for a renewable energy hook-up into the grid, the DNOs are legally required to make that connection.

[275] **Lord Elis-Thomas:** Have you discussed this with the regulator, Ofgem?

[276] **Mr Tomlinson:** I have not personally done so, but I know that a lot of colleagues in the industry are discussing it all of the time. Nothing seems to be changing. We are four years down the road and we are still seeing it. The grid connection is the game changer. That can be the deal breaker. You can come up with a perfectly viable scheme and the grid connection knocks it out of the water.

[277] **Julie Morgan:** It is very dispiriting, is it not, to hear that?

[278] **Lord Elis-Thomas:** Yes. I feel that I should offer Julie James the right to reply on behalf of all planning lawyers and planners.

[279] **Julie James:** May I just say that I am not a planner? I would like to make that clear. *[Laughter.]* Actually, I share some of your views, I am sorry to say. May I make a comment about the grid?

[280] **Lord Elis-Thomas:** Yes.

[281] **Julie James:** I was very interested to hear your comments. I had that experience with a number of schemes before I became an Assembly Member. How would you like to see that being co-ordinated? National Grid is a private sector company, so it does what it does on a commercial basis. Do you think that there are additional regulatory things that the Welsh Government should do that are not currently included in the draft planning Bill, for example—although there are some things included in there—that you would like to see?

[282] **Mr Tomlinson:** I hold my hands up; I have not read the draft planning Bill, so I cannot really comment on what is in it. As a farmer, I would have thought that, with common sense, one would say, ‘We have a piece of equipment, and we know the value of it in the marketplace. What are they buying it for?’ Allow a reasonable margin on that and a reasonable cost for fitting it, and that should be what we get quoted. That is not difficult. It is a piece of equipment. They are buying it, yet they are allowed to charge whatever margin they want for providing that service. They should not be allowed to do that.

[283] **Julie James:** If I could translate that, you think that the regulator should have powers to control some of the connection.

[284] **Mr Tomlinson:** Yes. The cost of connection should be set out in a document for all DNOs across the country. The difference between different areas is incredible. Some are very helpful. As Chris has mentioned to me, he is dealing with ScottishPower in north Wales—horrendous.

[285] **Julie James:** That is not devolved to the Welsh Government, of course.

[286] **Lord Elis-Thomas:** No, not yet. There is another issue here, however, which is the lack of capacity in some areas to aid—

[287] **Mr Tomlinson:** That is a difficult one. I was in Ireland last week talking to guys

there who are looking to put in massive biomass boilers to burn chicken muck, of all things. Their grid is actually not as good as our grid. They are all complaining, saying, 'Our grid infrastructure is not very good, and it is really creaky', and everything. Their grid is significantly worse, yet they claim to be able to put 50% of renewable energy into their grid, because they know how to balance the grid. It is a technical thing—do not ask me how it works—but they say that they can do it. It is not the grid infrastructure that is the problem, but the DNOs' willingness to put the resource in to balance that infrastructure. That is the issue. I cannot talk to you about that. Chris is probably better placed than I am to talk about how that actually works. Sorry; I have just dropped you in it. [*Laughter.*]

[288] **Mr Blake:** We do hydro installations across north and south Wales. In north Wales, with ScottishPower, we have had considerably more difficulty. Western Power Distribution has been very good and helpful. I think that there is a bigger issue here; it is not always about the rules, but it is about the culture and the organisation or willingness to get them done. Sometimes it is not the rules that need changing, but it is willingness and a cultural attitude. That is why things have to change in NRW. Within the set of rules for its new guidelines there needs to be willingness to make it happen. If there is willingness to try to resist—environmental protection is the only criteria, that is all that we are going to do, and that is what I believe—it does not matter; you can change the legislation but they will find plenty of ways to block. I think that that is true in terms of the grid connection. There is a lack of collective willingness to make it happen. I am not sure that that is a rule thing; it is a cultural thing.

[289] **Llyr Gruffydd:** I just want to ask you questions about the types of support that the Government provides in terms of initiatives to develop renewable energy projects. Ynni'r Fro is one scheme or organisation that is lauded by the Government and has just been the subject of a mid-term review. I was just wondering whether you had any thoughts about its performance, but also about any other types of initiatives that the Welsh Government should be pursuing.

[290] **Mr Blake:** Ynni'r Fro has been very important and I have nothing but admiration for the technical officers that have done a lot of support work over the time. There has been a problem in terms of the response time and the flexibility. Perhaps those are the things that I do not see, in terms of European funding rules, which I do not understand. The original Ynni'r Fro scheme was going to be a grant scheme. When the feed-in tariff was introduced, three years ago, it had to be changed to a loan scheme. Three years on, it is still not up and running. I put in an application for the very first Ynni'r Fro capital loan in September and we still have not heard. This is the first one, three years after the feed-in tariff and the state aid rules were clarified. There may be good reasons, but they are not being communicated to us and it undermines the confidence in the scheme. The individual officers, in what they are doing and in their support, are fantastic—they have been really helpful—but the communication and the delivery of benefits have been a big problem.

[291] It just has not been flexible enough. It made a number of errors at the beginning and defined community scale at a scale that is too large for most communities. You can now get smaller grants for smaller schemes but it has been very slow. The problem, and I think that this is true for farm-scale schemes and especially for community schemes, is that there is a lot of risk involved. For community schemes, you have got to pay—even for a small hydro—£20,000 or £25,000 before you even know whether you can get the scheme going ahead. That is all risk. You cannot raise that. There is no private sector funding for that. You cannot go to neighbours and say, 'Hey, give us twenty-five grand and we will see if we get a licence' and then 'Oh sorry, we didn't get a licence; you can't have your money back'. That does not work, and that is where the grants absolutely come in. Of course, communities do not have balance sheets. The big developers have the balance sheets to take that risk. They have the experience, they can pay the upfront fees, they can take a gamble—they win on some, they

lose on some, no problem. Communities do not have that balance sheet; they cannot do that. So, the funding of that early stage is very important.

[292] I have been involved in a lottery bid. We are setting up a small £1 million—it is very small; £1 million of lottery funding—community energy development fund, which is going to launch in April. It is to overcome that problem for community groups. It is not enough. It is not Government; it is lottery money. That needs some support, and I think that it needs to be expanded. It is a pilot scheme. In getting that risk capital, we are actually doing it as a loan fund so that, if the community is successful in getting the application, it repays the fund from the construction fund. So, in theory, it can be an evergreen fund. Things like that need to be done, but I think that that is a role for Government, in supporting that. It should not be relying on Community Energy Wales and the lottery to see the problem and come up with a solution. I think that Ynni'r Fro has been too inflexible and not fast enough to be able to change and fill that gap. It has had far more money available to it than we have.

[293] I think that there is also an issue on the farm scale with private-funded schemes. The upfront capital risk—I do not know about anaerobic digestion, but for hydro—of taking a £20,000 gamble on whether you will get licences to develop a hydro scheme is a big cost. I am not an expert. Our organisation, TGV Hydro Ltd, has failed after several attempts to be registered for Farming Connect. We cannot get on the scheme. We cannot be part of the subsidy for that, because it is not taking on any more people. We were offered the chance to come under the umbrella of someone who is registered, who just carves off some of the money. There is something wrong here with the way the Farming Connect scheme works in giving that subsidy, which I think is intended to give a support, to take out some of the risk of that early evaluation. So, again, both on the community scale and on the farming scale, there has been a barrier to taking a risk. You are asking people to take a big gamble with a lot of hard-earned cash before they can know whether they have a viable scheme.

[294] **Lord Elis-Thomas:** Antoinette Sandbach is next and then Joyce Watson.

[295] **Antoinette Sandbach:** Richard, I wonder whether you could give us your experience with Wrexham council. I know that, at the moment, your anaerobic digester uses on-farm waste and that you were looking at trying to incorporate food waste. Can you give us your experience of how the system works and what support you have had in trying to expand what you have been doing?

[296] **Mr Tomlinson:** The biggest mistake that we made, initially, was putting the word 'waste' in our planning application. That was a big no-no; we should never have done that. Then we had to withdraw it and go for farm input. The endgame for large farm biogas was always to bring in waste from Wrexham industrial estate. It is one of the biggest food manufacturing estates in Europe, and there are thousands of tonnes coming off there every week. We went for the farm digester. We got that, but we had a clause put on us so that we could not bring any other waste in, which included chicken muck. So, we had to battle for 12 months to get that lifted. We could bring chicken muck on to the farm, but we could not actually put it through the digester, get the methane gas off it and then apply it to the farm with no smell. So we battled for 12 months to get that restriction lifted and succeeded in that. We now have a 2,000-tonne-a-year restriction on the amount of any material that we can bring on to the farm, which we can live with. So, we are now just getting the final stages of our waste licence application in. We have got some bundling work to do. We have not had any grant support or any other support. The shareholders in large farm biogas have stumped up the money. We were nearly there with Finance Wales, which was very supportive. We did all of the business plans and gave it all of the cash flows and everything, and then it told us what it was going to charge in interest, arrangement fees, early repayment charges, and everything else, and we were looking at 12%. The shareholders sat down in the shareholders' meeting and said, 'Hang on a minute; you are going to pay 12% to somebody to lend you the

money, well, we'll do it for 10%', we said, 'Deal done', and that is what we have had to do. We are in a climate where we have had the cheapest interest rates in memory, but you cannot borrow money at a rate of anything like 2% or 3%; it is just not out there. Borrowing money, per se, is hugely difficult. Banks are clammed up tight.

12:15

[297] Anaerobic digestion on farms, on a farm scale of around 80 kW, for which you are talking about a 250 or 300-cow dairy herd, will provide a return on capital in the mid-teens or early twenties. So, it is a good investment when you compare it. For investments in farming infrastructure, you would do everything for a 20-year plan. However, when you put a business plan to a bank, its criteria, at the moment, is that you have to be able to secure at least 120% of the money that you are looking to lend, completely unburdened, so it has to be clear, free security for that loan. Until recently, banks would not take any of the income into account. So, your core business had to be able to service that loan, assuming that the digester did not make you any money whatsoever. They are now taking a percentage of the feed-in tariff payment into account. However, these jobs are still not—.

[298] The people who have built digesters to date are people with private funds who have been determined and have wanted to build a digester for other reasons than just the finance; they want to be a sustainable farm and they want to be fully self-sufficient for fertiliser, electricity and heat. This is another thing: the Welsh Government's policy on anaerobic digestion and dealing with waste—these huge centralised food-waste digesters—is absolute nonsense. For one thing, the heat will not be used at all. Our generator is 46% efficient, which is good, so we have 50% or so heat. Currently, we are heating a seven-bedroomed farm house, two offices, my brother's engineering workshop, an outdoor swimming pool in the garden—for which we do not claim renewable heat incentive funding; I would just like to point that out—and we still have waste heat, and we are not recovering all of the heat off the engines. That is energy that is the same as electricity. So, farm-scale anaerobic digestion is great, because most farmers have a milk-chilling requirement, and they have a farm house, a farm cottage, and hot water to disinfect. They can use the heat and recycle all of the output: 100% of the output from AD plants goes back to farm land. For every 1 kW, you need three acres of land. So, if you get to a 1,000 kW plant, you are looking at needing 3,000 acres of land on which to spread the output. Putting them in the middle of an industrial estate is just not common sense at all.

[299] **Antoinette Sandbach:** What was your upfront risk? We heard that it was £20,000 to £25,000 for hydro schemes, but, for AD, do you know roughly what it was?

[300] **Mr Tomlinson:** Our upfront risk was the cost of planning. So, typically, you are just shy of £10,000 by the time that you have paid the consultant to do the planning application and all of the stuff that goes back and forth. Then there is the cost of the electricity. You have to pay for your grid connection upfront. You get a quote, but if your funders are not prepared to say—. Very often, the farmer has to stump up for the grid connection before he can get the funding in. So, he has to have a planning application, planning consent and a grid connection, and he has to have security of feedstock. So, if the majority of the feedstock is on the farm already, that is good. He has to have control of the land where the output will go. Once he has all of that together, then we are looking at a viable project. The distribution network operator is the biggest one; with regard to the planning application, most farmers will say, 'Yes, I'll stand that'.

[301] **Mr Blake:** Just on a point of clarification, the £25,000 would probably be for a community scheme where you have to do landowner consents, leases and legal documents as well. For a farm one, £10,000 to £15,000 is the range of upfront risk money. The extra comes in if you do not own the land and you have to get the legal consents.

[302] **Lord Elis-Thomas:** Joyce is next and then William Powell, and then Russell George has the last word, again.

[303] **Joyce Watson:** I want to explore, as we did earlier, your views on knowledge transfer, which you have talked about, of the new technologies, and all of the skills and training that could be improved in your industry. I would like your views on that. Am I right to assume that what you are saying is that, in terms of the knowledge that exists and the rules that have to be applied, there is a huge deficit in different areas where those might be applied, and that there is a lack of understanding of how to interpret those rules? So, there are two bits here, I suppose. If there is a deficit—let us start from where I have understood you—how do you improve that deficit and move forward, because we are trying to move forward here, into knowledge transfer of new technologies, because that is what you are dealing with?

[304] **Mr Tomlinson:** Farming Connect has been very good in the knowledge transfer as far as educating farmers on the benefits of renewables is concerned. There has been funding for consultancy and putting business plans together, which is good. There is quite a fast-growing knowledge and there are a lot of articles in the farming press and what have you. A lot of farmers are aware of the benefits of anaerobic digestion. However, they currently view it as—. The Germans came in first with huge crop digesters, which cost a six-figure sum from the start; they were £1 million digesters, and there has always been the debate about whether we feed the world or fuel the world, and agriculture cannot be challenged with both.

[305] So, crop digesters have not had a good press, and I am not 100% an advocate of crop digestion. I am an advocate of having an on-farm digester utilising all of the waste on the farm and the fallen animal slurries. DEFRA figures show that there are 110 million tonnes of potentially digestible material in the UK; 90 million tonnes of that are on-farm in the form of animal slurries. There are only about 20 million tonnes of food waste. So, realistically, if every on-farm digester took in 20% of food waste, it would make every on-farm digester viable, because it would probably provide another 50% of electricity generation capability. There is loads of energy in food waste; anything with a calorific value will digest and produce methane gas. So, the fact that the animal slurry has already been through the cows', pigs' or chickens' systems—

[306] **Joyce Watson:** May I come in there, because we are going to run out of time? That is fine, and I have heard all of that, in a way. What I am trying to get to is: if there is a deficit of knowledge and understanding in interpretation and feeding back, what is it that we need to do? That is what I have understood you saying in places—not completely, but in places. How do we get from where we are to where we need to be in accordance with this legislation that we are trying to put forward?

[307] **Mr Blake:** I will give you an example. It is something that is happening next week with a planning authority. We are taking every single officer in that planning authority on-site to a micro-hydro scheme to have a look at it, so that they understand them in the future. We are not being paid to do that; we are doing that because it is good for us in the future that they have a better understanding. In some ways, that is what it needs, because, to go back to your point at the beginning, if you are a licensing authority and you do not understand it, you are going to say 'no'.

[308] **Joyce Watson:** Yes. That is what prompted my question.

[309] **Mr Blake:** So, you have to explain, and it is a slow process. So, we are taking 30 people around a micro-hydro site, which will be quite funny—the fields are like soup—to look at one. That needs to be done on a huge scale; that is just one technology and just one planning authority. So, you multiply that across to get an understanding of the impact.

[310] People do not understand, and I will just give you one other anecdote. A Natural Resources Wales officer came out on-site. We had been fighting with NRW for 15 months about an abstraction licence, and they finally came out on-site. The officer's words were: 'Is that all it is? I didn't realise. Oh, that won't be a problem'. My fear is that we do not have the time that it will take to bring that level of understanding up. Just as we have everybody saying, 'Oh, yes, we understand'—I am not saying that these technologies are all appropriate everywhere: there are rivers where we do not want micro-hydro schemes, there are places where anaerobic digestion is not a good thing, and there are places where wind turbines are not a good thing—by the time that we have got there, the feed-in tariff incentive will be worthless. That is my big worry.

[311] **Mr Tomlinson:** I agree with Chris on that. We have shown probably all of the planners from Wrexham around our sites at some point. We had the initial inspection where they came and I found it quite strange, as I had not been through a planning inspection before. I was not allowed to speak to them; I was only allowed to ask questions through the chair who, I have to say, was not a particular advocate of anaerobic digestion, per se.

[312] They were ushered on, loaded out of a coach, and told, 'There is the digester over there.' They never walked over to it. We had spent a lot of time and effort putting big signs on all of the equipment that explained exactly what it was—assuming that we could only use sign language—so that, without asking questions, they could have a fairly good understanding of how the process worked: what went in, what was the digester, where it went, what came out, where the electricity was and everything. They never even walked on to the site and then off they went. We had to approach each of them individually and invite them down. It would have been much easier if we could have said, 'If you have a planning application that comes across your desk that you do not understand—it is a new technology—.' It is their responsibility to learn their job. I should not have to educate them. I know farming and I know my job. If they do not understand what the application in front of them is, they should research it. They should get in contact with us. In the private sector, we are more than happy to give our time, but the more people whom we can give our time to at once, the cheaper it is for us; it will take the burden away from us slightly. If they go away and learn what it is before they say 'no', that would be great.

[313] **Mr Blake:** The education has to go on. As I said at the beginning, and I really believe it, it is about proportionate rules and following proportionate process. Of course, if you do not understand the process, you do not know what is proportionate. So you err on the side of caution. It is a key issue.

[314] **Joyce Watson:** So what is the answer?

[315] **Mr Blake:** What is the answer? The regulating bodies have to get themselves up to speed. It is their responsibility. It is the responsibility of the local planning authority and NRW to train their officers to understand the technologies. I think that they have to come up with some threshold guidelines; there has to be some fast tracking. I do not mean fast tracking so that we get inappropriate development, but so that, if it is an anaerobic digester or a hydro and it meets these criteria, then it is no problem to follow this two-month authorisation process: 'Let us do that'. They have the responsibility to do that.

[316] **Mr Tomlinson:** They have a responsibility to justify why the answer to an application should not be 'yes'. The set answer should be 'yes', unless they can justify and give us the reasons why they said 'no'. As it is, the onus is on us, their set answer is 'no', then we have to justify why the answer should be 'yes'. It needs to be completely flipped over.

[317] **Lord Elis-Thomas:** I would suggest that, if you have a problem sleeping one night,

try reading the Government's consultation paper on the new planning Bill. These matters are beginning to be dealt with. I would be very interested to have your response to that.

[318] **Julie James:** I would concentrate on any energy bid, if you do not want to go to sleep. [*Laughter.*]

[319] **Lord Elis-Thomas:** William Powell is next and then Russell.

[320] **William Powell:** Chris, you said earlier that you were involved with Community Energy Wales and in a bid to the National Lottery for a programme to introduce a loan scheme for renewable energy. In its evidence to this committee, NRW advocated that the Government should build a loan scheme into the next phase of the rural development plan, which has not previously been the case. As a request, would it be possible, at the appropriate time, for you to share with the committee the model that you propose to use? That might be usefully fed back to NRW when the time is right.

[321] **Mr Blake:** Absolutely. We have acknowledged that we need to talk about the RDP and the new scheme. We think that some of its funds could fit into this model. It is a two-year pilot scheme that we are running. I think that it is a very good model, but it needs more capital: £1 million for every community energy scheme in Wales, with all of the pre-permissions, does not go very far. We definitely need—assuming that the pilot is successful, which I think it will be, as it is a good model—to get some additional funds going through the same model. It would make a lot of sense to use one system to administer it, rather than having one small £1 million programme here, another separate RDP programme here and an Ynni'r Fro scheme over here; it needs to be brought together.

12:30

[322] **William Powell:** Richard spoke extensively earlier about frustrations with the planning system. I wonder whether both of you would like to comment on how authorities should proceed where there is a conflict between environmental impacts and the economic imperative. What is your sense of the way forward there?

[323] **Mr Tomlinson:** Certainly, on anaerobic digestion it is all positive as far as environmental impact is concerned. Had they been up to speed when the application went in, they would have known that. As it was, we ended up arguing about newts and bats—obviously, that is not insignificant, but it is really not the big picture. Environmental impact can be used as an excuse to stop these schemes. It is a very powerful tool now—more so than commercial advance, and bringing more income into the area and everything else. Environmental impact is a very powerful tool, and it can be used against you just as quickly as it can be used for you. It is very difficult using it for you; it does not seem to have the same impact when you say, 'Look, I can reduce my fertiliser usage and I can reduce my sprays; it is safer food production'. That does not do anything for you, but you mention newts, and 'Oh no'.

[324] **Mr Blake:** I think that that is a really big challenge. Certainly, we see it. A micro-hydro scheme, for example, is development. However limited it may be, there will be some environmental impact; the river will not flow just as it did before. So, how do you measure that? If your only criterion is environmental impact, it is possible to say 'no' to everything. How do you balance that? I do not think that the rules have been written yet about how you balance that against economic and social benefit, but, if that is the new remit of Natural Resources Wales, it is going to have to write them, and it is going to have to write them really fast.

[325] I think that it is about licensing, and it is the Government's job to play that balancing

act. We can point out what the social and economic benefits are, and we are doing a lot of work with Cardiff University and others to identify that, in terms of jobs, a sustainable supply chain and carbon reduction. However, at the moment, on the planning side, it is not part of the criteria. That has to change, but it is about speed: if that change is in five years' time, we have missed a huge opportunity.

[326] **William Powell:** Finally from me, Chair, if I may, you have both referred to a lack of capacity and a lack of knowledge base in terms of some of the technologies that we are discussing today. Do you have a view as to whether or not the proposed changes in local government, with regard to the merging of authorities into larger units, and, potentially, the creation of a single Welsh national park authority, would, potentially, be of benefit in creating a greater level of capacity within those organisations, or do you think that that brings more risk than benefit?

[327] **Lord Elis-Thomas:** It depends whether the so-called national park authority, if it ever comes into existence, would have planning powers.

[328] **Mr Blake:** I suppose that I do not know.

[329] **Mr Tomlinson:** It remains to be seen, I think.

[330] **Mr Blake:** What there needs to be—. Where it could help is if it—

[331] **Lord Elis-Thomas:** This is a hypothetical. I do not think that we can—. Good try, though. [*Laughter.*]

[332] **Russell George:** One very quick question. You have answered most of the points with regard to Joyce Watson's questions, but, very specifically, have you received any recent advice from Natural Resources Wales in terms of inconsistencies in its replies to you? I am talking about differences in replies between officers and offices.

[333] **Mr Blake:** Yes, we still get those; we used to get those all of the time.

[334] **Russell George:** Did you?

[335] **Mr Blake:** Yes, we get differences in responses and replies the whole time, and we get thinly disguised opposition from officers on any grounds that they can snatch at. The words coming from more senior people in NRW are positive, but there is still a mismatch, in our experience, between the policies that are stated at the top and at officer level.

[336] **Lord Elis-Thomas:** Well, let us have chapter and verse and we will sort them out them out for you.

[337] **Russell George:** I am pleased that you said that, because that is the experience that I am hearing about as well. We have had the same evidence here from senior Natural Resources Wales officials and the Minister, saying that this is not happening, but we all have casework about where it is happening. If you could provide us with any evidence to that effect, then I think that this committee would be very grateful for that.

[338] **Mr Blake:** We will do that. We do have a good working relationship with NRW through the stakeholder group and, if we get examples of that, we give them straight to it and it has been pleased to receive them. However, we will certainly share that with you. There is evidence that the heart is in the right place, but it is a big organisation, with—.

[339] **Russell George:** We are trying to be helpful to the senior management of Natural

Resources Wales, because they are perhaps not aware of what is going on, and it is our job perhaps to make it aware of that.

[340] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr i'r ddau ohonoch chi unwaith eto. **Lord Elis-Thomas:** Thank you very much to both of you once again.

[341] It was good to have you both here. That is the end of our evidence taking.

Papurau i'w Nodi **Papers to Note**

[342] **Yr Arglwydd Elis-Thomas:** Mae yna bapurau i'w nodi: cofnodion y cyfarfod ar 15 Ionawr, llythyr gan y Gweinidog Llywodraeth Leol a Busnes y Llywodraeth ar ryngddibyniaethau rhwng y Bil cenedlaethau'r dyfodol, y Bil cynllunio a Bil yr amgylchedd, llythyr gan Gadeirydd y Pwyllgor Deisebau—sydd yn eistedd yn y fan honno—ar atal dinistrio mwynderau ar dir comin, a llythyr gan y Gweinidog Cyfoeth Naturiol a Bwyd ar newid hinsawdd. Bydd y pwyllgor yn cwrdd nesaf ar 6 Chwefror i glywed tystiolaeth am y Bil cynllunio drafft a gwaith dilynol ar yr ymchwiliad i bolisi morol.

Lord Elis-Thomas: There are papers to note: minutes of the meeting on 15 January, a letter from the Minister for Local Government and Government Business on interdependencies between the future generations, planning and environment Bills, a letter from the chair of the Petitions Committee—who is sat just there—on preventing the destruction of amenities on common land, and a letter from the Minister for Natural Resources and Food on climate change. The committee will next meet on 6 February to take evidence on the draft planning Bill and follow-up work on the inquiry into marine policy.

[343] Un gair i gloi: mae sylwadau wedi bod yn y cyfryngau yn ddiweddar nad yw'r Cynulliad Cenedlaethol yn gweithio'n effeithiol. Rwyf eisiau dweud wrth y bobl hynny y dylent dalu mwy o sylw i'r hyn y mae'r pwyllgor hwn yn ei wneud a faint o waith yr ydym yn llwyddo i wneud gydag aelodaeth lai nag y dylai fod a hynny mewn meysydd eang iawn o bolisi amgylcheddol. Felly, llyncwch hynny, y BBC a phawb arall yn y cyfryngau sy'n ymosod ar y Cynulliad Cenedlaethol a'i phwyllgorau.

Just a word to conclude: there have been some comments in the media recently that the National Assembly is not working effectively. I want to tell those people that they should pay more attention to what this committee does and how much work we get through with our reduced membership in very broad-ranging policy areas in terms of the environment. So, swallow that, BBC and everyone else in the media who is attacking the National Assembly and its committees.

Daeth y cyfarfod i ben am 12:37.
The meeting ended at 12:37.