



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

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

Dydd Iau, 13 Hydref 2011
Thursday, 13 October 2011

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These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches 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)
Rebecca Evans	Llafur Labour
Vaughan Gething	Llafur Labour
Russell George	Ceidwadwyr Cymreig Welsh Conservatives
Llyr Huws Gruffydd	Plaid Cymru The Party of Wales
Julie James	Llafur Labour
David Rees	Llafur Labour
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives
Kirsty Williams	Democratiaid Rhyddfrydol Cymru (yn dirprwyo ar ran William Powell) Welsh Liberal Democrats (substitute for William Powell)

Eraill yn bresennol**Others in attendance**

Alun Davies	Aelod Cynulliad, Llafur (y Dirprwy Weinidog Amaethyddiaeth, Bwyd, Pysgodfeydd a Rhaglenni Ewropeaidd) Assembly Member, Labour (the Deputy Minister for Agriculture, Food, Fisheries and European Programmes)
Ian Gambles	Cyfarwyddwr Gweithrediadau, y Comisiwn Cynllunio Seilwaith Director of Operations, Infrastructure Planning Commission
Rory O'Sullivan	Cyfarwyddwr Materion Cefn Gwlad, Llywodraeth Cymru Director, Rural Affairs, Welsh Government
Brian Pickett	Pennaeth Cyllid, Materion Gwledig, Twristiaeth a Marchnata, Llywodraeth Cymru Head of Finance, Rural Affairs, Tourism and Marketing, Welsh Government
Syr/Sir Michael Pitt	Cadeirydd y Comisiwn Cynllunio Seilwaith Chair, Infrastructure Planning Commission

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

Dr Virginia Hawkins	Clerc Clerk
Catherine Hunt	Dirprwy Glerc Deputy Clerk
Nia Seaton	Y Gwasanaeth Ymchwil The Research Service
Graham Winter	Y Gwasanaeth Ymchwil The Research Service

*Dechreuodd y cyfarfod am 9.00 a.m.
The meeting began at 9.00 a.m.*

**Cyllideb Ddrafft 2012-13: Craffu ar Waith y Dirprwy Weinidog
Amaethyddiaeth, Bwyd, Pysgodfeydd a Rhaglenni Ewropeaidd
Draft Budget 2012-13: Scrutiny of the Deputy Minister for Agriculture, Food,
Fisheries and European Programmes**

[1] **Yr Arglwydd Elis-Thomas:** Bore da, Ddirprwy Weinidog. A hoffet gyflwyno da, Ddirprwy Weinidog. A hoffet gyflwyno dŷm a dweud rhyw air byr o gyflwyniad? **Lord Elis-Thomas:** Good morning, Deputy Minister. Would you like to introduce your team and say a few introductory words?

[2] **Alun Davies:** I am Alun Davies, the Deputy Minister for Agriculture, Food, Fisheries and European Programmes. With me this morning are Rory O'Sullivan and Brian Pickett. I would like to start by thanking the committee for bringing forward the time of the meeting. Members will be aware that I have to attend a joint ministerial council of Europe later today in London. Due to changes to their arrangements, I have had to change mine. I am very grateful to the committee for agreeing to take evidence at this time.

[3] I will not make too many opening remarks, because I would prefer the committee to have the opportunity to set its own agenda for this meeting. The rural affairs budget was largely set as a consequence of the comprehensive spending review last year. We have moved forward on many items, but many of the fundamental decisions about the shape and the architecture of the budget were taken at that time.

[4] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr. Dylwn fod wedi croesawu Kirsty Williams sy'n dirprwyo ar ran William Powell, sydd wedi ymddiheuro oherwydd bod ganddo achlysur arbennig iawn yn ei etholaeth. **Lord Elis-Thomas:** Thank you very much. I should have welcomed Kirsty Williams, who is substituting for William Powell, who has sent his apologies as he has a very special event in his constituency.

[5] Ddirprwy Weinidog, dechreuaf y cwestiynau. I ba raddau y mae'r newidiadau a gynllunnir yn y gyllideb rhwng 2011 a 2015 yn cyfateb i'ch blaenoriaethau polisi chi a blaenoriaethau eich Llywodraeth? **Deputy Minister:** I will start the questions. To what extent do the changes that are planned in the budget between 2011 and 2015 correspond to your policy priorities and the priorities of your Government?

[6] **Alun Davies:** Mae'r rhaglen lywodraethu yn arwain fy ngwaith. Fodd bynnag, yr wyf am i'r pwyllgor ddeall bod y rhaglen lywodraethu, fel y'i cyhoeddwyd, yn seiliedig ar y gyllideb ac ar faint a oedd ar gael i ni. Mae llawer o bobl yn gofyn cwestiynau ynglŷn â faint yr ydym wedi ei dorri fel rhan o'r broses o ddrafftio'r gyllideb, ond mae'n bwysig i'r pwyllgor ddeall ein bod wedi seilio y rhaglen lywodraethu ar y cyllid sydd ar gael i ni. Felly, rhaglen lywodraethu sy'n gosod y blaenoriaethau ar gyfer fy ngwaith. **Alun Davies:** The programme for government guides my work. However, I would like the committee to understand that the programme for government, as published, is based on the budget and on what was available to us. Many people are asking questions about how much we have cut as part of the process of drafting the budget, but it is important for the committee to understand that we have based the programme for government on the funding available to us. Therefore, the programme for government sets the priorities for my work.

[7] Y prif ymrwymiad ariannol yn y gyllideb yw'r cynllun datblygu gwledig. **The main financial commitment in the budget is the rural development plan. The plan will**

Bydd y cynllun yn gofyn am bron £800 miliwn rhwng 2007 a 2013. Mae Llywodraeth Cymru yn cyfrannu £600 miliwn at hynny. Yr ydym yn hapus iawn gyda'r proffil gwariant ar hyn o bryd. Dechreuom wario ar y rhaglen hon yn 2008. Gan fod y rhaglen yn parhau hyd at 2013, mae gennym hyd at 2015 i wario'r gyllideb. Felly, yr ydym yn hapus iawn gyda'r ffordd mae hynny'n mynd.

require nearly £800 million between 2007 and 2013. The Welsh Government is contributing £600 million to that. We are very happy with the current expenditure profile. We began to spend on this programme in 2008. As the programme will continue until 2013, we have until 2015 to spend the budget. We are therefore very happy with the way that is going.

[8] Prif nod yr adran yw sicrhau ffyniant a chyfleoedd i'r diwydiannau amaeth, bwyd a physgota fod yn llwyddiannus. Yr ydym yn cefnogi'r diwydiant cynhyrchu bwyd drwy ddatblygu, hyrwyddo a marchnata bwyd a drwy gryfhau cadwyni cyflenwi lle gellir. Yr ydym yn ceisio cryfhau'r economi wledig drwy hyrwyddo ffyrdd newydd o greu cynnyrch newydd, prosesu, creu marchnadoedd newydd, datblygu trefniadau marchnata newydd a buddsoddi mewn cyfleusterau newydd. Yr ydym yn gobeithio, drwy'r gwaith yr ydym yn ei wneud fel rhan o'r cynllun datblygu gwledig, y gallwn gryfhau'r economi wledig.

The main aim of the department is to ensure prosperity and opportunities for the agriculture, food and fishing industries in order to ensure that they are successful. We support the food production industry through the development, promotion and marketing of food and strengthening supply chains where possible. We are trying to strengthen the rural economy by promoting new ways of creating new products, processing, creating new markets, developing new marketing arrangements and investing in new facilities. We hope, through the work we are doing as part of the rural development plan, that we can strengthen the rural economy.

[9] **Yr Arglwydd Elis-Thomas:** Felly, byddech yn gwadu unrhyw awgrym, o ble bynnag y deuai, fod gwahaniaeth rhwng blaenoriaethau'r Llywodraeth a'ch rhaglen waith fel Dirprwy Gweinidog a'r gyllideb sydd ger ein bron.

Lord Elis-Thomas: Therefore, you would refute any suggestion, regardless of where it came from, that there is a difference between the priorities of the Government and your work as a Deputy Minister and the budget that is before us.

[10] **Alun Davies:** Byddwn. Yr ydym wedi gweld toriadau i gyllideb Cymru; yr ydym i gyd yn gwybod hynny. Mae polisi cyllidol Llywodraeth y Deyrnas Unedig wedi effeithio ar ein gallu i fuddsoddi yn yr economi wledig. Yr ydym yn deall hynny, ond yr oeddem yn gwybod hynny cyn inni ddechrau'r rownd gyllidebol hon. Felly, mae polisiau Llywodraeth y Deyrnas Unedig wedi cael effaith negyddol ar ein gallu i gefnogi'r economi wledig, ond dyna rhywbeth yr ydym yn ei wybod ers sbel.

Alun Davies: I would. We have seen cuts made to Wales's budget; we all know that. The fiscal policy of the United Kingdom Government has affected our ability to invest in the rural economy. We understand that, but we knew that before we started this budgetary round. Therefore, the United Kingdom Government's policies have had a negative impact on our ability to support the rural economy, but we have known that for a while.

[11] **Yr Arglwydd Elis-Thomas:** Fy nghwestiwn oedd: a ydych wedi gallu blaenoriaethu gwariant—yn ôl y ffigyrau yn y gyllideb—ar gyfer y pethau y credwch eu bod yn allweddol, nid yn unig i'r Llywodraeth, ond i'ch gorchwyl gwaith fel Dirprwy Weinidog?

Lord Elis-Thomas: My question was: have you been able to prioritise expenditure—according to the figures in the budget—for the things that you believe are crucial, not only to the Government, but to your brief as the Deputy Minister, too?

[12] **Alun Davies:** Ydwyf.

Alun Davies: Yes.

[13] **Antoinette Sandbach:** What percentage of your budget comes from the European Union, rather than from the UK Government?

[14] **Alun Davies:** I am not sure about the actual percentage, but on the overall spend, the single farm payment in Wales comes to around £270 million, and rural development plan schemes add another £100 million to that.

[15] **Antoinette Sandbach:** So, £300 million of the £800 million comes from Europe?

[16] **Alun Davies:** It is around £400 million.

[17] **Mr O'Sullivan:** Just to correct that, the direct payments to farmers—the £270 million—is 100 per cent funded by Europe. Under the RDP, the Deputy Minister has already explained that total spend is around £800 million, some £600 million of which is from the Welsh Government. Therefore, the contribution from Europe is about £200 million.

[18] **Antoinette Sandbach:** So, around £475 million of the budget comes from Europe?

[19] **Mr O'Sullivan:** In terms of the Welsh Government's budget, the figures mentioned by the Deputy Minister relate to the RDP, because the single payment scheme is 100 per cent funded. As far as the budget is concerned, you will see the figures that come in and go out.

[20] **Antoinette Sandbach:** I want to follow that up with questions on the single payment administration revenue and the costs reflected in your budget. The previous Minister gave evidence that the introduction of the new Glastir scheme from 2012 would be simpler to manage administratively, compared with the schemes that it replaces, and that it would lead to a significant reduction over time in IT development costs for supporting schemes under the rural development plan. These cost reductions are already starting to materialise in the current year, and they will continue into next year and beyond. Given that £1 million from the rural development plan has gone towards Glastir administration costs this year, and that you are bidding for a further £7.55 million—which is not in the budget figures before us—towards IT, can you explain where those savings have been made?

[21] **Alun Davies:** We are protecting the budget for rural payments so that we are able to fulfil our responsibilities. The committee will be aware of this Government's excellent record on paying out the single farm payments; we are protecting the budget to ensure that that continues. In wider terms, we are looking to move to an online system by 2015-16. We have already received money from the Government's invest-to-save budget line to enable us to do that, and we anticipate savings of around £10 million or £11 million to accrue from that system—I understand what your question was about, and I am coming to it; I want to contextualise it first. We are looking to move to an online system in 2014, and the savings accrued as a consequence are expected to be in the region of £11 million. We expect to see those savings around 2015-16, which will justify the investment. Rory, would you like to take on the individual question?

[22] **Mr O'Sullivan:** In terms of the revenue budget, the amount set against the single payments scheme is associated with ensuring that our ICT systems, particularly for the administration of the single payment scheme, meet all of the requirements set by the European Commission. If they do not, we get hit with the big disallowance. With regard to the figure of £1 million that you are referring to in respect of Glastir, separately, under the RDP, there is what is called a fifth axis, called 'technical assistance', and we have agreed with the Commission that we can use an element of technical assistance to help meet some of the costs associated with the ICT development for Glastir.

[23] **Antoinette Sandbach:** So where is the additional money, which has been taken away from farmers or rural development programmes and which has gone into technical assistance or IT, reflected in this budget? Do you anticipate further transfers of that nature?

[24] **Mr O'Sullivan:** The money for the technical assistance side of the RDP is within the overall allocation for the RDP set out in the draft budget. It is not the case that we are taking money away from farmers. The single administration costs in the budget are Welsh Government money and are not affected by the RDP as such. With regard to the way in which the RDP is able to operate, we are justified in obtaining Commission approval to use RDP moneys to help to support the introduction and implementation of new schemes under the RDP, such as is the case with Glastir.

[25] **Vaughan Gething:** I am a little confused by the reference to how much of the money in your budget is European money. I thought that, with regard to the budget lines we have, it is Welsh Government spend that we are talking about and scrutinising. At the back of your paper, in annex 1, you have the figures for single payment schemes. There is a neat line that says that the money coming in is exactly the same as the money going out. So that is 100 per cent single payment. Is that right?

[26] **Mr O'Sullivan:** Yes.

[27] **Vaughan Gething:** Is the RDP technical assistance line of £5.9 million what we are talking about with regard to Antoinette's question about where this technical assistance is coming from? Is that the figure that it is taken from?

[28] **Mr O'Sullivan:** Yes.

[29] **Vaughan Gething:** So, in effect, when we are talking about the percentage of money in your budget that comes from the EU, I do not really understand how much that matters, in the sense that, with regard to our role in scrutinising the decisions you have made on, for example, the priorities and how they meet the Government programme, that EU money is effectively spoken for. What matters is the money from the Welsh Government that you have provided to ensure that those programmes are delivered. It comes back to the point that, if you do not provide enough support, you can potentially get clobbered.

[30] **Alun Davies:** You are absolutely right about the single farm payments. The money comes in and it goes out. Clearly, it appears in our budget lines, but it is not an area where we have discretionary spend. It is a direct payment. With regard to the RDP, we have discretion and our responsibility is to ensure that we have the funding available to maximise the impact and the spend of European funds, and I think that that is what we are doing.

[31] **Vaughan Gething:** I have a further question on a different area. I am interested in the marketing and promotion of Welsh food. I know that you take a very direct personal interest in this. I have seen you at all of these events, eating and tasting our produce. The percentage reduction looks quite large. It is about £300,000, depending on which figure we look at. What is it that we are not going to be able to do as a result of that reduction? Are you still confident that you are going to meet the commitments you have made in the programme for government on the specific marketing and promotion of Welsh food and produce?

[32] **Alun Davies:** The Welsh Government's food strategy is going to be delivered in partnership with the industry. I want to say three things on this. First, since my appointment, I have established an independent review of our food marketing. I have received the first presentation on that in the past week or so. I am going to consider that and I will be making further statements on that matter to Members when I have come to conclusions.

9.15 a.m.

[33] Secondly, the food strategy that we are currently working on was published by my predecessor last December, and while that remains the strategy of the Government, it is something that I intend to return to, because there are significant elements that, as today's Deputy Minister, I would perhaps not have published myself. So, I will be returning to a food strategy in more detail over the coming months.

[34] The final point is that, with the Minister for Business, Enterprise, Technology and Science, I have agreed the establishment of a food and farming sector panel, and published details of its work. This panel will provide further advice to the Government on the role that we should play in delivering our aspirations on the strategy. Its first meeting is next month, and I will be meeting the panel prior to that to discuss how the current strategy will be shaped in the future.

[35] **Vaughan Gething:** That may be a subject to return to in the future, Chair. If the strategy is going to change, then I expect that we would want to see that and have a closer look at it.

[36] **Alun Davies:** Absolutely. I will ensure that the committee is kept informed of that.

[37] **Lord Elis-Thomas:** I thought that I would return to it briefly now, because, according to figures that we have, there seems to be a variance, a real change, of 12.3 per cent between the years that we are looking at in the table—2011 to 2015—in the projected budget for the heading, 'Developing and marketing Welsh food and drink'. Is that adequate to meet the objectives that you have set for yourself, even in partnership with the industry?

[38] **Alun Davies:** The actual reduction is £275,000. Those are the funds available to us. I said in my earlier answers that the fiscal policy of the United Kingdom Government has an impact on the work of the Welsh Government, and I would not come here and say that the policy of the UK Government will not damage the Welsh economy; I think that it will. I would prefer to see an increase, but we are not in that position, so we will deliver what we are able to deliver within the budgets available to us.

[39] **Lord Elis-Thomas:** What I was trying to get out of you earlier, which I did not succeed with—so I am trying again, in English, to see if it will work better; that is an old trick—

[40] **Alun Davies:** One that I am familiar with, Dafydd. [*Laughter.*]

[41] **Lord Elis-Thomas:** You mentioned the actual figure of £275,000. What I am trying to get at is: how can you tell us on the one hand that you have priorities—which are the Government's programme, and you are leading with those—and then tell us that the UK budget has a fiscal effect, which we obviously accept, and yet the percentage reduction in the very budgets that are apparently your priorities are greater than in other parts of the budget?

[42] **Alun Davies:** The budgets that we have available you see in front of you. I believe that we can deliver our priorities within the budgets available to us, and our priorities were set within the current fiscal context, so we have that background. I believe that the budgets available to us will enable us to meet our commitments under the programme for government within this year.

[43] **Lord Elis-Thomas:** As our colleagues said, we will return to this when we come to examine outcomes.

[44] **Kirsty Williams:** I would draw Members' attention to my entries in the register of interests.

[45] **Lord Elis-Thomas:** We know exactly what you are up to.

[46] **Kirsty Williams:** I mention that before I read about it in the *Western Mail*. The point that the Chair is trying to make is that, throughout your paper, you say that it is a priority for this Government; surely if something is a priority, you put your money where your mouth is, and back up that priority with the resources to deliver it. Your paper states that the rural development plan is the key delivery priority, but that is where the biggest percentage cuts occur—a reduction from £62.5 to £61.8 million, which translates to an unadjusted reduction of 1.1 per cent, but which, in real terms, is a 3.5 per cent cut. There are cuts to the capital budget, too; we know that there is pressure on that budget. You have just said that you are confident that you can still deliver your priorities despite the cuts in your budget, so can you explain how you intend to manage that cut in the delivery of that programme?

[47] **Alun Davies:** I can do so because the priorities were set within the known fiscal climate. I did qualify that. We are able to do this because the rural development plan for 2007-13 is a programme that runs over a number of years, and, because of the n+2 rules, we have the ability to spend money under this programme up to 2015. We are therefore able, within that context, to deliver our priorities in an emerging fiscal climate. So, I am confident that the rural development budget available to me today enables me to deliver what I have committed to doing under the programme for government. You will be aware that the investments that we seek to make—and we have just mentioned the food strategy with regard to supply-chain investment and the marketing grant—will have a significant impact on the ability of producers and processors to create new products and to market those products. I am confident that we will be able to meet our commitments on that. Given that we are doing this through a multi-annual financial framework, we are also able to profile this expenditure in a way that will minimise the impact on the rural economy. However, Kirsty, I cannot pretend that there will be no impact at all.

[48] **Kirsty Williams:** I am not asking you to pretend about the impact; I am asking you how you will actively manage that. What actions will you take in the implementation of those budget lines that will allow you to make these reductions? We understand that reductions must be made—although I am not quite sure whether your planned reductions marry with your stated priorities, but we will see about that—but what actions will you take to actively manage those reductions within your budget? How will you do that, Rory?

[49] **Alun Davies:** Let me answer that. We have very clear policy objectives that are laid out in the programme for government—and I know and accept your opinion on that, Kirsty; I listened to it in the Chamber two weeks ago. However, this budget is programmed and profiled to enable us to achieve those objectives. If you look at my key responsibilities with regard to a thriving rural economy, you will see that they include the following: we will be supporting the food production industry by strengthening supply chain linkages; we will be promoting new and innovative products and processing; we will be pursuing new markets, which we are doing at present; we will be maintaining investment under the rural development plan to maintain the competitiveness of farming, forestry, sustainable land management, and so on; and we will be working to support the economic and social environmental sustainability of rural and upland Wales. Those are our clear policy priorities and this budget enables us to deliver on them.

[50] **Kirsty Williams:** Deputy Minister, have you made any changes to the axis 2 budget allocations, following the Commission's acceptance of the recommendations made by the Rees Roberts review?

[51] **Alun Davies:** The changes that I have made and announced will have a negligible impact on the overall budget available to axis 2 schemes.

[52] **Lord Elis-Thomas:** It may be negligible, but we would still like to see it.

[53] **Alun Davies:** I know that there are Members in this room who are dying to start asking questions about Glastir and I am happy to take any questions on that. There have been a great deal of misleading comments made on this matter over the past few weeks, so let me be clear that we have accepted the recommendations on Glastir, which the leader of the Liberal Democrats and I discussed at a similar committee earlier in the year, and, as a Deputy Minister, I have now implemented those. The changes that I made and announced recently are the results of detailed work on costings and iterations with the European Commission. Every farmer in Wales who is a part of Glastir will benefit—not a single farmer will lose out. The changes that we have made are to protect the integrity of the scheme and to support its implementation. The Conservative Member for North Wales has asked a number of written questions, which will be answered later today, on how we are doing that, and you will see, in those answers, that we are putting investment into Glastir to ensure that the scheme works.

[54] **Lord Elis-Thomas:** You have forced me to call her now, although she has already had her turn.

[55] **Alun Davies:** I can see her waving at you. [*Laughter.*]

[56] **Lord Elis-Thomas:** So, just on Glastir, Antoinette.

[57] **Antoinette Sandbach:** It would have been helpful to have had those answers before the session, Deputy Minister.

[58] **Alun Davies:** You should have asked the questions earlier. If you had asked them a day earlier, then they would have been answered a day earlier. I cannot answer the questions if you have not asked them.

[59] **Antoinette Sandbach:** The matters that relate to LFA payments, which is what we are discussing here, mean that all farmers will qualify for LFA payments, as I understand it, although I could be wrong. LFA was designed to deal with farmers in disadvantaged areas, whereas no distinction is now made between those farming in disadvantaged areas and those who are not. That is my first query.

[60] Secondly, it is clear that the Welsh Government has already had a budget from the EU to deliver LFA payments. So, is there an intrinsic problem in the Glastir scheme that means that the EU has said ‘No’ to the Welsh Government when it has said ‘Yes’ to England, Scotland and Northern Ireland?

[61] **Alun Davies:** The Member said that she could be wrong, and she is wrong. The money being made available to individual farmers is increasing. I sent an e-mail to members of this committee on these matters, so you will have seen indicative or example figures. I will repeat the facts. Farmers under the Tir Mynydd scheme in a severely disadvantaged area on the uplands had £2,850 a year available to them. Under the new Glastir arrangements, which I announced two weeks ago, those farmers will have £4,077 available to them. A dairy producer in an LFA under Tir Mynydd would have received nothing; they will now receive £4,077. In a disadvantaged area, they would have received £2,400; they will now receive £4,077. Those are substantial individual increases for every farmer in Wales.

[62] However, I should make it absolutely clear that LFA schemes in Wales, Scotland,

England and Northern Ireland are not a compensation payment or an income support payment; they are based on income forgone and the costs incurred in participating in the LFA schemes. That is a very important distinction, because it means that we are now paying every farmer a rate of £34 per ha. You shake your head, but it is a fact. They are also paid the whole farm plan management fees, which takes it up to an average of around £40 per ha. When you compare that with the money available in other countries, Scotland's LFA scheme provides £3,250 to a farmer with 100 ha sheep farm, the transitional scheme in England would give farmers a maximum of £3,734, and a farmer in a disadvantaged area in Northern Ireland would receive £2,382, and £4,762 if the farmer was in a severely disadvantaged area. So, the £4,077 figure that I have quoted to you—I am happy to give you more of these figures—compares very well for Welsh farmers with farmers everywhere else in the United Kingdom.

[63] **Llyr Huws Gruffydd:** Nid wyf am fynd ar ôl y sgwarnog hwnnw, byddwch yn falch o glywed, ond yr wyf eisiau canolbwyntio ar Glastir am funud. Mae £40.5 miliwn wedi ei glustnodi ar gyfer gweithgaredd echel 2 yn eich cyllideb. A allwch ein atgoffa faint o'r gyllideb honno a fydd yn mynd ar gynlluniau amaeth-amgylchedd presennol, a faint ohono a fydd yn mynd ar gyfer Glastir?

Llyr Huws Gruffydd: I am not going to go after that particular issue, you will be glad to hear, but I still want to focus on Glastir for a moment. A sum of £40.5 million has been earmarked for axis 2 activity in your budget. Can you remind us how much of that budget will go towards current agri-environment schemes, and how much will go towards Glastir?

[64] **Alun Davies:** I ateb y cwestiwn, mae £40 miliwn ar gyfer cynlluniau echel 2. Mae tua £18 miliwn yn mynd ar Glastir, ond dyna'r dyraniad yr ydym yn disgwyl ei wario. Bydd y gwariant gwirioneddol yn dibynnu ar faint o gontractau fydd ar waith ar gyfer yr elfen Cymru gyfan a'r cynllun lleihau carbon ac effeithionlrywydd amaethyddol ar dir comin a choetiroedd. Yr ydym yn disgwyl gwario rhywbeth fel £18 milliwn arno, ac mae hynny hefyd yn cynnwys y cynllun organig.

Alun Davies: To answer the question, there is £40 million available for axis 2 schemes. Around £18 million will go towards Glastir, but that is the allocation that we expect to spend. The actual spend will depend on how many contracts will be in place for the all-Wales element and the agricultural carbon reduction and efficiency scheme on commons and woodlands. We expect to spend around £18 million on it, which also includes the organic scheme.

[65] **Llyr Huws Gruffydd:** A ydych yn rhagweld y bydd tanwariant yn y gyllideb honno?

Llyr Huws Gruffydd: Do you foresee that there will be an underspend in that budget?

[66] **Alun Davies:** Nac ydw.

Alun Davies: No.

[67] **Llyr Huws Gruffydd:** Mae hynny'n ddiddorol, achos yr wyf am ddyfynnu yr hyn a ysgrifenyd gennych yn y *Western Mail* yr wythnos hon:

Llyr Huws Gruffydd: That is interesting, because I will quote what you wrote in the *Western Mail* this week:

9.30 a.m.

[68] 'The money is secured and it is up to farmers whether they wish to access it or not. It's fair to say that there are very many areas across the Welsh Government where this money could usefully be spent, if farmers chose not to come into the scheme'.

[69] Mae'n amlwg bod hwn ar eich meddwl. It is clear that you have this in mind.

[70] **Alun Davies:** Na; yr oeddwn yn gwneud pwynt gwahanol yn yr erthygl honno, ac yn ymateb i'r pwyntiau yr oedd y *Western Mail* wedi'u cyhoeddi cyn hynny. Pe bai ffermwyr yn penderfynu *en bloc* nad oeddent am gymryd rhan yn Glastir, mae'n amlwg y byddai hynny'n achosi tanwariant. Nid wyf yn disgwyl i hynny ddigwydd. Y pwynt yr oeddwn yn ei wneud yn yr erthygl, a'r pwynt yr wyf yn ei wneud heddiw, yw ein bod wedi buddsoddi yn Glastir. Yr ydym yn gwybod bod cryn dipyn o ddiddordeb yn y cynllun, fel y trafodwyd yn un o bwyllgorau'r Cynulliad a ddaeth i ben ar ddechrau'r flwyddyn. Yr ydym yn gwybod bod ffermwyr yn gwneud ceisiadau ar gyfer Glastir, ac yr ydym yn disgwyl gwario £18 miliwn yn y maes hwnnw. Pe bai llawer mwy o geisiadau'n dod mewn, wrth gwrs bydd y gwariant tipyn bach yn fwy. Os bydd llai o geisiadau'n dod i mewn, yna byddwn yn tanwario. Yr oedd y pwynt yn un digon teg i'w wneud.

[71] **Llyr Huws Gruffydd:** Nid oes gennyhych gynlluniau wrth gefn, fel y cyfryw, felly, os bydd sefyllfa'n codi lle mae tanwariant sylweddol.

[72] **Alun Davies:** Nid wyf yn disgwyl tanwariant yn y gyllideb hon.

[73] **Llyr Huws Gruffydd:** Mae sylw wedi bod yn y wasg leol yn y canolbarth ynghylch dyfodol fferm Pwllpeiran. Yr wyf yn deall mai eiddo'r Llywodraeth yw'r fferm honno, ac mae sôn ei bod yn mynd i gael ei gwerthu. A allwch gadarnhau beth yw bwriad y Llywodraeth? Beth yw eich bwriad o safbwynt yr incwm a fydd yn dod o'r gwerthiant hwnnw? A oes gennyhych unrhyw gynlluniau i werthu asedau eraill er mwyn crynhoi cyllid ar gyfer defnydd arall?

[74] **Alun Davies:** Mae rhywfaint o sylw wedi cael ei roi i'r mater hwn, ac yr wyf yn gwybod bod pryderon ynghylch dyfodol y fferm hon. Mae'r fferm, sydd y tu allan i Aberystwyth yng ngogledd Ceredigion, wedi bod yn eiddo i'r Llywodraeth ac yn rhan o waith y Gwasanaeth Datblygu a Chynghori Amaethyddol am gyfnod hir. Mae'r gwasanaeth hwnnw wedi rhoi rhybudd i ddod â'i gytundeb i ben, ac oherwydd hynny, mae

Alun Davies: No; I was making a different point in that article, and was responding to the points that the *Western Mail* had published previously. Were farmers to decide *en bloc* that they were not going to participate in the Glastir scheme, it is obvious that there would be an underspend. I do not expect that to happen. The point that I was making in the article, and the point that I am making today, is that we have invested in Glastir. We know that there is a great deal of interest in the scheme, as discussed in one of the committees of the Assembly that came to an end at the beginning of the year. We know that farmers are applying for Glastir, and we expect to spend £18 million on the scheme. Were many more applications to be received, of course that expenditure would be greater. If fewer applications are received, there will be an underspend. It was a fair point to make.

Llyr Huws Gruffydd: You do not, then, have contingency plans in place for a situation where there is a substantial underspend.

Alun Davies: I do not expect an underspend in this budget.

Llyr Huws Gruffydd: There has been coverage in the local press in mid Wales regarding the future of Pwllpeiran farm. I understand that the farm is the property of the Government, and it is said that it is going to be sold. Can you confirm the Government's intentions in that regard? What are your intentions for the income from the sale? Do you have plans to sell other assets to generate budgets for other uses?

Alun Davies: There has been some coverage of this issue, and I know that there are concerns about the future of the farm. The farm, which is outside Aberystwyth in north Ceredigion, has been the property of the Government and part of the work of the Agricultural Development Advisory Service for a long time. The service has given notice to terminate its contract and there is, therefore, a question of what we are going to

cwestiwn ynghylch beth yr ydym yn mynd i'w wneud ynghylch dyfodol y fferm. Yr ydym wedi bod yn trafod â Phrifysgol Aberystwyth y posibilrwydd y bydd Sefydliad y Gwyddorau Biolegol, Amgylcheddol a Gwledig yn cymryd drosodd. Ar hyn o bryd, yr ydym yn ystyried dyfodol y fferm, ac yr wyf yn hapus iawn i gyfathrebu pan fyddwn mewn sefyllfa i wneud penderfyniad; nid wyf mewn sefyllfa i wneud hynny ar hyn o bryd. Nid wyf eisiau dweud unrhyw beth ychwanegol, heblaw fy mod yn ddigon hapus i ysgrifennu at y pwyllgor unwaith y bydd penderfyniad wedi ei wneud, beth bynnag fo'r penderfyniad hwnnw.

[75] **Llyr Huws Gruffydd:** Yr ydych yn cadarnhau, felly, nad yw fferm Pwllpeiran yn rhan o raglen ehangach o safbwynt gwerthu asedau.

[76] **Alun Davies:** Mae'r mater hwn yn un unigol a phenodol, ac nid yw'n rhan o strategaeth o unrhyw fath.

[77] **Yr Arglwydd Elis-Thomas:** Carwn droi ein golygon tua'r môr, a physgodfeydd yn gyffredinol. O edrych eto ar y ffigurau, mae'n ymddangos bod y gostyngiad yn y llinell gyllideb sy'n cyfeirio at ddatblygu rheoli a rheoleiddio pysgodfeydd a dyframaeth pysgod yn 22.7 y cant yn y cyfnod yr ydym yn edrych arno, sef o 2011 i 2015; a yw hynny'n gywir?

[78] **Alun Davies:** Credaf mai £100,000 yw'r ateb i'r cwestiwn.

[79] **Yr Arglwydd Elis-Thomas:** Credaf ei fod yn nes at £200,000.

[80] **Alun Davies:** Yr ydym yn gweld gostyngiad mewn arian o £100,000 yn y gyllideb. Nid ydym yn rhagweld effaith negyddol yn y gyllideb hon. Mae'r gyllideb sydd ar gael inni yn cynnwys yr arian cyfatebol sydd ei angen ar gyfer y polisi pysgodfeydd cyffredin ac i sicrhau bod arian ar gyfer costau gorfodi, oherwydd ein rheolaeth o barth morol Cymru. Mae tua 40 y cant o gyfanswm y gyllideb refeniw yn cael ei ddefnyddio fel arian cyfatebol. Mae 60 y cant o'r gyllideb refeniw yn cael ei ddefnyddio i fodloni'r goblygiadau i

do about the future of the farm. We have been in discussions with Aberystwyth University regarding the possibility of the Institute of Biological, Environmental and Rural Sciences taking over. We are currently considering the future of the farm and I am happy to correspond when we are in a position to make a decision; I am not in a position to do so at present. I do not want to add anything further, other than that I am happy to write to the committee once a decision has been made, whatever the decision is.

Llyr Huws Gruffydd: You confirm, therefore, that Pwllpeiran farm is not part of a wider agenda of asset selling.

Alun Davies: This matter is unique and separate, and is not part of a wider strategy of any kind.

Lord Elis-Thomas: We now turn seaward, and towards fisheries in general. Looking again at the figures in the budget, it appears that the reduction in the budget line referring to developing the management and regulation of fisheries and aquaculture in Wales is 22.7 per cent during the period that we are considering, from 2011 to 2015; is this correct?

Alun Davies: I believe that £100,000 is the answer to your question.

Lord Elis-Thomas: I believe that it is closer to £200,000.

Alun Davies: We are seeing a cash reduction of £100,000 in the budget. We do not foresee that this budget will have a negative effect. The budget that is available to us includes the match funding that is required for the common fisheries policy and to ensure that enforcement costs are met because of our management over the Welsh maritime zone, and about 40 per cent of revenue funding in total is used as match funding. Sixty per cent of the overall capital budget is used to meet the obligations of the Welsh Government under European legislation and the Marine

Lywodraeth Cymru o dan ddeddfwriaeth Ewrop a Deddf y Môr a Mynediad i'r Arfordir 2009. Mae gennym ddau gwch, ac mae costau goruchwyliaeth o'r awyr ac i reoli'r pysgodfeydd rhynglanw yn sicrhau ein bod yn gwario'r arian hwn i gyd. Yr wyf yn eithaf hyderus na fyddwn yn gweld unrhyw effaith negyddol yn y gyllideb hon. Mae gostyngiad arian parod o £100,000 yn ystod y flwyddyn nesaf.

and Coastal Access Act 2009. We have two vessels, and the costs of airborne surveillance and management of intertidal fisheries ensure that we spend this money in its entirety. I am quite confident that we are not going to see any sort of negative impact in this budget. There is a cash reduction of £100,000 during next year.

[81] **Yr Arglwydd Elis-Thomas:** I esbonio'r pwynt, yr ydym yn darllen y £100,000 y cyfeiriaist ato a'r £200,000 y cyfeiriais ato mewn blynyddoedd gwahanol ar hyd yr un llinell. Yr hyn yr wyf yn ceisio ei ddweud yw mai £100,000 yw'r newid yn 2011-12 i 2012-13, ond mae cyfanswm y gostyngiad o newid gwirioneddol hyd at 2015 yn y ffigurau sydd ger ein bron yn £200,000. Dyna yr oeddwn eisiau mynd ar ei ôl.

Lord Elis-Thomas: To explain the point that I was making, we see the £100,000 that you refer to and the £200,000 that I refer to as different figures on the same line. The £100,000 is the reduction from 2011-12 to 2012-13, but the total reduction until 2015 in the figures that we have is £200,000. That is what I was getting at.

[82] **Julie James:** Following on from that question, I want to be reassured that the reductions in the fisheries budget will not impact on our ability to function with the new powers that we have had for the management of fisheries, especially up to the boundary with Ireland. In particular, as you know, I was delighted by the announcement that we are looking to ban boats over 20m, and then eventually boats over 11m. I would like reassurance that this reduction in budgets will not affect our ability to implement that legislation in a reasonable timescale or to police it afterwards, which would be an important part of that. I am sorry, this is a multiple question. Lastly, I am concerned about some of the proposals for the marine conservation areas and their reduction from statutory to voluntary status. Again, I want to be reassured that this budget reduction is not going to impact on decisions involving the interrelationships between fisheries, conservation areas and developments such as offshore windfarms, and the complexity of that. It is a shame that this budget is reducing in quite a dramatic way, in terms of percentages at least, in light of our ambitious and welcome programme to streamline some of that legislation.

[83] **Alun Davies:** We will be reviewing and streamlining legislation. I have announced to this committee that we will be looking at all the fisheries legislation available to us at the moment, and we are looking at a legislative review during the time of this Assembly. At the moment there are about 200 separate pieces of legislation governing the Welsh zone. We want to streamline the whole of that and manage it in a more effective fashion. I can assure you and the committee that our enforcement activities will not be affected by this. We have two fisheries enforcement vessels, based in Holyhead and Milford Haven. We have other enforcement means; where there is aerial surveillance or a smaller craft available to us we will maintain that fleet, and we are looking at the moment at ways of reinforcing that. I can come back to committee if we come to conclusions on that.

[84] I outlined our plans to do two things to the committee at a meeting in July. The first was to introduce a restrictive permit system on shell fish fisheries, and we are working on that. The other was to bring forward proposals on management of inshore fisheries, introducing restrictions on vessels of 11m and 10m. We will be doing that. My officials are working on that. I hope to be able to bring proposals forward on those statutory instruments and secondary legislation to this committee in the not too distant future.

[85] At the moment, my determination is to simplify and to streamline the legislative framework within which we operate. It is not about introducing new legislative barriers. We will be looking at the management of the zone in its totality: the fisheries and the conservation areas. I met John Griffiths yesterday; we are talking regularly about how we will achieve that. I hope that I can reassure you that the cuts that you have seen in the budget will not have the impact that you fear.

[86] **Julie James:** I have a related question, although it is not specifically about fisheries. Have you done a sustainability impact on the overall budget? I very much welcome the Government's commitment to putting sustainability at the heart of everything that it does. I would like to be reassured that you have done that impact assessment, and I would like to know what the outcome of it was and whether it had an impact on any budget area.

[87] **Alun Davies:** I can write to you with more detail on that, but I hope that I can reassure Members that the largest proportion of the budget supports the implementation of the rural development plan. Prior to its approval by the European Union, the RDP underwent a full environmental impact assessment as well as an equalities impact assessment. These have recently been reviewed and we are happy with them. The whole rural affairs budget had an equality impact assessment undertaken on it. It was part of a process that looked at all Government spending for the next three years, and it was published last year. I am confident that this entire budget has undergone a rigorous impact assessment, which was conducted externally. In the case of the environmental impact assessment, it has undergone an external evaluation, and that evaluation was very positive.

[88] **Lord Elis-Thomas:** There is no greenwashing in your department, therefore, Deputy Minister.

[89] **Alun Davies:** None at all, Chair.

[90] **Julie James:** I am sorry if I am being a bit thick about it, but I would like to see that. Is it available somewhere?

[91] **Mr O'Sullivan:** The European Commission requires that the RDP undergoes various forms of evaluation. We have just had the mid-term evaluation. In terms of sustainability, the Commission was quite confident that we were meeting and delivering the objectives on the Lisbon agenda, and that we were working steadily towards Welsh Government targets. In terms of equality, it is gender-neutral, and there were no problems there at all. We can send you copies of extracts of that mid-term evaluation. I would not send the whole document; it is about 300 pages long.

[92] **Julie James:** Of course, but the relevant parts would be welcome.

[93] **Alun Davies:** I will write to the committee with all that relevant information.

[94] **Lord Elis-Thomas:** Kirsty?

[95] **Kirsty Williams:** I am grateful for your indulgence, Chair; it is a rare treat for me to be allowed out to come and talk about these issues.

[96] **Lord Elis-Thomas:** I am happy to indulge you on any occasion.

[97] **Alun Davies:** It is a rare treat to answer your questions, Kirsty.

[98] **Kirsty Williams:** I wish to take the Deputy Minister back to his description of the

very generous allocations that he is making from the Glastir scheme, as opposed to what people would have received under Tir Mynydd. Of course, he knows that he is not comparing like with like, because Tir Mynydd was an automatic scheme that was available for everybody who applied for it in the LFA. The issue with Glastir is that you have to get into the scheme; you have to get above your points score to get in. So, it is not exactly like-for-like, although the Deputy Minister keeps pretending that it is. You said that there were no changes to the budget allocation following the Commission's acceptance of the Rees Roberts review. Therefore, to pay for the additional and more realistic income forgone payments that you will now have to provide, as the scheme has not had any additional money, you will have to re-profile it from within the scheme. It seems, therefore, that the only way you can do that is by expecting fewer people to enter. Could you give us your expectations as to how many contracts you will be expecting to sign for your £18 million this year? It would be interesting to hear the answer to that.

[99] Finally, the young entrants support scheme has been well-received and successful. In previous years, it has been fully allocated. Given the fact that there will be a real-terms reduction of about 2.5 per cent in the budget for the young entrants' scheme, what impact do you expect that to have on the number of young entrants that you will be able to support?

9.45 a.m.

[100] **Alun Davies:** I will answer the last question first. I am happy to write to you with more detail on it. We are expecting a minimum of 100 people to be supported by that scheme. The previous year, the number of people was 132, so we are looking at supporting a minimum of 100 people. We are expecting the applications to be quite positive on that. You know that it is something that I am personally committed to and will continue to support. If you require more information on YESS, I am quite happy to provide it.

[101] In terms of the wider issues on Glastir, Tir Mynydd and so on, Kirsty, you are also wrong about Tir Mynydd: Tir Mynydd is not a scheme that is open to everybody in the LFA. The obvious example is dairy farmers, who are excluded from it.

[102] **Kirsty Williams:** There are not many of those in the LFA—

[103] **Alun Davies:** The point that I am making is that it is not a scheme that is open to everybody. Let me make this clear to people: my predecessor, when she announced the end of Tir Mynydd in May 2009, made it clear that the scheme was not delivering value for money and was not delivering on the objectives set for it. It was a scheme that was not working. It was based on reduced headage. It did not deliver the benefit that it was programmed to do.

[104] Glastir is a different scheme, designed to deliver for the taxpayer and farmers the sorts of environmental benefits that we are seeking. The costing work that has been done by the Welsh Government means that there is now a realistic payment rate that is higher than what was allocated three weeks ago. Prior to my announcement, every farmer who had applied for Glastir was getting less for their application. Kirsty, you will not find a single farmer in Brecon and Radnorshire, or even Merionethshire, who will have lost a penny on this scheme. This is one of the most disappointing parts of this debate.

[105] **Kirsty Williams:** He is delusional.

[106] **Alun Davies:** Come on, I am quite happy for the leader of the Welsh Liberal Democrats—

[107] **Lord Elis-Thomas:** I will call Kirsty for another question if he says anything about you.

[108] **Alun Davies:** I am quite happy for the leader of the Welsh Liberal Democrats to provide me with examples of people in her constituency who have lost out; she has not done so, so far. I do not believe that any Member has done so, so far. We are going to have this £34 rate, which is a realistic assessment of the costings for the implementation of Glastir. We also know that the whole-farm plan provides additional funding per hectare on a sliding rate, so the actual total available will be around £40 per hectare for an average farm. That is an increase in funding for this scheme. It is a better scheme than Tir Mynydd.

[109] Appearing before the Rural Development Sub-committee two years ago, the then Minister said she was going to allow us another additional year of Tir Mynydd as a transitional arrangement. It is clear that Tir Mynydd did not succeed in delivering what it was established to deliver. It is important that people recognise that. You cannot move forward by looking backwards. We now have a scheme in place that we have confidence in, and which will deliver the environmental benefits for which it was established. It is an agri-environment scheme. It was never designed to provide income support. Tir Mynydd should not have had any profit element in it at all. So, it is not income support, although I sometimes hear people talking about it as if it was. It was to cover income forgone and what we are now doing is providing the same farmers with more funding to deliver on a better scheme. [*Interruption.*]

[110] In Tredegar, where I was brought up, 34 is more than 28. It might be different with you.

[111] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr, Ddirprwy Weinidog, am yr ateb hwnnw. Mae e'n gwybod fy mod yn cael y fraint o gynrychioli llywyddion NFU Cymru ac Undeb Amaethwyr Cymru, ill dau yn etholwyr yn Nwyfor Meirionnydd. Mae'r cwestiwn hwn yn mynd i barhau. Byddwn yn cyhoeddi unrhyw ohebiaeth neu dystiolaeth oddi wrth y Dirprwy Weinidog gyda'n trafodion a byddant ar gael.

Lord Elis-Thomas: Thank you, Deputy Minister, for that response. He knows that I have the privilege of representing the presidents of NFU Cymru and the FUW, both of whom are constituents in Dwyfor Meirionnydd. This question will continue to be raised. We will publish any correspondence or evidence from the Deputy Minister along with our proceedings and they will be available.

[112] Carwn fynd yn ôl at y gyllideb fwyd am ychydig eto. Dyma'r cwestiwn olaf gennyf i. Gwrandewais gyda balchder, Ddirprwy Weinidog, ar yr anerchiad y traddodoch ym mrecwast Hybu Cig Cymru yn y Sioe Fawr yn gynharach eleni. Yr wyf yn meddwl mai dyna'r tro cyntaf ichi ymddangos fel Dirprwy Weinidog. A yw'r gostyngiad yr ydym yn ei weld yn y gyllideb i farchnata bwyd Cymreig yn golygu y gallwn roi'r gorau i unrhyw bosibilrwydd o weld model marchnata Hybu Cig Cymru yn cael ei ledaenu i gynhyrchion eraill?

I would like to return for a little while to the food budget. This is the final question from me. I listened with pride, Deputy Minister, to your address at the Hybu Cig Cymru breakfast at the Royal Welsh Show earlier this year. I think that it was the first time that you made an appearance as Deputy Minister. Does the reduction that we see in the budget for the marketing of Welsh food mean that we can give up on any possibility of seeing the Hybu Cig Cymru marketing model being spread to other produce?

[113] **Alun Davies:** Na, ddim o gwbl. Yr wyf wedi dweud, ac mae'r Cadeirydd yn gwybod, fy mod eisiau edrych ar y diwydiant llaeth fel sector lle yr hoffwn weld mwy o waith yn rheoli'r gadwyn gyflenwi. Yr wyf wedi bod mewn sawl cyfarfod gyda phroseswyr yn ystod yr haf ac yr wyf wedi

Alun Davies: No, not at all. I have said, and the Chair knows, that I want to look at the dairy industry as a sector where I would like to see more supply-chain management work going on. I have had several meetings with processors over the summer and I have also been in discussions with Hybu Cig Cymru on

trafod gyda Hybu Cig Cymru hefyd sut y gellid defnyddio'r model hwnnw ar gyfer, er enghraifft, y sector llaeth. Yr wyf yn gobeithio cynnal cyfarfod gyda chynrychiolwyr y sector llaeth yn ystod y mis nesaf ac yr wyf yn awyddus i symud ymlaen gyda hyn.

how that model could be used, for example, in the dairy sector. I hope to hold a meeting with representatives of the dairy sector next month and I am eager to make progress on this issue.

[114] Mae'n amlwg bod gan y pwyllgor gwestiynau dwys ar strategaeth fwyd y Llywodraeth. Efallai y byddai o help i'r pwyllgor pe bawn yn ysgrifennu atoch gan gynnwys fy nghynlluniau ar y strategaeth fwyd. Yr wyf wedi etifeddu'r strategaeth bresennol ac yr wyf wedi dweud yn glir wrth y pwyllgor na fyddwn wedi ysgrifennu'r strategaeth honno a'm bod eisiau ei hystyried yn bellach. Felly, mae gennym gyllideb ar hyn o bryd i wneud yr hyn yr ydym wedi addo ei wneud, ond yr wyf wedi bod yn fy swydd am bum mis yn unig ac yr wyf eisiau edrych ar y strategaeth fwyd yn ehangach ar gyfer y dyfodol. Byddaf yn ffocysu ar hynny yn ystod y misoedd nesaf.

Obviously, the committee has serious questions about the Government's food strategy. Perhaps it would be of assistance to the committee if I were to write to you outlining my plans for the food strategy. I have inherited the current strategy and I have stated clearly before the committee that I would not have written that strategy and that I want to consider it further. So, we have a budget at present to do what we have committed ourselves to doing, but I have been in post for only five months and I want to look at the food strategy in a broader sense for the future. I will focus on that over the next few months.

[115] **Yr Arglwydd Elis-Thomas:** Cyn imi alw Julie ar gyfer y cwestiwn olaf un, diolchaf yn fawr ichi am hynny. Yr ydym yn hapus iawn, fel pwyllgor, i dderbyn unrhyw ohebiaeth oddi wrth y Dirprwy Weinidog a fydd yn gallu gwella ein capasiti i graffu yn deg, fel yr ydym yn ceisio ei wneud bob amser.

Lord Elis-Thomas: Before I call Julie for the very final question, I thank you very much for that. We are very happy, as a committee, to receive any correspondence from the Deputy Minister that will improve our capacity to scrutinise fairly, as we always endeavour to do.

[116] **Julie James:** This is on the same point. I also welcome the marketing model. I just wanted to know whether you had had any conversations with colleagues who are looking into tourism opportunities and so on as a means of levering some more money into some of the small producers that we have that are producing excellent produce. I am thinking in particular of a good local brewery near me, which I know that you are fond of as well. [*Laughter.*] It is clearly a tourism draw, but it is struggling to get the marketing that it needs. I thought that that was a suitable way of ending our session this morning.

[117] **Alun Davies:** Yes, with another hostage to fortune. [*Laughter.*]

[118] You are absolutely right, Julie; it is a lovely place that produces wonderful beer. On where we are going on this, 'yes' is the answer to your question. I have spoken to officials in tourism about how we take forward the Welsh food agenda, which is, potentially, a very exciting agenda. The Welsh food industry produces fabulous products and produce and does so in a way that is innovative and exciting. There is an agenda there about the production of excellent food and food products from Wales. That is a key part of what we are able to offer, not simply in terms of tourism, but as an emblematic industry for the whole country. Hybu Cig Cymru has been enormously successful in developing, growing and managing the red meat sector. It is a model that we can use. I have answered the Chair before about how we can do that in the dairy sector. There is a very exciting agenda here. The rural development plan is helping to support and fund it. I am currently looking at ways in which we can do that more

effectively in the future. I would like to share those thoughts with the committee, but, after five months in office, they are still being developed. I will be in a position to write to the committee either at Christmas or in the new year with some more rounded thoughts on how we take the food strategy further, and I will be more than happy to come back to the committee at that time in order to discuss those thoughts in more detail.

[119] **Yr Arglwydd Elis-Thomas:** Diolch **Lord Elis-Thomas:** Thank you very much. It yn fawr iawn. Mae'n bleser gennym eich is our pleasure to release you to go to the rhyddhau i fynd i gydgyhadledd United Kingdom joint ministerial conference. Gweinidogion y Deyrnas Unedig.

[120] We will now have a short break.

*Gohiriwyd y cyfarfod rhwng 9.55 a.m. a 10.02 a.m.
The meeting adjourned between 9.55 a.m. and 10.02 a.m.*

**Ymchwiliad i Bolisi Ynni a Chynllunio yng Nghymru—Tystiolaeth gan y
Comisiwn Cynllunio Seilwaith
Inquiry into Energy Policy and Planning in Wales—Evidence from the
Infrastructure Planning Commission**

[121] **Lord Elis-Thomas:** I warmly welcome our witnesses. You are no stranger to us; I know that you participated in a previous planning inquiry for the former committee, but we are a new and different committee with regard to the way in which we are constructed. We are looking forward to the results of our extensive inquiry into energy and the planning process and we are very grateful that you are able to contribute to it.

[122] To begin, how are things going with regard to the restructuring of the Infrastructure Planning Commission into the new arrangements for the Planning Inspectorate?

[123] **Sir Michael Pitt:** Good morning, everybody. Thank you for the opportunity to come along today to talk to you all. We are in the middle of a major restructuring. People will know that the Localism Bill, when it has Royal Assent, will bring about the integration of the IPC and the Planning Inspectorate in Bristol. Effectively, the IPC will be abolished as a non-departmental public body and will become an executive agency of central Government in London and an agency working for the Welsh Government too.

[124] The changes are well advanced. A great deal of planning has been undertaken. There is no doubt in my mind that we will be ready for vesting day, which is 6 April 2012. We have been set some challenging financial targets, which we must meet, and there will be a reduction in the total number of staff based in Bristol. I am entirely confident that we can achieve the targets that we have been set and I remain confident that the arrangements in the Planning Inspectorate and in the Infrastructure Planning Commission will roll forward.

[125] There is one significant change in the decision-making process in the Localism Bill, of course: the role of commissioners in making a full and final decision on individual applications for national infrastructure will be removed. As of 6 April, there will not be any commissioners. They will be retitled 'inspectors', being part of the Planning Inspectorate, and they will be making recommendations to Ministers, who will then make the final decision on national infrastructure projects.

[126] **Julie James:** I want to ask a little bit more about your views on the interaction between the decision-making process here in Wales and the new arrangements relating to the Secretary of State in England. I understand the position at the moment, but what are your

thoughts on the changes? I have been a planning practitioner here in Wales for some time, and it seems to me that there has always been a conflict between the views expressed at the local planning authorities in Wales and the way that the consultation process is frontloaded for the IPC. Would you care to comment on whether this change will result in a situation that is similar, worse or different?

[127] **Sir Michael Pitt:** Chair, I am sorry, but I should have introduced Mr Ian Gambles. He is a director looking after national infrastructure. I am sure that he would like to contribute in answering questions. Coming directly to the point being made, as far as the change in decision making is concerned, it obviously has major political implications. The actual operations in Bristol remain much the same. The Planning Act 2008, which sets out the process for pre-application and consultation with statutory consultees, local authorities and local communities, is largely the same. The big difference is at the end of the examination process, when the final report that would be written by commissioners would, in appropriate circumstances, be a final decision. Under the new arrangements, it becomes a recommendation that goes up to Ministers. There is an opportunity for Ministers to decide whether they wish to accept the recommendation or turn it over, and reverse a recommendation being made.

[128] The engagement with local planning authorities has been challenging for many councils. Many councils will experience only one major national infrastructure project in their area over a long period of time. Other councils may have several, depending on the geography and what is brought forward by applicants. We have been sympathetic to the resource implications for some of the smaller local authorities—more so in England, where district councils are confronted with major applications. I think that, in Wales, where you have a unitary authority system, authorities have a higher level of resources available. We are very interested in the views of local authorities. They are significant statutory consultees in the decision-making process. We encourage applicants to work very closely indeed with local authorities right through the pre-application phases, long before the application arrives at the doors of the IPC.

[129] **Julie James:** I will follow that up, if I may, Chair. Thank you for that. I am not sure whether you quite addressed the issue of whether things will be more or less difficult after the changes. Are you saying that they will be more or less the same?

[130] **Sir Michael Pitt:** With regard to the process that is gone through by all of the different interested parties, I think that they will find that things are very much the same as under the existing arrangements. The job that we undertake is to try to make life as easy as possible for all those parties who want to participate in the planning process and get their views across. I do not know whether Mr Gambles wants to add to that.

[131] **Mr Gambles:** The position of local authorities is that, during the pre-application phase, as Sir Michael said, they have a role in consulting with applicants. However, after the application is made, the commission will consult the local authorities on the adequacy of the consultation that the applicant has carried out. That will continue after the changes; there is no change to that. Then, relevant local authorities have the opportunity to put in a local impact report detailing all the impacts on their area, and that will also continue after the changes in April. There are no substantive differences.

[132] **Julie James:** I appreciate that this is rather a political point, but from a practical point of view, is there any real reason why the final decision on applications in Wales should not go to Ministers in Wales rather than to the Secretary of State in England?

[133] **Sir Michael Pitt:** We operate to the existing legal regime, and the regime after the Localism Bill. There are examples already where the Planning Inspectorate makes

recommendations to Welsh Ministers, and they operate very effectively indeed. You can probably extrapolate from that my view on your question.

[134] **Julie James:** Could I have one last go, Chair, if you would indulge me for a minute? I understood entirely the point that you made about the size of local authorities and so on. I know that it is invidious to talk about individual applications, but there is a rather large energy infrastructure project going on in a very small local authority in Wales, which I am sure that you are aware of. To try to get some strategic points out of that, there are some issues with that particular application around the Welsh Government's programme for waste management and energy from waste. I wonder whether the IPC takes a view of that, in relation to the Welsh Government's overarching strategy for waste in Wales, or whether you simply take an advisory position. I have never been quite clear on that. I understand the position of the national planning policy statements and so on, but how does a policy-driven area of the Welsh Government's work impact on the decisions that the IPC makes?

[135] **Sir Michael Pitt:** In every case—you will understand that I am not going to talk about an individual application, because I cannot—a commissioner or commissioners are appointed, either individually or as a panel, and those commissioners are required to take into account the national policy statement, which is a principal document, but also to take into account other relevant and important policy documents. Any policies of either a local authority or of Welsh Government that are relevant to the application itself will be fully taken into account by the commissioners. It is for them to decide what weight they attach to each of those documents according to the circumstances of that particular application. However, members of this committee can be confident that, when commissioners write their reports, giving their recommendations and a very full explanation of how they have addressed the evidence, they will explain in detail how they have addressed the policy statements of the various organisations concerned, and the weight that they have attached to them.

[136] **Lord Elis-Thomas:** I think that what probably interests us is whether the role of Welsh Ministers is anything more than that of a statutory consultee—for example, when it comes to the technical advice note 8 policy.

[137] **Sir Michael Pitt:** TAN 8 is clearly an important policy statement, and something that would be relevant and fully taken into account by commissioners. I am confident that it would be addressed in their reports at the end of the examination. I do not know whether Ian would like to add anything on that.

[138] **Mr Gambles:** Just that I think that that is correct. Welsh Ministers will be a statutory consultee for any applications that are made in Wales; that is, in itself, a significant status, giving them a real opportunity to participate in the examinations. I do not think that there is anything to add to that.

10.15 a.m.

[139] **Julie James:** On that ability to participate, one of the other issues that has arisen many times is the very formal written process that has been pursued. In the area of the application that we are carefully not talking about, there are high levels of illiteracy and innumeracy. I have seen on the ground the difficulties of getting local interest expressed in such a formal process. Can you comment on that, because the process is formal and is based on written evidence and, from my point of view, anyway, it seems to take away the opportunity that a local development control committee, for example, gives people to turn up and express their views in person?

[140] **Sir Michael Pitt:** It is right to say that a very significant volume of the evidence presented to commissioners is in the form of written representations, and the process is

designed in that way. However, in addition, there are opportunities for hearings to be held. The experience to date in another part of the country was that a series of hearings were held, and commissioners have been very sympathetic regarding the need to ensure that people have a real opportunity to put forward their points of view. So, although we encourage written representations—we are very keen that people put their views into writing—if there are special circumstances where that is not the appropriate way of gathering the evidence, commissioners have the ability at their discretion to call hearings. There are various sorts of hearings, depending on whether there is a compulsory purchase order involved, and so on. The way in which we have acted so far in relation to another application means that there is a clear demonstration with regard to holding hearings when they are needed, and to try to meet the needs of local communities.

[141] **Julie James:** I have one last question on that. When hearings are needed, what do you consider to be the trigger for that?

[142] **Mr Gambles:** The trigger for an open floor hearing is that an interested party asks for one. So, there is a right to an open floor hearing at the request of anyone who has registered an interest in the application. The point about it being a process that is primarily run by written representations is a matter of law, so that is not a matter in which we have discretion. However, there is a right for anyone to ask for an open floor hearing and the commissioners will certainly act in a manner that enables people to have a hearing and to have their say at that time.

[143] **Russell George:** I wish to clarify some points that you have made with regard to TAN 8 and the national policy statement. The First Minister gave evidence to the committee some weeks ago, where he said

[144] ‘Technical advice note 8 is no longer relevant with regard to planning applications for projects above 50 MW. The approach that has been taken by the UK Government is that planning applications from anywhere in Wales will be entertained, whether they are in or outside the SSAs.’

[145] A witness the following week stated that

[146] ‘Whilst Welsh Government policies are material considerations through the IPC process, it remains to be seen if they will be undermined by the NPS.’

[147] I would just like to hear your views on that. What is your interpretation of the sentence in national policy statement 3, which says that the conformity of an application to Welsh Government policies, guidance or targets will not in itself be an overriding reason for approving or rejecting an application?

[148] **Sir Michael Pitt:** First of all, the IPC is required to handle an application that is made in any part of Wales, whether or not it is in a strategic search area. If it is presented to us and it meets the criteria—which are quite tough criteria—for an application that can be accepted by the commission, it will be handled and examined by the commission in the appropriate way.

[149] The next point is to say that TAN 8 is an important and relevant consideration in coming to a view and the commissioners will take that properly into account. It is conceivable that a proposal for a development that is in conflict with TAN 8 could be approved, but, vice versa, it is quite possible that an application in a designated strategic search area could be turned down or recommended to be turned down by the commission. So, the commissioners must assess how much weight to attach to the national policy statement and TAN 8 and any other relevant policies affecting that locality.

[150] **Russell George:** Do I therefore take it that you do not agree with the First Minister's view when he says that TAN 8 is not relevant any more to applications for onshore wind farms of more than 50 MW? Your interpretation is different to his.

[151] **Sir Michael Pitt:** My interpretation is as I have just described it.

[152] **Lord Elis-Thomas:** The First Minister was rather premature in his assumptions as to what might emerge, because, clearly, in planning law, planning practice and case studies, we are always in developing situations. Therefore, the consideration of each individual application on its merit will produce knowledge about how to deal with further ones. Is that a fair summary?

[153] **Sir Michael Pitt:** Yes. I still describe the IPC and its successor body as being in a state of learning. We are still developing our ways of working. We are confident that there will be judicial reviews of our recommendations and processes, and we are confident that we will all learn from those judicial reviews. All that I can say is that we have been acting with considerable care, taking a great deal of legal advice every step along the way, and we have been adapting our processes in light of the things that we have been learning over the past year or two. However, you are right to say, Chair, that this is an evolving area of policy and decision making, and, until such time that we have a lot of legal precedent, there is a possibility that there will be challenges along the way.

[154] **Lord Elis-Thomas:** That is extremely helpful, because, we do not want to be making recommendations that read like nonsense to people outside this committee; we are not in that sort of business. Julie, do you have a question on this?

[155] **Julie James:** My question is on the same point and about the legal precedent. I understand the point about waiting for the judicial reviews and the courts to decide, and so on, but, in the case of applications coming in front of you, prior to any such judicial review—and I have no idea whether it is likely that you will entertain a number of applications in Wales before the first one gets to judicial review, or whether it will be judicially reviewed—will you be taking each of your decisions as a precedent for the next one? On the other hand, are you saying that the consideration of the balance between TAN 8 and national planning policy statements will be considered afresh for each application, and that different weight is given to different applications?

[156] **Sir Michael Pitt:** The timing of applications coming forward is not in our hands, but is very much in the hands of the promoters of developments. Ian might want to deal with the legal side of that.

[157] **Mr Gambles:** As you will know, each application will have to be considered on its merits and each application will be different, therefore, it is likely, even probable, that the exercise that the commission must undertake in attributing weight to different factors, including policy factors, will be different in each case. One case does not set a precedent for the other in that manner, but what Mike was discussing was the learning that will take place. So, for example, the framing of a development consent Order is a complex legal exercise that no-one has undertaken before. So, inevitably, once the first few are made, then applicants, their advisers and we will learn more about what works and what does not work, and if and when there are judicial reviews, and when the courts make their views known, then that will further inform the development of practice in that sense. So, it is a precedent in that sense, rather than in the strict sense of following what has been done in terms of the attribution of weight from one case to another.

[158] **Julie James:** I entirely appreciate that. We are in political waters here as well as legal

ones. Clearly, the case that the First Minister is making is that Welsh planning policy does not have the same weight as national planning policy in these instances. I think that you are just confirming to us that that, in fact, is the case; it will be considered individually for each individual application.

[159] **Lord Elis-Thomas:** Some of us find it easier to say United Kingdom planning policy. The United Kingdom is a state, not a nation. However, that is a matter that I will pursue elsewhere. [*Laughter.*]

[160] **Julie James:** I consider myself chastised, Chair.

[161] **Lord Elis-Thomas:** I was referring to everyone. In my anxiety to save the First Minister from himself, I am afraid that I interrupted Russell.

[162] **Russell George:** I have one more question, but you may have answered this in your response to Julie earlier while I was scrabbling through my notes. What weight is given to the views of statutory consultees, particularly if they are in line with local planning policy in Wales but differ to the national policy statements?

[163] **Sir Michael Pitt:** There is a wide range of statutory consultees, including the Welsh Government and local authorities, as well as a number of other agencies that will contribute vital evidence for commissioners to consider. As Mr Gambles was saying, it is a matter for the commissioners on each case to decide the weight that they will attach to the evidence provided by statutory consultees—in some cases it may prove to be overriding and of absolutely vital importance, while in other cases it may prove to be otherwise. So, it is taken on each application in turn by the commissioners concerned.

[164] **Llyr Huws Gruffydd:** Un cerydd sydd wedi codi'i ben yn gyson yn y dystiolaeth mae'r pwyllgor wedi'i derbyn yw'r ffaith bod y broses gynllunio yng Nghymru yn ddarniog. Mae nifer fawr o gyrff ac awdurdodau yn cyfrannu at y broses, nid yn unig i gael caniatâd ar gyfer cynllun penodol, ond mae'r holl ddatblygiadau cysylltiol hefyd yn bwnc a godir yma yn gyson. Mae rhai pobl yn coleddu'r farn y dylid datganoli rhagor o gyfrifoldebau er mwyn cael rhyw fath o lwyfan mwy gwastad ledled y Deyrnas Unedig, oherwydd mae hynny wedi ei gwneud yn anos inni yng Nghymru i ddatblygu'r sector. Mae pobl yn gweld y broses yn haws mewn rhannau eraill o'r Deyrnas Unedig. Nid wyf am ofyn ichi a ddylid datganoli ymhellach, achos nid wyf yn rhagweld y byddai hynny'n gwestiwn y byddech yn gyfforddus i'w ateb. Serch hynny, o fewn y trefniadau presennol, beth, yn eich tyb chi, y gellid ei wneud i sicrhau bod y broses yn symlach ac yn llai dryslyd?

Llyr Huws Gruffydd: One criticism that has been made regularly in the evidence that the committee has received is the fact that the planning process in Wales is patchy. There are several bodies and authorities that contribute to the process, not only in gaining consent for specific projects, but all of the associated developments, which is an issue that has been raised here regularly. Some people are of the opinion that more responsibility should be devolved in order to have a more level playing field across the United Kingdom, because that has made it more difficult for us in Wales to develop the sector. People see the process as being simpler in other parts of the United Kingdom. I will not ask you whether there should be further devolution, because I do not think that that is a question that you would feel comfortable answering. However, given the current arrangements, what do you think could be done in order to ensure that the process is simpler and less confusing?

[165] **Sir Michael Pitt:** I will start, and I know that Mr Gambles will want to follow this up. The most important thing that the commission can do to help to facilitate decision making and to help to support all of the interested parties to an application is to encourage applicants to engage as early as possible with all the various statutory consultees and with the local

community. Our experience to date suggests that those applicants who are genuine in their engagement with statutory consultees, who are listening and who are prepared to adapt their applications in light of the conversations that they are having with a range of consultees, are the applicants who are making the most progress.

10.30 a.m.

[166] The decision about whether or not an application is accepted by the commission is made by commissioners. They must be satisfied that there has been proper and effective engagement during the pre-application stages. We are doing our best to brief applicants and other parties to the application on what can be done at the earliest possible opportunity to try to facilitate reaching agreements, through statements of common ground, section 106 agreements with local authorities and so on. That those negotiations take place at an early stage is proving to be extremely helpful.

[167] **Mr Gambles:** I noticed that the First Minister said, in evidence to this committee, that the regime for infrastructure planning was somewhat more complex in Wales. I would agree with that. As you say, we cannot comment on the policy aspects of that, but the fact that there is a greater degree of complexity puts an onus on applicants and statutory bodies to work in a manner that assists the operation of the regime, if I can put it that way. Therefore, applicants will need to seek a variety of consents. For example, an applicant for an onshore wind farm in Wales will undoubtedly need to seek consent from the commission as well as from local authorities and, as the case may be, from the Welsh Government for aspects of what in England might be considered to be associated development.

[168] It is a matter for the applicant to establish a timetable for seeking those consents and to consult and engage with the various consenting bodies. However, it is also fair to say that it is incumbent on those various authorities to co-operate with the applicant in the sense of timetabling to consider the applications brought before them and the process that they are going to follow, so that the applicant—whose responsibility this is—can put together a coherent timetable within which a decision can be reached.

[169] **Llyr Huws Gruffydd:** Gan fynd a hynny gam ymhellach, sut byddech yn rhagweld datrys sefyllfa lle mae'r IPC neu'r Ysgrifennydd Gwladol yn rhoi caniatâd ar gyfer datblygiad, ond nid yw caniatâd ar gyfer y datblygiadau cysylltiedig gan yr awdudrod lleol yn cael ei roi? **Llyr Huws Gruffydd:** Going a step further, how would you foresee resolving a situation where the IPC or the Secretary of State gives permission to a development, but permission for the associated developments is not given by the local authority?

[170] **Mr Gambles:** Clearly, that is the applicant's risk. If the applicant has to apply for separate consents, then they must accept that there is a measure of risk, as those are separate decisions for separate bodies, and they may come to separate and distinct conclusions. There is law in this area, and the authority is obliged to consider each of the separate applications on its merits, and not use it as an opportunity to re-consider an application that is not within its jurisdiction. I do not think that I can develop that point further, because it is a legal matter. Clearly, there will be factors that need to be taken into account, but it is a matter for the applicant to consider the risks involved in those separate consenting processes.

[171] **Lord Elis-Thomas:** I think that it must be your turn, Rebecca; you have been waiting patiently.

[172] **Rebecca Evans:** Yes, I have, Chair.

[173] **Lord Elis-Thomas:** I stand chastised. [*Laughter.*]

[174] **Rebecca Evans:** Do you have any concerns that some local planning authorities have neither the resources nor the expertise to deal with the complex issues surrounding large energy projects?

[175] **Sir Michael Pitt:** I was hinting at that earlier in my evidence. It is a challenge for local authorities to cope with the impact of an application in their area. There are a number of things that local authorities can do to try to cope with the additional workload that they are facing. First, we encourage local authorities to co-operate and work together. Certainly, our experience has been that, in many parts of England and Wales, there is a tendency for local authorities to share work and their resources to ensure that they are not duplicating their efforts. In so doing, they can minimise the impact. There have also been instances where agreements have been reached between local authorities and applicants, where the applicants have agreed to make payment to the local authority to ensure that it has the additional resources that it needs to undertake the work. This has been particularly true of some of the major applications that are in the pipeline and are coming towards the commission at the moment. There is no special funding for this, and it puts a strain on local authorities. It is a matter for commissioners to understand the impact of that, and take it into account.

[176] **Rebecca Evans:** Do you have any examples of an associated development being refused by a local planning authority and how the situation was resolved? I can imagine that it would be difficult for local authorities to make an unpopular decision regarding a major infrastructure project.

[177] **Sir Michael Pitt:** We do not have any examples so far, unless Ian can think of one.

[178] **Mr Gambles:** We have not made any decisions yet, so there is a general shortage of examples of that nature.

[179] **Antoinette Sandbach:** As I understand it, the procedure for associated development in Wales is different to the regime that operates in England. I am encouraged to hear that local authorities will have greater input. However, the development of a nuclear power station may have severe consequences for connections for neighbouring local authorities. If the issue of associated development is separate, how is the regime going to operate? How do you see those issues being addressed? It is difficult for local communities to see what impact there is going to be where applications for a development are put forward as separate parcels.

[180] **Sir Michael Pitt:** The nuclear power station that is most advanced in the pre-application stage is the one at Hinckley Point, and so we have a little bit of experience from how EDF Energy has gone about preparing its application. It held a major programme of consultation with local communities and laid out the entire project with a high degree of clarity. Associated with a scheme of that scale will be a range of issues to do with transport improvements, particularly highways, the need to accommodate a large workforce over a period of time and all sorts of environmental and social impacts that will arise from the development. When a major application of this sort comes forward in any part of England and Wales, one would expect the setting out in the clearest possible terms for a local community of what the wide variety of impacts could be. All communities and local authorities involved—there are often several—will have a chance to assess the impact on their local area and to make representations on that basis.

[181] **Antoinette Sandbach:** I am sure that you are aware that TAN 8 has been highly controversial in Wales, and that a lot of problems are associated not only with the development but with the grid connections that follow. Do you think that changes need to be made to the Electricity Act 2003, for example, to change the obligations of the national grid as part of this process? At the moment, things are being looked at separately.

[182] **Lord Elis-Thomas:** I think that you may be inviting Sir Michael to stray, and I would not want him to do that. I would love to hear his answer, but not this morning. *[Laughter.]*

[183] **Sir Michael Pitt:** Yes. I would much prefer not to deal with policy issues, because they are outside my mandate. I am sorry about that.

[184] **David Rees:** You said at the start that few county councils cover more than one. My constituency has had three major power stations approved, and there is a windfarm development coming. So, it is an example of where there are many. I am interested to hear you talk about the impact assessments. I have two questions. First, you said that local authorities ‘may’ be able to submit impact assessments: is it a statutory obligation upon them to submit one, and if not, should it be?

[185] **Mr Gambles:** It is not. It is an opportunity, not an obligation. I could not comment on whether it should be.

[186] **David Rees:** Secondly, this week, a decision in the Supreme Court has recognised Welsh laws as having equal status to English laws. If a planning Bill that is being proposed in the National Assembly enforces conditions within Wales on applications, how will applications then be considered in relation to Welsh law within the wider picture? What are your views on how things will change?

[187] **Sir Michael Pitt:** If new policy comes forward from the Welsh Government, that will become an important and relevant consideration for commissioners. So, whatever unfolds in Wales, any policies that you bring forward for Wales will become important factors that commissioners will have to take into account in their deliberations.

[188] **David Rees:** My view is that it is not just policies, but laws and Acts. I understand from this week’s decision that Welsh law has now equal status with anything, such as the Localism Bill, in England.

[189] **Sir Michael Pitt:** Indeed.

[190] **Lord Elis-Thomas:** I think that everyone is still studying that judgment.

[191] **Vaughan Gething:** I want to bottom this out, because there is a range of different views around the table about what has and has not been said about the management of TAN 8, national planning policy statements, what it all means and where we go. Let us try to be clear about where things are: is this not about where devolved competence starts and ends? So, where matters are devolved, TAN 8 is relevant and effectively has primacy. When it comes to non-devolved issues, however, such as onshore energy generation above 50 MW, is it not the honest truth that, though wonderful and polite, the phrase ‘they’re important and relevant considerations’ means that they are just considerations? There are four lawyers around the table, and I know what ‘take something into account’, ‘consider’ and ‘give due regard to guidance’ mean. However, when it comes to it, if the national planning policy statement is in conflict with any policy statement of the Welsh Government, is it not the case that the national planning policy statement has primacy, because it involves non-devolved matters that are not in the competence of this Assembly? Is it not the case that national planning policy statements have primacy?

[192] **Lord Elis-Thomas:** You will not get them to answer that, you know.

[193] **Vaughan Gething:** Surely, it is a factual matter.

[194] **Lord Elis-Thomas:** No, not if you consider how planning law operates; it is about each case on its merits.

[195] **Vaughan Gething:** If there is a conflict between the two points, there must come a point where, in non-devolved matters, one of them has primacy over the other, even when you have to weigh and balance everything out, and you have taken the considerations into account. I understand all of that, but the national planning policy statement is the prime element, is it not?

[196] **Lord Elis-Thomas:** You cannot expect them to answer that. That is a devolution issue, eventually, for the Supreme Court.

[197] **Vaughan Gething:** No, it is not a devolution issue if the application is a non-devolved matter.

[198] **Lord Elis-Thomas:** No, a ‘devolution issue’ is a technical term for a matter that is referred for judicial review, or to a higher court, and may be referred in by Welsh Government in relation to matters that are not clear in terms of law.

[199] **Vaughan Gething:** But this would be clear. For example, if there is a 500 MW development, that is a matter that the IPC would have to take account of at the moment. In future, it will be a matter for the Department of Energy and Climate Change.

10.45 a.m.

[200] With regard to an application on that scale, is it not the point, with regard to the way that you look at the planning policy issues in terms of where they are, that, although you say that Welsh Government policy statements will be an important and relevant consideration, they apply only to developments up to 50 MW onshore? Then, it is not a devolved matter.

[201] **Lord Elis-Thomas:** Do you want to say anything on this area, which is clearly a matter of controversy even in the committee?

[202] **Sir Michael Pitt:** Chair, I would be extremely cautious and just remind everybody what the Planning Act 2008 says. It requires that the IPC must decide an application for energy infrastructure in accordance with the relevant national policy statement, except to the extent that it is satisfied that to do so would result—I will leave out some of the unnecessary bits—in adverse impacts from the development outweighing the benefits.

[203] **Vaughan Gething:** Okay, that is fine.

[204] **Sir Michael Pitt:** I think that that captures in a nutshell what we, as a commission, are required to work within.

[205] **David Rees:** On that point, may I outline a hypothetical situation? Planning officers always talk about the law and the possibility of appeal. In that scenario, say we had an application in Wales for a 300 MW wind power development for a location outside the SSAs and you followed the national planning policy statement, and there was a similar application in England, and the English one was accepted and the Welsh one was not because of TAN 8, would there be a legal implication? Could planning officers say that an appeal could be made because of the comparison between the two? That is where the precedent comes in. In that sense, are you effectively ignoring TAN 8 because of the implications of your NPS statements?

[206] **Mr Gambles:** I think that we have made it clear that TAN 8 is likely to be an important and relevant consideration. So, there is no question of ignoring it. The position with regard to national policy statements is the position in law, which Sir Michael has just given. In Wales, TAN 8 would be an important and relevant consideration. There is no appeal against the decisions of the commission, so that particular point does not arise. I do not think that there is anything further that we can add to that.

[207] **Mick Antoniw:** I wish to take you back to the issue of the restructuring of the IPC. You said that the target date is April 2012. The changes that you describe are to remove the role of the commissioners and replace them with—or perhaps just retitle them—inspectors and to make it the case that, ultimately, under the Localism Bill, the decision will lie with the Minister, subject, of course, to any potential legal challenge. To some extent, as I see it, that involves a certain politicisation of the decision-making process. What will happen when the Minister comes to making his decision with regard to guidance or protocols on the way that the Minister will operate? For example, will there be scope within that for a protocol or whatever to consult or to consider representations from, or engagement with, the counterpart Minister in Wales? As the role of the Minister will be, to some extent, different from the role of the commissioners, I am not yet quite clear what framework the Minister is going to work within and to what extent there will be guidelines or checks and balances on how the Minister operates.

[208] **Sir Michael Pitt:** Of course, this is an area that is untested and untried in relation to the Planning Act 2008. To a degree, we are speculating on how this may work in practice. There are one or two things that can be said. First, in front of the Minister will be a report prepared by inspectors, to use the new terminology, which will be a very detailed examination of evidence. The inspectors are obliged to write those reports extremely carefully, weighing up the evidence from all points of view and coming to their conclusions. It is my personal view that the Secretary of State, if it were his or her desire to overturn that recommendation, would have to demonstrate good reason why. Of course, the decision of the Secretary of State could be judicially reviewed by one of the parties to the application. I suspect that, in most cases, the recommendations coming from the Planning Inspectorate will be found acceptable by the relevant Secretary of State, and in those cases where the Secretary of State wishes to turn the decision over, there will have to be a well-argued case, which will have to be published, to explain why a particular decision has been reversed.

[209] **Mick Antoniw:** Following on from that, because the decision is now going to a Minister, a politician, rather than someone with an attributed responsibility, as you say, if they were to take a contrary decision, there would need to be some criteria for that, and some basis—again, subject to judicial review. The problem is that the criteria for a political decision-maker may be different to those for someone who has that responsibility delegated to them. I suppose that what I am trying to explore is what the role might be for a Minister who wants to take a different decision to exercise the broader discretion that a politician decision-maker may have, given the relationship between a Welsh Minister, for example, or even a Scottish Minister, and the UK Government. I am just wondering whether there is likely to be a development, or an opportunity for development, of an inter-governmental protocol when those situations might arise.

[210] **Sir Michael Pitt:** I do not know the answer to that.

[211] **Mr Gambles:** The important point to make here is that the exercise of judicial functions by the Secretary of State is not a new development. Although this is obviously a reform to the infrastructure planning process, and a change from the current rules, Secretaries of State have been exercising these judicial functions for quite some time, and there are well-established protocols and processes in place to ensure that, in exercising those functions, they are acting in a manner that protects them from judicial review. They are not acting as

politicians, if you like; clearly, they are elected, and that is part of the rationale for the change, but when you read, for example, decisions where a Secretary of State has overturned a recommendation from the Planning Inspectorate on another planning matter, they are setting out arguments as to why they have attributed different weight to certain factors, and why they disagree with the inspector, and they are setting out the basis for the decision. In what I hope, as Sir Michael says, would be the rare event of a Secretary of State rejecting a recommendation from the inspectorate on infrastructure, I would assume that we are looking at a very similar model, in which the Secretary of State would set out the reasons and follow a fairly strict protocol. The only real difference from the way things work at the moment is the statutory timetable; the Secretary of State will have three months to do this, and so they will have to exercise those responsibilities in a manner that is consistent with that timescale.

[212] **Mick Antoniw:** Will there be an opportunity for referral back from the Minister? One way of extending these timescales is to refer back on the grounds of clarification of certain areas. Will that be a possibility within the powers of the Minister?

[213] **Mr Gambles:** I do not know the answer to that.

[214] **Sir Michael Pitt:** I do not know the answer. Clearly, the inspectors, in coming to their recommendation, will have evaluated all of the evidence available to them. I think that it would be quite difficult to refer it back to those particular inspectors. If you sent it to other inspectors, they would have to re-hear the whole case. I suspect that that is probably not going to happen. My feeling is that it would be the Minister's department that would undertake the review, if necessary, and it can of course call for new evidence, or further evidence, or whatever might be needed in coming to its final conclusion.

[215] **Julie James:** I want to look at a slightly different point, if you do not mind, going back to associated development, and the interaction between the Welsh regimes and the IPC regime, and the evolution into the new arrangements. I am trying to split this up, but it is multifaceted. First, do you offer advice to developers when they have to approach this sort of development in Wales, as opposed to England, as to the order in which they should approach consenting organisations, statutory consultees and, perhaps, permitting organisations and so on? Is there a body of advice available from the IPC that sets out a practical approach to this? If so, is there an order in which you would prefer the applicant to proceed: namely the local development authority and then you, or you and then the local development authority? The second, slightly more complex, question is: does that change if it is an offshore development, because that is even more complicated in terms of the consenting regimes and so on?

[216] **Sir Michael Pitt:** The way in which the commission has acted at the pre-application stage has evolved over time. To be quite frank, to begin with, we were cautious about the extent to which we felt that we were able to provide strong advice to applicants about the way in which they should undertake consultation and engagement with consultees and local communities. We thought that we might be overstepping our legal responsibility. The reality is that many applicants have struggled with the new Planning Act 2008 and the obligations placed on them to prepare their applications in a certain way and to reach the criteria that have been set for acceptance of an application. We have adapted as a commission by providing increasing amounts of advice and support, not just to applicants, but to all parties involved in the application. Ultimately, it is a matter for the applicant to decide how they will timetable and sequence their consultation activities. We would say to them, as I said in answer to a previous question, to get on with it as soon as possible. Our experience, so far, is that there has been considerable slippage in the timetabling of schemes by applicants. It is taking longer to get their schemes ready for the commission than they expected, by a considerable margin. One of the important things that applicants must do is to project-manage their applications effectively, to ensure that they are getting top-quality legal and technical advice and that they do not leave it late to undertake their surveys and discussions with statutory consultees.

[217] **Mr Gambles:** If I may add to that something that might assist, this is one of the most difficult areas, practice is still evolving, and we are still learning on this. We have published advice on working with public bodies—IPC advice note 11—and we are developing progressively a series of more specific annexes to that advice. In the last two weeks, we have published one jointly with the Countryside Council for Wales on precisely this point. So, that is trying to assist applicants in generic terms with the relationship between the different consenting and advisory roles of the different bodies in the process and how we expect applicants to work with different bodies in furtherance of their applications. We are continuing to provide and develop that generic advice. In the context of specific projects, it is incumbent on the applicant to develop its strategy—we will not write its consenting strategy for it—but we will comment on it, advise on it and happily hold tripartite meetings between the applicant, us and other bodies in Wales or in England, as appropriate.

[218] **Julie James:** I know that you cannot comment on the policy implications of this, but the suggestion in Wales is that we combine a number of statutory consultees into a single body. Do you have a view as to whether that will impact on the practicalities in any way? I am not asking you to comment in any way on the policy aspect, but would that require renewing your advice notes? Would it add to the complexity or reduce it? Is there any other comment that you would care to make?

11.00 a.m.

[219] **Mr Gambles:** I am not sure that it would make a huge amount of difference. Clearly, we would need to refresh any advice that we give to take account of the structural reform within Wales. However, I suppose that it depends on how it works in practice, rather than just on paper, so applicants need to engage with different bodies. Whether it will make life easier for them to engage with one body or another will depend on how well it works. I cannot see it making an enormous amount of difference—the powers are not going to be affected, and they are still going to have to have that engagement on the range of issues.

[220] **Julie James:** I presume that it is the same answer for offshore matters, in that it is just another added layer of complexity to it.

[221] **Lord Elis-Thomas:** Before I call Llyr again, on that dialogue between the IPC and other consenting bodies and your successor body, would you say that more dialogue between the Secretary of State for Energy and Climate Change at the UK Government level and Welsh Ministers might be worth having in this context?

[222] **Sir Michael Pitt:** I can only assume that it would help; I do not think that there is much that I can add to that comment. The whole of our process is based around good dialogue, and the more, the better.

[223] **Llyr Huws Gruffydd:** Yr wyf am ehangu ar y ffaith bod angen deialog dda, achos yr wyf am ddod yn ôl at y broses ymgynghori. Yr oeddech yn sôn gynnu ei bod yn bwysig cael ymgynghori cynnar gyda'r holl randdeiliaid, ac un o'r pwysicaf o'r rheini, os nad y pwysicaf ym marn nifer, yw'r gymuned leol. A yw'r IPC yn disgwyl i ymgynghori o'r fath ddigwydd yn ddwyieithog yng Nghymru, hynny yw, bod cyfle cyfartal i siaradwyr Cymraeg a'r di-Gymraeg gyfrannu i'r ymgynghoriad?

Llyr Huws Gruffydd: I will expand on the fact that good dialogue is needed, as I want to return to the consultation process. You mentioned earlier that it is important to have early consultation with all stakeholders, and one of the most important of those, if not the most important in the opinion of many, is the local community. Does the IPC expect such consultation to be undertaken bilingually in Wales, that is, for there to be equal opportunity for Welsh speakers and non-Welsh speakers to contribute to the

consultation?

[224] **Sir Michael Pitt:** Yes, sir, we do expect that. We think that it is important that any consultation exercise is conducted in such a way that communications with all parts of a community are effective. In deciding whether or not to accept an application, the relevant commissioners must be satisfied that there has been satisfactory consultation, 'satisfactory' being the word in the Act.

[225] **Llyr Huws Gruffydd:** Diolch am hynny. A fyddai'r un egwyddor felly yn estyn i unrhyw geisiadau sy'n dod o Loegr, ond sydd â goblygiadau neu *impact* yng Nghymru? **Llyr Huws Gruffydd:** Thank you for that. Would the same principle therefore extend to any applications from England, but which have implications or an impact in Wales?

[226] **Sir Michael Pitt:** Again, the same principle applies. We would hope that applicants would be realistic in deciding on the best way that they should communicate with any local community, and that they would go to necessary lengths to ensure that the consultation exercise has been entirely satisfactory.

[227] **Llyr Huws Gruffydd:** Yn olaf, pe baech yn teimlo na chafodd hynny ei weithredu'n effeithiol, beth fyddai'r goblygiadau? **Llyr Huws Gruffydd:** Finally, if you felt that that had not been operated effectively, what would be the implications?

[228] **Sir Michael Pitt:** Again, it comes back to the acceptance process. A number of tests are carried out by the relevant commissioner or commissioners in deciding whether or not to accept an application. A significant part of that test is based on the consultation exercise. Commissioners are looking for the fact that the consultation exercise has been sufficiently comprehensive, and that there is evidence that the applicants have been listening to the consultation exercise, even more so if there have been changes to the application as a direct response to the consultation that has taken place. We would look for an audit trail on receiving the application to demonstrate whether or not that has taken place.

[229] **Mr Gambles:** To add to that, an important part of this process is that the applicant is required to publish a statement of community consultation in relation to its application. Part of the key test at acceptance stage, which Sir Michael was referring to, is that the applicant must do what it has said that it will do. So, it is important for authorities that have a particular view on what consultation should be carried out to make sure that the applicant is aware of that, before they publish their statement of community consultation. The applicant must consult the local authority on that statement of community consultation. So, in relation to the point that you are making, if the local authority feels that it is important that consultation is conducted bilingually, it should say so. If the applicant says that it will carry out a bilingual consultation and fails to do so, that would weigh heavily on the acceptance decision.

[230] **Lord Elis-Thomas:** I have one final question, which links up with where I started. What role, if any, after April 2012 when the reorganisation is completed, will the national infrastructure directorate play in determining any outstanding applications for major energy projects in Wales that were originally submitted to the Secretary of State under the Electricity Act 1989? We have figures that were compiled by Arup for the Welsh Government, expressed in megawatts. Of the current total of proposed onshore windfarms within the strategic search areas, 33 per cent are for consideration by the IPC or the Secretary of State after April 2012; another 37 per cent are already with the Secretary of State; and, a remaining 30 per cent are dealt with by local planning authorities. Would you be able to enlighten us on the likely process for the ones that have already been submitted to the Secretary of State?

[231] **Sir Michael Pitt:** These are parallel arrangements, and those applications that have been submitted to the Secretary of State directly will continue on that route. Those that have been submitted to the IPC will continue on their parallel and separate routes. We are hoping for a seamless transition on 6 April. We are describing 6 April as a very quiet and boring day, when hardly anyone notices that anything happened at all.

[232] **Lord Elis-Thomas:** However, there might be a bit of activity around Bristol. [*Laughter.*]

[233] **Sir Michael Pitt:** A few things might be going on. [*Laughter.*]

[234] **Lord Elis-Thomas:** Thank you very much indeed for your frankness and for going as far as you are able to, considering your important position, and especially now as things move all about you. Thank you very much. That brings us to the end of the meeting.

Daeth y cyfarfod i ben am 11.08 a.m.
The meeting ended at 11.08 a.m.