



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

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

Dydd Iau, 21 Chwefror 2013
Thursday, 21 February 2013

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

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

Aelodau'r pwyllgor yn bresennol **Committee members in attendance**

Keith Davies	Llafur Labour
Mark Drakeford	Llafur (yn dirprwyo ar ran Julie James) Labour (substitute for Julie James)
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Russell George	Ceidwadwyr Cymreig Welsh Conservatives

Vaughan Gething	Llafur Labour
Llyr Huws Gruffydd	Plaid Cymru The Party of Wales
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
David Rees	Llafur Labour

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)
Stuart Evans	Pennaeth Polisi Pysgodfeydd, Llywodraeth Cymru Head of Fisheries Policy, Welsh Government
Dr Christianne Glossop	Prif Swyddog Milfeddygol, Llywodraeth Cymru Chief Veterinary Officer, Welsh Government
John Griffiths	Aelod Cynulliad, Llafur (Gweinidog yr Amgylchedd a Datblygu Cynaliadwy) Assembly Member, Labour (The Minister for Environment and Sustainable Development)
Gary Haggaty	Dirprwy Gyfarwyddwr Materion Gwledig, Llywodraeth Cymru Deputy Director, Rural Affairs, Welsh Government
Rob Hunter	Cyfarwyddwr Cyllid a Pherfformiad, Llywodraeth Cymru Director, Finance and Performance, Welsh Government
Matthew Quinn	Cyfarwyddwr, yr Amgylchedd a Datblygu Cynaliadwy, Llywodraeth Cymru Director, Environment and Sustainable Development, Welsh Government
Andrew Slade	Cyfarwyddwr Polisi'r UE a Chyllido, Llywodraeth Cymru Director, EU Policy and Funding, Welsh Government
Jon Westlake	Rheolwr Rhaglen Un Corff Amgylcheddol Single Environment Body Programme Manager

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

Alun Davidson	Clerc Clerk
Elfyn Henderson	Ymchwilydd Researcher
Catherine Hunt	Dirprwy Glerc Deputy Clerk
Martin Jennings	Ymchwilydd Researcher
Nia Seaton	Ymchwilydd Researcher

Dechreuodd y cyfarfod am 10.02 a.m.
The meeting began at 10.02 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **Yr Arglwydd Elis-Thomas:** Bore **Lord Elis-Thomas:** Good morning, and da, a chroeso unwaith eto i'r pwyllgor. welcome again to the committee.

Craffu ar Waith Gweinidog yr Amgylchedd a Datblygu Cynaliadwy Scrutiny of the Minister for Environment and Sustainable Development

[2] **Yr Arglwydd Elis-Thomas:** Rydym yn gwerthfawrogi'r cyfle hwn i graffu ar y gyllideb, y patrwm gwariant a'r goblygiadau polisi. Rydym yn falch o weld swyddogion arweiniol o adran y Gweinidog. Croeso mawr i Matthew a Christianne yn ogystal â'r Gweinidog. **Lord Elis-Thomas:** We appreciate this opportunity to scrutinise the budget, the expenditure pattern and the policy implications. We are pleased to see the leading officials from the Minister's department. Welcome to Matthew and Christianne as well as the Minister.

[3] Rydym yn ddiolchgar am y wybodaeth a roddwyd inni cyn y cyfarfod hwn, sydd wedi ein galluogi i ddadansoddi'r ffigurau yn y cyllidebau atodol. Rwyf am gyfeirio'n gyntaf at y cyllidebau ynglŷn â chyfoeth naturiol Cymru. Yr hyn nad yw'n glir inni yw'r rheswm dros y gwahaniaethau rhwng yr amcangyfrifon cost a budd yn y ffigurau a gawsom yn yr achos busnes a roddwyd i'r pwyllgor ynglŷn â chyfoeth naturiol Cymru. Efallai y gallech esbonio inni y rhesymau dros y gwahaniaeth yn y ffigurau. Yn amlwg, rydym yn awyddus i gymryd rhan lawn yn y broses o graffu a bod yn gyfeillion beirniadol i'r Llywodraeth yn y materion hyn, ond mae'n anodd inni wneud hynny os oes newidiadau yn y wybodaeth yr ydym yn ei chael, yn enwedig cyn sesiwn fel heddiw. Byddwn yn ddiolchgar pe gallech ymateb yn gyffredinol i hynny, Weinidog. We are grateful for the information given to us before this meeting, which has allowed us to analyse the figures in the supplementary budgets. I want to refer first to the budgets regarding natural resources Wales. What is not clear to us is the reason for the differences between the cost estimates and the benefits in the figures that we had in the business case that was given to the committee regarding natural resources Wales. Maybe you could explain to us the reasons for the discrepancies in the figures. Evidently, we are eager to take a full part in the scrutiny process and being a critical friend to the Government in these issues, but it is difficult for us to do that if there are changes in the information that we receive, particularly before a session like today. I would be grateful if you could respond generally to that, Minister.

[4] **Gweinidog yr Amgylchedd a Datblygu Cynaliadwy (John Griffiths):** Diolch yn fawr, Gadeirydd. **The Minister for Environment and Sustainable Development (John Griffiths):** Thank you, Chair.

[5] We are intent on providing the committee with as much up-to-date information as possible. It is a fluid situation. With regard to matters such as pensions, for example, things change very quickly and quite significantly. In the table that we provided with the letter to the committee, we have provided what I suppose constitutes a snapshot in time. These matters remain fluid, are subject to ongoing discussions and may change again. Notwithstanding all of that, I thought that it was important today to provide that snapshot of where we are, with the caveats that it is very much a matter of ongoing discussion and negotiation. The main changes to the figures are with regard to pensions. I will bring in officials, because I am sure that the committee would like to hear about those matters in detail. Essentially, it is a matter of the deficit position with regard to the Environment Agency scheme and the returns on gilts, which are absolutely at rock bottom at the moment and are significant to the deficit position. That is outwith the business case, because that would have been the situation for Environment

Agency Wales. It is a baseline cost that would have applied regardless of the change to natural resources Wales.

[6] The other aspect relates to the closed scheme that will come about. You have to do some reprofiling, which recognises that you are not going to get new entrants so you will not get new income, but you will have escalating liabilities as people leave. It is a question of over what period of time that reprofiling takes place. That is the subject of ongoing discussion. That is the more significant element of the figures that are in the table.

[7] **Lord Elis-Thomas:** Thank you for that. May I ask one more general question before we open the discussion further to officials and colleagues? I appreciate very much receiving correspondence, even if it was dated this morning, and it is important that we are up to date, when we scrutinise these matters. I appreciate that very much. As a principle, it shows willingness on your part as a Minister to involve this committee fully, and we will respond. In return, I ask that we continue our exchanges, whether in this public form or in informal discussions about the situation, so that, when we come to report again to the National Assembly and, therefore, publicly, on these matters and assess where we have got to in terms of the successful establishment of that new body—which is what we all want—we will be able to do that with the fullest and most up-to-date information available.

[8] **John Griffiths:** I am happy to have that ongoing relationship with the committee, Cadeirydd. There is also a big picture here, which is about strong benefits over a 10-year period in financial terms, which frees up resources for frontline delivery. However, we should not lose sight of the strategy, policy and service delivery elements, which will be very beneficial.

[9] **Lord Elis-Thomas:** I have just one more question: in this morning's figures, you calculate an additional £3.8 million extra, as we see it, from invest-to-save. Has the Minister for Finance definitely given you this money? Has that been announced?

[10] **John Griffiths:** It has been agreed, Cadeirydd.

[11] **David Rees:** With regard to NRW, you identify that the information technology costs are starting earlier rather than later in the business case; do we have any clarification as to why someone got it wrong, because, understanding IT, I would have expected you to have known whether or not things were compatible, whether the systems would work and what would be required in that business case? I want to know why, all of a sudden, you have realised that—

[12] **John Griffiths:** I will bring Matthew in on this, David, but I think that it is mainly a matter of negotiating with Environment Agency UK the amount of time that we could use its systems before having to create our own, with the upfront cost that that involves. These matters are the subject of ongoing negotiations. Matters change, and it is, to some extent, outside our control. It is not that any information that we provided at any stage was inaccurate; it is just that those negotiations reached a certain point and, at that certain point, that was the requirement of the Environment Agency UK. Matthew, do you want to add any details to that?

[13] **Mr Quinn:** On the business case, we assumed a flatter profile of transition and transformation for the ICT, which would have assumed a degree of access over a longer period. The Environment Agency wants us to exit earlier so that the number of services that are provided is reduced upfront. A number of services, such as flood management, will be continuing. However, for the core services, we will exit the system earlier. This brings forward that expenditure with regard to taking on those systems, but it does then give us an earlier benefits line, because we will no longer be paying for those services from EA.

[14] With regard to the question of whether we should have spotted this earlier, there was no particular reason for us to do so. Until you get into the due diligence with regard to the nature of the contracts that the EA had entered for its ICT services—we were not able to do this until we got the firm proposition—it is very difficult to know. You are then looking at the financial case and what the best negotiating position is with regard to minimising the overall cost of the change.

[15] **David Rees:** I assume that that extra cost is going to be a capital cost; is that so?

[16] **Mr Quinn:** Yes, it will principally be a capital cost.

[17] **David Rees:** Has there been an allocation of extra capital funding in that sense, or are you rejigging the capital investment that would have been made at that point in time?

[18] **Mr Quinn:** As you said in your supplementary question, we have had to bring forward some spending on capital to enable this to happen.

[19] **John Griffiths:** It is a matter of re-profiling.

[20] **David Rees:** So, something else has shifted, effectively.

[21] **John Griffiths:** We have had to re-profile our capital spend and bring it forward. Invest-to-save funding is very useful in that regard.

[22] **Llyr Huws Gruffydd:** Hoffwn ddod yn ôl at fater y pensiwn, oherwydd rydych yn dweud yn eich llythyr mai'r pensiwn yw'r elfen sydd, efallai, yn gyfrifol yn bennaf am y newid yn y costau fel yr ydych yn eu gweld. Rwy'n meddwl bod yr achos busnes gwreiddiol yn rhoi cost o £19 miliwn. A allwch ddweud wrthyf beth yw'r amcangyfrif diweddaraf sydd gennych o'r gost?

Llyr Huws Gruffydd: I wish to return to the pensions issue, because you say in your letter that the pension is the element that is, perhaps, primarily responsible for the changes to the costs as you see them. I believe that the original business case notes a cost of £19 million. Can you tell me what the latest cost estimate is?

[23] **John Griffiths:** Sorry, Llyr; what costs are you referring to?

[24] **Llyr Huws Gruffydd:** To the extra cost of the pension arrangements.

[25] **John Griffiths:** I think that we are talking about a figure of something like £29 million over the 10-year period. However, I think that there is an additional element as well; is that the case, Matthew? What would the total be?

[26] **Mr Quinn:** I do not have the immediate business case pension figure in front of me. However, the principal change is that the assumption on which we put in the figures for the business case was that the principal civil service scheme would not be the live scheme. That assumption was principally made to avoid the crystallisation of any of the costs. We put in, therefore, quite a modest provision for that, which was based around the transitional costs of people moving and bulk transfer. The position that we are in now is that that option was not viable. This is principally connected to the changes that are going on in all of the pension schemes at the moment, which meant that it was impossible, in the timescale to which we were working, to do the actuarial work necessary to take that option of moving things into the local government scheme; this has been accepted by the Cabinet Office.

[27] The only option on the table for 1 April was to move in the opposite direction. This

means that the EA pension fund becomes a closed scheme. That closed scheme does not result in crystallisation, because it is still an active scheme, but it is not getting any new members. The pension fund has to run it as a ring-fenced amount; no additional money is coming in. It is already in deficit because of the gilt position, so it has come to us and has asked natural resources Wales to make additional contributions to offset that cost. That is what is included here. However, we are still discussing the period over which that should happen. The figures that you have here are figures that are the ask, which is to offset that deficit in a nine-year period.

10.15 a.m.

[28] **Llyr Huws Gruffydd:** Diolch am hynny. Byddwn yn ddiolchgar pe bai modd i chi ysgrifennu at y pwyllgor gyda ffigur penodol er mwyn inni gael diweddariad ar hynny. Soniasoch eich bod yn gweithio o fewn amserlen benodol. A yw hi felly'n deg i awgrymu bod y ffaith eich bod wedi symud tuag at y trosglwyddiad hwn mewn cyfnod mor fyr wedi arwain at gostau ychwanegol?

Llyr Huws Gruffydd: Thank you for that. I would be grateful if you could write to the committee with a specific figure, in order for us to have the latest information on that. You mentioned that you are working within a specific time frame. Is it, therefore, fair to suggest that the fact that you have moved towards this transfer in such a short period of time has led to additional costs?

[29] **John Griffiths:** No, these costs are in the nature of moving to that closed pension scheme arrangement and the latest position with the deficit. That would have been the case had we had a run-up of five years or any period of time to this point. It is a question of the circumstances at present. Obviously, it has been a short period of time to take forward an awful lot of work and important change. I do not think that there is any doubt about that; it has been a significant challenge. However, as I said, whatever time was involved in the lead-up to this point, we would still be at this point.

[30] **Llyr Huws Gruffydd:** Fe'ch holais am hyn ddoe yn y Siambr, ond efallai fod mwy o gyfle i holi ymhellach yma heddiw. A allwch ein hatgoffa ym mha flwyddyn yn yr achos busnes gwreiddiol yr oeddech yn rhagweld y *break-even point*? Ym mha flwyddyn yr ydych yn rhagweld y bydd y pwynt hwnnw erbyn hyn?

Llyr Huws Gruffydd: I asked you about this yesterday in the Chamber, but perhaps there is a greater opportunity for further questioning here today. Can you remind us in which year in the original business case did you predict the break-even point? In which year do you now predict that that point will be?

[31] **John Griffiths:** I do not know whether any of the officials can answer that for you, Llyr. Can I ask Jon Westlake at the back to come to the table?

[32] **Lord Elis-Thomas:** Then give us your name and address, as we say. [*Laughter.*]

[33] **Mr Westlake:** My name is Jon Westlake. I work in the programme for Living Wales. The original break-even point was just after the end of year 4. We are recalculating the net present value, taking those figures into account. I would suggest that when we write to you about the pensions, we also provide that information.

[34] **Lord Ellis-Thomas:** I call on David again and then William Powell.

[35] **David Rees:** For clarification, is the pension scheme that we are talking about one where current employees pay for the pensions of pensioners at the moment, not one that is a fund? Is that the pension scheme that is operated?

[36] **John Griffiths:** That is my understanding. Is that right, Jon?

[37] **David Rees:** It is where the current employees' pensions contributions actually pay the pensions of—

[38] **Mr Westlake:** Yes, it is a funded scheme. The Environment Agency pension fund is a funded scheme, unlike the principal civil service pension scheme.

[39] **David Rees:** It will therefore be a closed scheme that comes to an end, in the sense that no-one will enter the scheme. However, it is an UK-wide scheme, I assume.

[40] **Mr Westlake:** No.

[41] **David Rees:** So, the only payments that we would have to contribute towards it would be for Welsh pensioners, effectively.

[42] **John Griffiths:** Yes. Of course, the main civil service pension scheme will be applicable to those who are not Environment Agency employees. So, there will be that open scheme and the closed scheme for Environment Agency employees.

[43] **David Rees:** I was more worried that it was UK wide and that we did not have control over the number of pensioners in the rest of the UK or what contribution we would have to put in.

[44] **Lord Elis-Thomas:** Your case for the defence, since we are in that sort of discussion, Minister, is that this was not anticipated during the original discussions and when the original business case was constructed. Is that right?

[45] **John Griffiths:** That is absolutely right, Cadeirydd. As I said, it is a fluid position, and it may change again, which is why I am conscious that what we have provided for you in the table might be subject to further change. In many ways, I hope that it is, in terms of the ongoing discussions that I am having and that officials are having, because we would like to see that profile of nine years with regard to the closed scheme extended. For example, for other pension schemes, such as local government pension schemes, it is 20 years. So, there is a lot of discussion yet to be had, and that is why your suggestion that we have continuing engagement on these matters is a good one.

[46] **Lord Elis-Thomas:** I certainly agree with that.

[47] **William Powell:** Good morning, Minister. Reference has already been made to the fact that the business case is now 18-months-plus old, and clearly things are moving on. You referred to the fluidity of the overall situation. At what point would you expect the board of NRW to revisit the overall assumptions made in the business case, which were originally set out to potentially reprioritise or reprofile further?

[48] **John Griffiths:** Once NRW comes into being at the beginning of April, it is then a matter for the chief executive, the chair and others to consider these matters from then on. I guess then it becomes very much NRW's responsibility, and I am sure that it will take that responsibility very seriously.

[49] **William Powell:** So, you would anticipate that it would move on that pretty quickly.

[50] **John Griffiths:** I am sure that NRW will want to have a very early look at all of that.

[51] **William Powell:** The most recent supplementary budget showed a transfer of £2.86 million from the three predecessor bodies. Could you clarify to committee what determined

the apportionment of that contribution from the different bodies, and what impact that may have had on the bodies' ability to deliver their services in the current financial year?

[52] **John Griffiths:** That figure comes from underspends identified by the three bodies. Obviously, that was the resource available and, in addition, the Environment Agency identified a further £0.8 million underspend this year, which again is available for the structuring costs.

[53] **William Powell:** Was the extent of those underspends, when they were brought to your attention, a matter of any concern to you?

[54] **John Griffiths:** No, I think it is within the ordinary realm of such matters, and the transfer will not have any impact on the ability of the three bodies to deliver against their priorities for the financial year. That was the understanding involved.

[55] **William Powell:** If the underspends had not been there, as well as in the bovine TB programme, from where would that funding have been forthcoming?

[56] **John Griffiths:** Obviously, we would have had to find resource for that within our main expenditure group, and that would have been done.

[57] **William Powell:** Finally, how will you undertake to monitor the ongoing benefits that will accrue from the creation of NRW in terms of efficiencies and the service level, which is obviously at the heart of the reason for its creation in the first place?

[58] **John Griffiths:** We will have a remit letter, and obviously we will want to monitor NRW carefully in terms of delivering the benefits of the business case. That would be a central requirement of the remit letter and the performance framework. My department and, indeed, NRW have agreed that approach. We will expect NRW to be able to provide evidence that each year's activity has made a cumulative contribution, I guess you could say, to the total benefits described in the business case. At a recent meeting with the chief executive and chair of NRW, these matters were discussed and I agreed that that was a valid approach.

[59] **William Powell:** I have one final question, Chair. Marine matters have been very much a preoccupation of the committee during our recent report work. Would you consider favourably any request for additional funding to be provided for NRW towards the cost of the delivery of marine consents, which was an issue that was very prominent in our recent work?

[60] **John Griffiths:** It is absolutely right that, together with the transfer, the relevant funding is transferred through grant in aid, and that will take place.

[61] **Lord Elis-Thomas:** Before I call Keith, there is one series of figures that is clear to us in your letter, which is dated 20 February, which we received and read this morning. The cash realisable benefits in the earlier business case were given as £6.9 million, whereas in the new forecast, they are down to just over £4 million. We could not realise exactly what had happened there. If you could throw some light on that now, it would be helpful.

[62] **John Griffiths:** I will seek assistance, Cadeirydd. Jon, are you able to offer it?

[63] **Mr Westlake:** I will just refer to a document that I have behind me.

[64] **Lord Elis-Thomas:** Of course. You have a virtual assistant at the back as well, Minister. I think that, in future, you should all just sit around the table when we start, and then we can get on with it. [*Laughter.*]

[65] **Mr Westlake:** Okay. Is 2013-14 the column that we are talking about?

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

[67] **Mr Westlake:** We have been negotiating with the EA and with Forestry Commission GB about service provision, and we have just finalised the service provision costs. Those costs will have an impact on the cash realisable benefits line, because most of the benefits, particularly in the early years, are derived from the recharge figures that currently go across the bridge to the EA and the FC. So, in the early years, because we are still making use of the systems and services provided by those bodies, we have had to pay, which takes a big chunk out of the recharge cost. That has had an adverse effect at the beginning, but once we have move further down the time frame and we stop paying that money, you can see that the benefits start to rise. That is the overall effect that accounts for that.

[68] **Lord Elis-Thomas:** So, these are definitely transitional costs that are, ultimately, a good news story. That is what you would like us to read, is it?

[69] **Mr Westlake:** Yes.

[70] **Lord Elis-Thomas:** There will be a benefit above building up capacity within the new organisation.

[71] **Mr Westlake:** Yes, over the first two years.

[72] **Lord Elis-Thomas:** That is very helpful.

[73] **Keith Davies:** Mae Bill Powell wedi gofyn y cwestiwn yr oeddwn am ei ofyn am yr arian sy'n dod o'r tri chorff presennol. Y rheswm yr wyf am ofyn y cwestiwn yw hyn: rydych chi'n gwybod, Weinidog, fy mod i wedi bod yn edrych ar y labordy yn Llanelli, ac mae Asiantaeth yr Amgylchedd wedi bod yn sôn am ddwyn rhai o'r offer sydd yno. Nid yw hynny wedi digwydd eto, ond pa mor sicr ydym y cawn ni'r arian hwn oddi wrth y tri chorff, ac Asiantaeth yr Amgylchedd yn enwedig, oherwydd bod ei phencadlys y tu fas i Gymru ac nid yw'n gweithio yn yr un ffordd â'r ddau gorff arall? Oherwydd yr hyn sydd wedi digwydd yn Llanelli, roeddwn yn meddwl a oes sicrwydd y cawn ni'r arian hwn.

Keith Davies: Bill Powell has asked the question that I wanted to ask about the money that comes from the three current bodies. The reason I want to ask the question is this: you will know, Minister, that I have been looking at the laboratory in Llanelli, and that the Environment Agency has hinted that it will remove some of the equipment there. It has not happened yet, but how certain are we that we will have this money from the three bodies, particularly the Environment Agency, because its headquarters are outside Wales and it does not work in the same way as the other two bodies? Given what has happened in Llanelli, I wondered whether there is any assurance that we will have this money.

[74] **John Griffiths:** I know full well the importance that the laboratory in Llanelli has for you and for local people, and it is very important to us as a Government, as it will be for natural resources Wales. So, we are very committed to maintaining and, indeed, enhancing that facility, Keith. Environment Agency UK has committed resources, and we do have its assurance on that; it will be investing to ensure that its own services use that facility in Llanelli, and that is very welcome. Do we have any figures for that?

[75] **Mr Quinn:** Not precisely.

[76] **John Griffiths:** If not, we could certainly let you know, Keith, and write to the committee, Cadeirydd, with the figure.

[77] **Mr Quinn:** I would just say that one of the first things that we raised with the Environment Agency and personally with the Chief Executive as we started this process was the future of the laboratory. He has been very warm to the idea of creating something that could be a free-standing laboratory for Wales.

[78] **Yr Arglwydd Elis-Thomas:** Rwy'n credu y gallwn symud ymlaen at yr adran nesaf—y mae gennyf ddiddordeb mewn holi arni i gychwyn, beth bynnag. Mae'n ymwneud â reffeniw, costau a pholisi dileu TB mewn gwartheg. Cawsom sgwrs am hyn fis Mehefin y llynedd. Nid yw'n glir i mi beth yw'r rhesymau dros yr hyn sy'n ymddangos yn £3.75 miliwn o danwariant reffeniw net ar ddileu TB. Carwn gael cadarnhad bod y ffigur hwn yn gywir. Os ydyw, a ydych yn awgrymu yn eich gohebiaeth efo'r pwyllgor hwn y bydd tanwariant pellach o £3 miliwn ar ddileu TB ar ben hyn? Os yw hynny'n wir, pam nad oedd hynny wedi ei ddangos yn y gyllideb atodol? Dyna dri chwestiwn cryno.

Lord Elis-Thomas: I think that we can now move on to the next section—I am interested in asking about it to start, in any case. It concerns the revenue, costs and policy of eradicating bovine TB. We discussed this back in June last year. It is not clear to me what the reasons are for what appears to be a £3.75 million of net revenue underspend on TB eradication. I would like to have confirmation whether that is right. If so, are you suggesting in your correspondence with this committee that there will be a further underspend of £3 million on TB eradication? If that is true, why was that not shown in the supplementary budget? Those are three brief questions.

10.30 a.m.

[79] **John Griffiths:** The £3 million relates to funding that we are yet to receive, but have accounted for, from the European Commission with regard to its approval of the UK TB eradication plan and the Welsh element within it. That is the additional aspect, Cadeirydd—it is that income of £3 million from the European Commission. I think that I am right in saying that we are probably not physically in receipt of it, if that is the right way of putting it, but we account for it and we will receive it. Is that the case, Christianne?

[80] **Dr Glossop:** That is correct. It is really quite complicated. You claim money a year retrospectively and, as you would appreciate, for a calendar year, not a financial year. So, we have to anticipate the amount of funding that we can draw down from the Commission. It remains to be seen at the end of this calendar year how much exactly of that figure that we will get. It is allocated on the basis of the number of skin tests that we do for cattle, the amount of compensation that we pay, and the number of gamma interferon blood tests that we do. You claim a different amount of money for each of those tests, so, as you can imagine, it is quite a complicated calculation, and it is all done retrospectively. So, we have to factor it in, but we should not completely rely on that money until we have it in the bank.

[81] **Lord Elis-Thomas:** Does this also account for the fact that it appears to us that only £1 million of the £10 million that originally appeared in the final budget for 2012-13 has actually been spent? How is that explained, or has that gone somewhere else?

[82] **Dr Glossop:** I ought to start by explaining that the TB work and the budgets allocated to TB eradication should be regarded in the round. We have a budget of £11.6 million for TB compensation. We have a budget of £10 million for TB eradication, and we have this additional anticipated money from the Commission. With regard to those two budget lines, we have discussed before at this committee that TB compensation is, unfortunately, a demand-led budget. It is very difficult, even at this stage in the financial year, to know exactly how much money we will have to pay for compensation until the end of this financial year. One or two very big TB breakdowns in February and March could skew the figures. We have had breakdowns before that cost us £1 million in compensation, for example.

[83] As we progress through the year, we have to look at the compensation budget and the eradication budget side by side, so that we make sure that we allow enough money towards the end of the year to pay the compensation, but make sure that we make the best use of the eradication money, and that is a balance to be struck. Our estimated compensation bill for this financial year—as I said, this could change—is £14.8 million. As you can see, that is £3.2 million over the compensation budget that we have had allocated. We have to find that money from somewhere, and it will need to come from the £10 million of the eradication budget. That is an example of how this can be quite a fine balance.

[84] Alongside that, another significant proportion of the spend is on the work that the Animal Health and Veterinary Laboratories Agency does for us in terms of testing and laboratory fees. We have an estimate of the amount of money that will be for this year, but we have not finished the year, so we have to make sure that we have enough money for that. Out of our compensation budget, we estimate that £3.12 million will be allocated to the Animal Health and Veterinary Laboratories Agency.

[85] This is a long-winded way of trying to explain that, out of our total budget, you have raised the figure of £3.75 million, and if we look at the anticipated outturn and the transfer of money for compensation, we see that we are actually anticipating an underspend of £1.47 million, not £3.75 million. That is subject to change on the basis of how much compensation that we have to pay by the end of the year, and the final outturn for the Animal Health and Veterinary Laboratories Agency. You could ask, ‘Could we have made better use of that money? Could we have allocated more?’, but as you can see, it is a balancing act and we do not want to overspend by the year-end.

[86] **Lord Elis-Thomas:** That is very helpful, as far as I am concerned. Clearly, I am passionately interested in this area of policy as, I know, are you and everyone around this table. My concern was that, because of changes in policy, funding was being utilised in other ways that were not part of the overall TB programme. You have reassured me on that. Perhaps you might like to consider whether there are ways of structuring the budget and the budget heads in this whole area in a way that makes what you have just said clearly intelligible to us in future years, without changing the comparator baseline that we like to use, so that we know how the budgets are going. That might be something that you might like to consider.

[87] **John Griffiths:** On that, Cadeirydd, perhaps we could consider the best approach and return to the committee. The sort of fluidity that Christianne has described is inevitable in terms of the demand-led aspects of compensation, and it can change very significantly over a very short period of time. So, we will always need some fluidity within the overall figure.

[88] When you spoke of a change of policy, Cadeirydd, in terms of the vaccination programme, had the once-envisaged cull proceeded, the expenditure would, in fact, have been very similar. So, it is not that relevant in terms of the change to the vaccination programme. Many of these issues are inherent, I think, in the nature of the effort to eradicate bovine TB and the unpredictability of compensation.

[89] **Lord Elis-Thomas:** It does turn out that we may have been talking about two different £3 million figures. However, we can clear this up in a further discussion. I have advice here that indicates that, in the supplementary budget, £3.5 million was transferred to capital as a result of a net underspend after offsetting income in the TB eradication programme. If we cannot pursue that today, we can return to it.

[90] **John Griffiths:** Shall we write to you on that?

[91] **Lord Elis-Thomas:** That would be very helpful. Thank you.

[92] **Mark Drakeford:** Without getting drawn into the specific figures, let me ask you about the approach to managing this budget. I imagine that, for any Minister, a demand-led budget line is always a source of anxiety, but considering the way that you have just described to us the Government's approach to managing it, would I be right in being anxious that what is happening here is that short-term management measures are resulting in long-term distortions to the way that you would wish to see this managed, in the sense that you are robbing your prevention budget in order to pay for compensation in the here and now, which only means that your prospects of getting on top of the demand-led budget are reduced because you are not able to do as much in the prevention area as your original budget would have anticipated? You are having to take money out of that in order to meet higher than anticipated compensation levels, and because you are not able to take the prevention measures that you would have taken, the prospect of next year's compensation figure going up increases.

[93] **John Griffiths:** I think that Christianne is eager to come in here, but before she does, I will just say that I do not think that that is the case, Mark. We have our comprehensive TB eradication strategy and measures set out within it, and we had funding in place to take that strategy forward, including the badger vaccination project in the intensive action area. We will have new measures coming on stream as we go forward—some, perhaps, that we have not yet envisaged and others that are in the current strategy. So, we will find funding for those measures, because they are essential, as you said, to getting on the front foot to prevent the disease and to deal with all matters that will help to move towards eradication. We do have and will have funding in place for that. The fluidity is very much around the compensation, and there may be times when we have to find extra resource for that and there may be other times when resource is freed up for the general eradication strategy. However, at no stage will it be the case that we are unable to fund the eradication strategy, because it is such a big priority for us. I know that Christianne is eager to add something.

[94] **Dr Glossop:** We have to see that, in the fight against tuberculosis, what we are trying to do right now is to find all the disease that is in Wales, and so some of the measures that we are taking to get to and remove infected animals—increasing the measures that we have—are resulting in finding more disease. We are in that process. As an example, when we conducted TB health check Wales in 2009 and 2010, we tested every herd of cattle in Wales over a much shorter timescale. You can, I am sure, appreciate that that was a good step to try to get ahead of the disease. As a result, we found more infected cattle and, in that period of time, we paid a lot more compensation, because it is linked to the amount of infection that we find. In fact, in 2008-09, we paid £24 million in compensation and, in the following year, £18.5 million, and then it came right down the next year to £12.2 million. Part of that was because we found infected animals at an earlier stage.

[95] In the current financial year, part of our improved policy has been digging harder into TB breakdowns and removing more infected animals and increasing the sensitivity of the test at an earlier stage, again, particularly to target high incidence areas. So, at the moment, as part of our policy to dig into the disease, we are finding more infection. The policy, the amount of infected animals and the compensation that we pay are linked together. If those policies are working, we will get to a stage—we hope to see that sooner rather than later—when the benefit of those policies will be that we will find less disease. However, in these stages, in these early years of eradication, we have to look harder for infected animals, and we will find them. That is what success looks like right now, but I can understand that, from your perspective, there is a nervousness that if that does not start to take effect at some point in the next year or two, we will see an escalating compensation budget.

[96] **Mark Drakeford:** I find the explanation a lot more reassuring than I find the figures.

[*Laughter.*] I have a table in front of me that shows a supplementary budget figure for February for TB eradication of £6.6 million, of which only £1 million has been spent to date, and then there is a fairly heroic-looking assumption that the Government will spend more than one and a half times that amount in the remaining six weeks of the financial year, compared with what it managed in the previous 10 months. So, there is a substantial underspend in TB eradication expenditure, and Christiane explained earlier that that money has had to be moved to pay for a greater amount of compensation. I still find the figures difficult to understand, but I am very happy with the explanation.

[97] **John Griffiths:** To add to that, there is a significant expenditure to AHVLA for the work that it carries out directly addressing the disease in the field. Do we have a figure for that, Christianne?

[98] **Dr Glossop:** Out of this budget that we are all talking about, and you have mentioned a figure of £1 million, we are estimating right now that we will have spent £4.66 million of the £10 million by the end of the financial year on these additional measures, most of which, as the Minister indicated, is payment to the Animal Health and Veterinary Laboratories Agency.

10.45 a.m.

[99] That figure also includes the cost of the vaccination programme for badgers. Along with the £4.66 million is the additional compensation money that we are talking about, which is just over £3 million.

[100] **Lord Elis-Thomas:** So, the good professor and I are moving in the same direction, which I hinted at earlier, in that we may need to look at ways of organising the budget line to make it more intelligible to us as a committee and, therefore, to the public.

[101] **Vaughan Gething:** On TB eradication, I have asked a similar question, but this picks up on the point that Christianne made about greater effort and energy being expended on identifying cattle infected with TB in the first place, which means more compensation, but that, at some point, you see it reducing over the next few years. On the effectiveness of the programme and how you expect to measure its effectiveness, at what point do you expect those figures start to reverse and start to move so that less is being paid in compensation? When will you start to identify a practical outcome in terms of eradication figures and how money is being spent? Furthermore, what does that mean in the field for the cattle, the farmer and ultimately for the consumer?

[102] **John Griffiths:** You would appreciate hearing from the chief veterinary officer on this, but I anticipate that the answer will be that these things are difficult to predict because that is the nature of disease, and this disease has been around for a long time. Sadly, it is likely to be around for quiet some time yet. However, just when you get to the point where you are ahead of the curve is difficult to predict.

[103] We talked about our badger vaccination programme in terms of it being a five-year programme. We heard from Professor Chris Gaskell in our science review that it is logical to assume that if you increase immunity in the badger population, that will reduce TB incidence in cattle, but it will take some time to get to that stage. The intensive action area is one fairly small part of Wales, although it has a significantly high incidence of TB, and there are other areas in a similar position.

[104] On top of that, vaccinating cattle is rightly seen by many as the ultimate step that will drive down incidence and move towards eradication. There have been some important developments, including a recent workshop with international experts in Cardiff as well as a

follow-up from the European Commission on issues around legality and trade. We had a time frame of around 10 years to move towards real progress in terms of deploying a vaccine for cattle. That is a general picture that is helpful and informative, but things are very unpredictable in terms of when we will get ahead of the curve. I am sure that Christianne can provide greater expertise on this.

[105] **Vaughan Gething:** I would like to make one further point before Christianne comes in. When we look at this budget line, most of our conversation centres on culling compensation payments and vaccination programmes. It is a TB eradication budget line, so I am also interested—and I should have asked this earlier—in how much of that budget line is used on other measures. We know about the badger culling or vaccination programme, whichever way you want to look at this, but dealing with the risks of TB transfer from badgers to cattle is only part of the journey in terms of the cattle becoming infected with TB. So, how much of this budget line is used for other measures? How are those other measures funded if they are found in other areas that eventually contribute to TB eradication or not? I am interested in the effectiveness of the money. If all the money for TB eradication is not in this area, how do you assess the effectiveness of the policy and the money you are spending on trying to significantly reduce, if not eradicate, the disease?

[106] **John Griffiths:** The Animal Health and Veterinary Laboratories Agency works on the testing regime that is so important in terms of early identification. The removal and slaughter of infected animals is a key and core aspect of that effort. That is where we get back to the way the budget is set out and how understandable it is. We will return to the committee to address those issues on how we can have a clearer setting out of exactly what expenditure takes place and what it achieves.

[107] **Vaughan Gething:** I understand the point about identification, removal and slaughter, but my point about TB eradication is that it is not all about that. It is not all about removing badgers or vaccinating badgers. There are a number of other pathways for cattle to get TB. With regard to an eradication programme, people talk about biosecurity measures, and that must be part of the eradication strategy. Where are the budget lines for that? Are they all within this one line? That is what I do not understand. I also want to understand how well and effective that money is being spent on reducing the overall incidence of TB and which elements of the funding programme contribute to that. I am interested in that, because I feel that we sometimes get trapped into talking about compensation payments and vaccination or culling, when we know that there is more to it with regard to eradication. That is why I want to know where that money is spent and how you will assess it.

[108] **John Griffiths:** You are absolutely right, Vaughan; biosecurity, cattle movement restrictions and so on are part of a whole panoply of measures within the overall eradication strategy. We need greater clarity as to what is contained where in the budget. We will return to that in depth in committee.

[109] **Dr Glossop:** Just to complicate it further—and I can now really see that we need to spell it out in a different way—the budget we have not discussed yet is the money that goes to the Animal Health and Veterinary Laboratories Agency, which was devolved to Wales for the first time almost two financial years ago. The expected outturn for the AHVLA budget for the current year—and I explained that we do not have the final figures yet—is in the region of £17 million. This is separate from all the money we have been talking about; this is the devolved budget. Of that money, as I am sure you will appreciate, the bulk of the activity that AHVLA does for us is on TB. We are estimating that around £12.8 million of that £17 million budget is also being invested in TB testing, the biosecurity work, the imposition of movement restrictions and the enforcement and all of that work. That is another element of this.

[110] I want to reassure you that, when you look at a figure of £1 million and ask how it

can be allocated to TB eradication, it is not the complete picture. We will definitely take away from here the task of trying to make that clearer. I hope that you can appreciate that it is complicated for us, and this is only the second year of the devolved budgets being with us. We are also working with the agency to understand all the costing. Work on biosecurity is carried out through official veterinarians, who are paid from those budgets. The work on managing breakdowns, not just testing and removing infected cattle, but working with the farmer to clear up the breakdown more quickly, is also funded out of that. We need to recognise that the massive effort that is going on is not demonstrated completely by this single budget line that we have been talking about.

[111] **Lord Elis-Thomas:** We will have William Powell, David Rees and Llyr, and then we will have to get on to the financial scrutiny of flood-risk management. We are getting out of the TB and into the water. [*Laughter.*]

[112] **William Powell:** I share Mark Drakeford's concerns, which your answers address substantially regarding the underspend on eradication. One particular issue to do with biosecurity that I would like to raise with you is whether adequate consideration has been given to the grant aiding of local authorities for dealing with road-kill badgers—those that have come to an untimely death through their careless crossing of the road and those that have ended up meeting death in another way and being dumped on the roadside—because of the danger of potential infection being taken around the trunk roads and byways of Wales. I know that some local authorities, particularly rural local authorities, were active in the field of following up on this and following up on reports, but it would seem to me, particularly at a time when local authorities are under real pressure, that this would be a helpful measure. I must admit to not being fully conversant with the science regarding the spread in terms of tyres on vehicles, but I would have thought that common sense suggest that it would have a role to play.

[113] My second question arises from several approaches that I have had recently. What mechanism is in place to ensure that farmers who suffer TB in their herds, and which are being taken, wholly or partly, as a result of a positive test, have the value of that livestock, particularly if we are talking about particularly cherished bloodlines or premium stock, fully and adequately reflected in the compensation that is paid to them in those circumstances?

[114] **John Griffiths:** Again, before calling on Christianne to respond on the science of the spread of disease, car tyres and badgers on roads, it is a local authority responsibility to deal with those issues in terms of badgers being left on roads. It is a responsibility that local authorities fulfil. I am sure that Members will take the opportunity to remind local authorities about this if they are not properly doing their duty. Indeed, if we were to come to the view that local authorities are not properly fulfilling their responsibility in that regard, we could also take the matter up with them. So, any evidence that that is the case would be very useful.

[115] In terms of compensation, we have a system in place in Wales, as compared with England for example, which much more accurately reflects the value of individual cows or reactors that fall victim to TB. In England, there is a much more general approach and a different system entirely. So, we feel, in terms of the issues you raise, that the system in Wales is much better.

[116] On the science of tyres and spreading disease, I turn to Christianne.

[117] **Dr Glossop:** Okay. Thank you for that one. [*Laughter.*]

[118] **Lord Elis-Thomas:** This part of scrutiny is about the costs and the financial aspects, so you would have to get into the cost of the tyres, and—[*Laughter.*]

[119] **Dr Glossop:** Clearly, we do not want dead badgers all over the roads. There is a mechanism for removing them, which is well established. As far as we can tell, it is being delivered properly. In terms of the risk of an individual car driving over infected material, which is what we are talking about, the risk would depend entirely on where that vehicle was then going and various other details that you probably do not want to hear about. There are risks to do with the transmission of TB by indirect means, and that is one example. Another example would be a farmer going from his farm to the farm next door without cleansing and disinfecting properly. It is about how people conduct themselves at the markets and the movement of animals. So, it is a piece of a much bigger question. However, you are absolutely right; we do not want infected material on the roads, whether it is a dead badger or any other dead animal.

[120] **William Powell:** Certainly, my experience, just from driving around Wales, is that local authorities are somewhat overburdened in dealing with this issue. I would have thought that, in the context of such an enormous underspend, the availability of some sort of fund to assist such authorities—*[Interruption.]* I am not making any reference to any specific authority, but, across Mid and West Wales, where I spend more time than any other part of Wales, I have seen evidence of this. I would have thought that that might be a useful issue to be given due consideration. I have spoken enough. Thank you.

[121] **Lord Elis-Thomas:** Yes, I think that you have.

[122] **John Griffiths:** We will consider reminding local authorities of their duties, Cadeirydd.

[123] **David Rees:** I just want clarification on a couple of budget lines. I noticed that the Animal Health and Veterinary Laboratories Agency actually has a budget. You mentioned in your answer on eradication that you pay some of that money to that. Is that, therefore, additional funding to the budget line that it has? In other words, is the money from the eradication line going to go towards the AHVLA?

11.00 a.m.

[124] **Dr Glossop:** Along with the budget that we have devolved to us, which we are obliged to pay directly back to the Animal Health Veterinary Laboratories Agency for the period of this comprehensive spending review—this year that is around £17 million—there is additional activity for the purpose of TB eradication, and that is extra funding. The biosecurity work and so on is additional to the £17 million, and the figure that we estimate coming out of the £10 million TB eradication programme budget for this year is £3.1 million. That is additional money.

[125] **David Rees:** Just for my own clarification, the allocation for TB slaughter payments is Wales-wide, whereas you expect the TB eradication allocation to be focused upon the IAA.

[126] **John Griffiths:** I know that time is short. That is absolutely right, Dave. Certainly, when you look at the cost of the badger vaccination programme in the IAA, rolling that out across Wales would be very difficult in terms of the scale of the cost. That is why we are looking at partnership arrangements with wildlife groups, the National Trust and others, and a possible grant scheme that would involve an element of match funding. So, we are looking at ways of extending the badger vaccination programme in the future, but at the moment, yes, it is just for the intensive action area.

[127] **Lord Elis-Thomas:** We are going to move to the final item that we want to scrutinise under the financial heading before we move to more general scrutiny of aspects of policy and administration, and that is flood and coastal risk management. David, do you want to lead on

this? Then we will call Russell, William Powell and Llyr.

[128] **David Rees:** Thank you, Chair. Minister, your paper identifies that you are planning to spend over £150 million in the term of the Assembly, supplemented by over £50 million of European regional development funding. Obviously, last summer highlights the risks that need to be addressed with the funding, but we note that you have had an in-year extra allocation of £10 million through the recent supplementary budget. I suppose what I want to ask is: what criteria were used in the allocation of that funding, and is there real strategic thinking? Will you expect to keep on having in-year allocations or will there be more strategic thinking in future to deal with flood-risk management?

[129] **John Griffiths:** I think that we are strategic in terms of having our national strategy in place now, and the working-up of local flood-risk strategies across Wales. We have the overarching national approach and the local schemes and others fit within that. Funding is obviously about prioritisation, and we do have a methodology that is about risks to people and property, which obviously are the crucial factors, along with others. However, in terms of that overall allocation over the period of this Assembly, unsurprisingly, we attach great importance to dealing with flood risk. As you say, the examples last year were quite alarming in many respects, and we know that, with climate change and more severe weather events, this is likely to become a bigger problem rather than a lesser one. So, as well as the longer-term funding envelope that supports this strategy, we seek opportunities throughout the year—from any possible source, really—to add to and augment that funding, and obviously funding sometimes becomes available in the normal way of Government budgetary practice. We are always putting a case forward for flood-risk schemes as part of that. So, yes, we are strategic, but we will continue to look for whatever opportunity might come about to add to that longer-term strategic funding.

[130] **David Rees:** I know that you are having discussions with the Minister for Finance, and I would expect you to, but is the Welsh Government looking at this particular point because of what we have seen in the past two years, and therefore looking to review its allocations in this area and prioritise them at a higher level?

[131] **John Griffiths:** We have regular and constant discussions in Government about capital expenditure, and I am always making the points about flood risk, and I will continue to do so. On 4 March, we are going to have a flood summit, which I hope will bring a renewed focus, new energy and new ideas to how we deal with flood risk. Part of that will involve pulling together key stakeholders: ourselves, obviously, natural resources Wales, when it comes into being, and the Environment Agency at the moment, Welsh Water, local authorities, and those whose infrastructure is protected, such as rail track and major roads. We want to get a common view of risk and prioritisation for schemes, and then look at where we can pull resources together in terms of all of those with a key stake in dealing with these issues. If we can have clear prioritisation, we can then move towards having a single investment fund to deal with flood risk, pulling together key partners, and I think that that would be an important step forward.

[132] **David Rees:** I have one final point on this. You talked about approximately £200 million. In the light of recent events, is that going to be sufficient over this period?

[133] **John Griffiths:** When it comes to flood risk, we are in the position of knowing that the resources are never going to be enough, because of the scale of the challenge we face. We will never be able to prevent flooding completely, but we can prevent it to a much greater extent than is currently the case and work very much with communities and stakeholders on resilience and awareness. Flood Awareness Wales is a very good scheme that the Environment Agency runs that does just that. Also, of course, forecasting flooding is extremely important in enabling people to take the necessary steps to minimise damage. So,

there is a much wider strategy beyond defences, but defences are still very important and we do need to scale up our efforts. I hope that we can move towards that with the single investment programme.

[134] **Russell George:** As David has already highlighted, the difficulty with this area of budgeting is that you just cannot anticipate what is coming. I am not quite sure whether you did answer this—I may not have it picked up—but is the budget financial line that you have for this financial year and the year after realistic? Do you think that that is a reasonable figure, bearing in mind the uncertainties that there are?

[135] **John Griffiths:** I think that it is a reasonable figure. As I said, we would hope to augment that and add to it. That will be an ongoing effort from me as the Minister, together with my officials. We have been successful in the past at levering in additional moneys, including during this financial year. As I say, if we could have a clear understanding of where the priorities are for flood defences in terms of the protection of life and limb, property, and infrastructure, and then get a pooling of resources from all of those who have a key stake in this, then I think that that would be a very clear and important way forward. Nevertheless, we will always be in the position of looking for extra resource because of the scale of the challenge, and, as I said in response to David Rees, climate change is one example of the increasing threat—the events of last year clearly indicate what we face.

[136] **Russell George:** Do think that additional in-year allocations are going to be the norm in future years? Is that what you are suggesting?

[137] **John Griffiths:** I think that we will always be looking for additional resource in-year, because it is in the nature of Government allocations and capital allocations that there is always in-year provision and I will always be making the case for some of that, as much as is possible, to be used to deal with flood risk.

[138] **Russell George:** You mentioned forecasting in your earlier answer. Do you have a particular budget line for improving localised data? I am thinking in particular of situations where Met Office data from the midlands are sometimes used for mid Wales. I wonder whether you have any specific allocations for improving the data that are available to you.

[139] **John Griffiths:** Environment Agency Wales is funded to provide the flood forecasting service in Wales, and that will obviously transfer to natural resources Wales from the beginning of April. The UK Met Office provides a valuable service as part of that and outwith that. In answering Keith Davies yesterday, I mentioned that we are having ongoing discussions with the Met Office on developing capacity and facilities in Wales. We hope that those discussions bear fruit.

[140] **Russell George:** Are you able to give the committee an update on the European regional development funding anticipated for the next financial year and the year after?

[141] **John Griffiths:** I think that I have mentioned to the committee before that we will continue to make the case, in terms of future European funding, that flood defence should be a substantial part of that. It is quite clear that flood defences have a wider role in terms of regeneration, job creation and economic development. That is the case that I will be making in terms of future European funding. We have some good examples. In Rhyl, for example, flood defence has very much been part of wider regeneration and economic benefit.

[142] **Russell George:** So, what funding is anticipated?

[143] **John Griffiths:** It is impossible to say at this stage, in respect of the next European funding round, because much has yet to be decided.

[144] **Mr Quinn:** Just to clarify, if you are thinking about the current round, which has not finished, we are looking at £1 million for each of the last two years of the programme, based on the current projections, for schemes coming forward. However, as the Minister said, in terms of a new round, that will be subject to discussions on the schemes.

[145] **Mark Drakeford:** Hoffwn ddilyn i fyny ar y cwestiynau a ofynnodd Russell George. O ran yr hyn yr wyf i wedi'i weld, nid yw llifogydd a risg ar restr y Llywodraeth o flaenoriaethau mewn perthynas â'r cyfnod nesaf o arian Ewropeaidd o'r gronfa hon. A allwch chi egluro a yw hynny'n wir? Rwyf wedi gweld y datganiad a wnaed gan y Dirprwy Weinidog, lle mae'n rhestru blaenoriaethau'r Llywodraeth am y cyfnod nesaf, ac nid oeddwn yn gallu gweld llifogydd ar y rhestr honno.

Mark Drakeford: I would like to pursue the questions asked by Russell George. Based on what I have seen, flood and risk are not on the Government's list of priorities in relation to the next period of European money from this fund. Could you explain whether that is the case? I have seen the statement made by the Deputy Minister, where he sets out the Government's priorities for the next period, and I could not see flooding on that list.

[146] **John Griffiths:** That is indeed the case. There is no dedicated line, as it were, within the documentation that is proposed. However, if you look at the wider importance of flood defence within regeneration schemes, within economic development and within protecting business and infrastructure, that wider picture could very well incorporate flood defences, in terms of future European funding rounds. Obviously, I have made, and will be making, that case. However, it is the case that that is not prioritised, as you state.

[147] **Llyr Huws Gruffydd:** Hoffwn ymhelaethu ar y cwestiwn ynghylch cronfa datblygu rhanbarthol Ewrop. A yw'n destun gofid i chi, yn sgîl torri cyllidebau'r Undeb Ewropeaidd, y bydd llai o arian ar gael ar gyfer y math hwn o gefnogaeth yn y dyfodol?

Llyr Huws Gruffydd: I would like to expand on the question on the ERDF. Is it a matter of concern to you, in the wake of cuts to European Union budgets, that there will be less money available for this kind of support in future?

[148] **John Griffiths:** It is. The cuts to European budgets are very worrying, in general. That includes this particular aspect. Wales has benefited so much from European structural funds and from the common agricultural policy that the Welsh Government is very concerned indeed.

[149] **Yr Arglwydd Elis-Thomas:** Mae sawl polisi rydym yn awyddus i graffu arnynt yn yr amser sy'n weddill, Weinidog, ac felly awn yn ein blaenau a throi at faes yr ydym wedi bod yn ei astudio, ac rwyf am ofyn i Llyr ddod i mewn ar ôl y cwestiwn cyntaf gennyf ar hwn eto. Rydym wedi bod yn edrych ar gynlluniau datblygu lleol, ac yn arbennig ar gapasiti adrannau cynllunio llywodraeth leol i drafod amcanestyniadau poblogaeth ac aelwydydd i Gymru. Daethpwyd â nifer o faterion i'n sylw yn y dystiolaeth rydym wedi'i chasglu o awdurdodau lleol a'r Arolygiaeth Gynllunio yng Nghymru.

Lord Elis-Thomas: There are several policies that we are eager to scrutinise you on in the time remaining, Minister, and therefore we will carry on and turn to a field that we have been studying, and I want to ask Llyr to come in after the first question from me on this again. We have been looking at local development plans, and particularly at the capacity of local government planning departments to discuss population and household projections for Wales. A number of issues have come to our attention in the evidence that we have gathered from local authorities and from the Planning Inspectorate in Wales.

11.15 a.m.

[150] Beth yw'ch barn ar lwyddiant amserol y broses cynllunio datblygu lleol, yn arbennig o safbwynt trafod amcanestyniadau poblogaeth ac aelwydydd? I ba raddau mae awdurdodau lleol yn llwyddo i gydweithio yn y gwaith o gynllunio gofodol rhanbarthol yn y maes hwn?

What is your opinion on the timely success of the local development plan process, particularly in terms of discussing population and household projections? To what extent are local authorities succeeding to collaborate in the work of regional spatial planning in this area?

[151] **John Griffiths:** Local development plans are a very important responsibility of local authorities and local planning authorities, because they will guide development over a considerable period of time. If there is not an up-to-date LDP in place, it is more likely that development that might not be considered desirable as part of the plan will take place, because the master plan, which is such an important point of reference, is not there. So, it is a big responsibility for local authorities and they need to get on with it and not enough have done so. That is the starting point for Welsh Government. Therefore, we expect more up-to-date LDPs to be in place in short order.

[152] Housing and household projections are an important part of that. The Welsh Government provides baseline information, but it is up to local authorities to do their own work if they so wish, and to provide their own figures, which should reflect local circumstances.

[153] I am sure that it will be familiar to Members that my colleague, Carl Sargeant, is very keen on the collaboration agenda between local authorities. He is constantly urging local authorities to work together and it is very important that they do so. This is one example where expertise can be shared. Some local authorities have statisticians within their workforce and others do not, so it is important that they collaborate and work together. Some do that; Conway, for example, has provided expertise to other authorities and I think that the Vale of Glamorgan has also done so, but I am not sure. So, it does happen, but I think that it could happen a lot more and it would make perfect sense for local authorities to use that capacity.

[154] **Llyr Huws Gruffydd:** Un rhwystredigaeth amlwg rydym wedi dod ar ei thraws hi yn ystod yr ymchwiliad ac yn yr ymatebion y cawn yn ein rhanbarthau a'n hetholaethau, yw'r agendor sydd i weld yn bodoli rhwng yr hyn y mae Llywodraeth Cymru'n teimlo yw tystiolaeth gadarn a chredadwy ar gyfer gwyro oddi wrth yr amcanestyniadau poblogaeth hyn, a'r hyn y mae awdurdodau cynllunio'n teimlo sy'n dystiolaeth gadarn a chredadwy. Cawsom enghraifft o dystiolaeth gan Lywodraeth Cymru i'r ymchwiliad yn dweud bod un awdurdod heb gynnig unrhyw dystiolaeth. Pan ofynnem i'r awdurdod am hynny, yr oedd wedi brawychu bod y Llywodraeth yn dweud y fath beth, oherwydd yr oedd yn teimlo ei fod wedi rhoi achos cryf gerbron. A yw hynny'n rhywbeth sy'n peri gofid i chi, fel Gweinidog ac fel adran, ac a ydych yn bwriadu mynd i'r afael â'r agendor hwnnw?

Llyr Huws Gruffydd: One of the clear frustrations that we have come across during the course of our inquiry and from reactions that we receive in our regions and constituencies, is the gap that appears to exist between what the Welsh Government feels is strong and credible evidence for deviating from these population projections, and what planning authorities feel is strong and credible evidence. We have received an example of evidence from the Welsh Government for the inquiry that stated that one authority had offered no evidence. When we asked that authority about that, it was shocked that the Government had said such a thing, because it felt that it had presented a strong case. Is that something that concerns you, as a Minister and as a department, and do you intend to deal with that gap?

[155] **John Griffiths:** I cannot comment on any particular local authority regarding these

matters, Llyr. However, in terms of the general situation, there is some difference of view occasionally, between local authorities and the Welsh Government on these matters. All Members will be familiar with the difficult decisions that local authorities have to take on housing provision, and often, it is very controversial. Local authorities understand that it is often controversial and they might not want to have high figures to accommodate, because of the difficult decisions that will involve, perhaps.

[156] Other local authorities are very keen on taking forward substantial housing development because they see very real economic benefits, as well as other benefits. So it is a mixed picture, but where local authorities are reluctant to take forward housing development and provision, they have to be reminded that it is a key responsibility of theirs; they have to provide housing for people in their area and people who will be in their area. We provide those baseline statistics and they are robust, but it is possible for local authorities to do their own work reflecting local circumstances and local policy. We know the general picture, but local development plans are independently tested by an inspector and that examination is very important. Ultimately, there is an independent verdict on whether or not the figures are robust for any particular local area.

[157] **Llyr Huws Gruffydd:** Felly, i grynhoi, nid ydych yn derbyn bod problem mewn gwirionedd gyda'r dehongliad hwn sy'n dod o wahanol gyfeiriadau ynglŷn â beth sy'n cynrychioli tystiolaeth gref.

Llyr Huws Gruffydd: To summarise therefore, you do not accept that there is an issue in reality regarding this interpretation from different directions in terms of what represents robust evidence.

[158] **John Griffiths:** There are lots of issues, of course. Nothing is an exact or precise science, and there is always room for discussion as to factors that should be involved, whether projections are the ones that should be used and how accurate they are. There is always room for discussion and the Welsh Government is always willing to have that discussion with local authorities. I am not going to pretend that this is a simple equation to arrive at; it is not.

[159] **Llyr Huws Gruffydd:** Diolch am wneud hynny'n glir. Dywedoch yn eich ateb cyntaf bod yr amcanestyniadau yn gryf, ond wrth gwrs, man cychwyn yw hynny, fel mae 'Polisi Cynllunio Cymru' yn awgrymu. Sut ydych yn ymateb i beth o'r dystiolaeth a gawsom gan gynrychiolwyr rhai o'r awdurdodau cynllunio, oedd yn dweud bod negeseuon anghyson yn dod wrth Lywodraeth Cymru ar y ffigurau hyn? Pan rydych yn gofyn i ystadegwyr o fewn y Llywodraeth, maen nhw'n dweud mai at ddefnydd tymor byr cynllunio gwasanaethau cyhoeddus y mae'r amcanestyniadau poblogaeth hyn, ac nid y rheiny efallai byddai'r elfennau gorau ar gyfer cynllunio mwy tymor hir. Ar y llaw arall, pan rydych yn gofyn i'r adran gynllunio o fewn Llywodraeth Cymru, mae'n bendant mai'r rhain yw'r ffigurau y dylid eu defnyddio. Gan bod yr adborth yna yn dod o'r awdurdodau lleol, a yw'r ffaith eu bod nhw'n awgrymu bod anghysondeb yn peri gofid i chi?

Llyr Huws Gruffydd: Thank you for making that clear. You said in your first answer that the population projections were robust, but that is a starting point, of course, as 'Planning Policy Wales' suggests. How do you respond to evidence received from representatives of some of the planning authorities, who said that inconsistent messages were coming from the Welsh Government on these figures? When you ask statisticians within the Government, they say that these population projections are for short-term planning of public services, and that those may not be the best possible elements for longer-term planning. On the other hand, when you ask the planning department within the Welsh Government, it is far more definite about the fact that these are the figures that should be used. As that feedback is coming from local authorities, does the fact that they suggest that there is inconsistency cause you concern?

[160] **John Griffiths:** It is clear that there has to be a five-year supply so the figures have to

relate to that period of time. That is the relevant calculation to be made. I am perfectly willing for any local authority to discuss these matters with our officials, and indeed to raise any matters with me. We must have robust and credible figures; local authorities have the ability and opportunity to do their own work, and indeed have done so, in Wales, and produced their own robust and credible figures, which have, to some extent, departed from figures initially suggested from the Welsh Government because they have reflected local circumstances and policy. So, it is entirely doable, but if further communication would help in any respect, I am very willing to facilitate that.

[161] **Llyr Huws Gruffydd:** Gofynnaf fy nghwestiwn olaf am y tro. A ydych yn credu y dylid sefydlu arolygiaeth gynllunio annibynnol i Gymru? **Llyr Huws Gruffydd:** I will ask my last question for now. Do you believe that an independent planning inspectorate for Wales should be established?

[162] **John Griffiths:** No; that is the short answer. I see real advantages in the current system and it is two-way. The Planning Inspectorate in Wales very often helps out the Planning Inspectorate in England, and vice versa. Being part of the wider pool involves a lot of beneficial sharing of experience, expertise and resource. We ensure that any inspectors making decisions relevant to Wales are fully up to date with Welsh planning policy and strategy. The current system works perfectly well and has important advantages. As we all know, devolution is a fast-developing picture, with our new legislative powers, for example, being a clear and important example of that. The picture develops quickly in all respects. We never say never, and we are always reviewing these matters.

[163] **Llyr Huws Gruffydd:** Felly, yr hyn rydych yn ei ddweud mewn gwirionedd yw, gyda'r cyd-destun cynllunio yng Nghymru, yn ddeddfwriaethol ac yn rheoliadol, yn symud, dros amser, i fod yn fwy gwahanol i'r hyn sydd yn Lloegr, byddai'r achos dros ddatganolli yn cryfhau. **Llyr Huws Gruffydd:** So, what you are saying in reality is that with the planning context in Wales, in legislative and regulatory terms, moving, over time, and continuing to become more different from what is in England, the case for devolution would be strengthened.

[164] **John Griffiths:** I think that that is the case.

[165] **Keith Davies:** Gan feddwl am eich cyfrifoldebau—buom yn siarad am lifogydd cyn symud yn awr at amcanestyniadau—dros y penwythnos diwethaf, darllenais rywbeth a oedd yn dod â'r ddau beth at ei gilydd. Roedd yn ymwneud â chynlluniau datblygu lleol. Adroddiad yn y papur newydd ydoedd—rwy'n credu ei fod yn sôn am sir Caerdydd, ond yn sicr roedd yn ymwneud â sir Gâr—a nododd, rhwng 2007 ac eleni, fod dros 400 o dai ychwanegol yn sir Gâr sydd mewn perygl o lifogydd. Nid wyf yn gwybod ble y maent eto oherwydd nid wyf wedi cael y manylion. **Keith Davies:** Thinking about your responsibilities—we were talking about flood before we moved on to projections—over the last weekend, I was reading something that brought both issues together. It involved local development plans. It was a report in the newspaper—I think it was talking about Cardiff, but certainly it was about Carmarthenshire—that noted, between 2007 and this year, over 400 additional houses in Carmarthenshire are at risk of flooding. I do not know where they are yet because I have not had the details.

[166] **Yr Arglwydd Elis-Thomas:** Rhaid i ti fynd allan yn dy wellingtons. [*Chwerthin.*] **Lord Elis-Thomas:** You will have to go out in your wellingtons. [*Laughter.*]

[167] **Keith Davies:** Un o'r lleoedd yr oeddwn yn meddwl yr ydoedd—ac nid ydynt wedi adeiladu yno eto—oedd ar barc y Strade. Y problem oedd gennym yno oedd ei **Keith Davies:** One of the places that I thought it could be—and they have not built houses there yet—was on Stradey park. The problem that we had there was that it

fod yn ymwneud â nodyn cyngor technegol 15 a chynllunio. Felly, pan fyddwch yn dod i edrych ar y cynlluniau datblygu lleol, a ydych yn credu y byddwch yn edrych ar bethau fel hynny lle mae'r awdurdod lleol wedi penderfynu ei fod yn caniatáu tai mewn ardal sydd mewn perygl o lifogydd?

involved technical advice note 15 and planning. So, when you come to look at the local development plans, do you think that you will look at such things, where the local authority has decided to give its consent for homes in areas that are at risk of flooding?

[168] **John Griffiths:** I must give my usual health warning about not being able to comment on any particular application. Indeed, there is a ministerial role as far as LDPs are concerned. Generally, TAN 15 is robust and highly restrictive when it comes to developments on floodplain and particularly undefended floodplain, and it has been tightened recently. So, when it comes to assessing local development plans, they obviously have to incorporate 'Planning Policy Wales' and the technical advice notes and they will be evaluated and examined from that viewpoint. Flood risk is a very important aspect of an LDP and housing provision and whether housing can be provided in certain areas. We have robust checks and balances in place, and that would be part of the process of examination of any LDP.

[169] **Keith Davies:** Rwy'n credu mai Asiantaeth yr Amgylchedd sydd wedi edrych ar y sefyllfa yng Nghymru ac a luniodd yr adroddiad sy'n dangos bod y tai ychwanegol hyn yng Nghymru mewn perygl o lifogydd.

Keith Davies: I think that it was the Environment Agency that looked at the situation in Wales and produced the report that shows that these additional homes in Wales are at risk of flooding.

[170] **John Griffiths:** An awful lot of homes in Wales are already there when it comes to flood risk on floodplains. Obviously, development along the coast and along rivers has historically been very strong. Some of the recent development on floodplains has sometimes improved defences for the new development as well as the existing development. Alongside the river Usk in my constituency in Newport East, and my colleague Rosemary Butler's constituency in Newport West, there are good examples of that.

[171] **Russell George:** Also on the issue of flooding, can you detail what discussions you have had with UK Ministers and the Association of British Insurers as part of your negotiations on flooding insurance issues?

11.30 a.m.

[172] **John Griffiths:** I have met UK Ministers and the Association of British Insurers to discuss a new statement of principles, which, if those discussions are successful from my point of view and that of the UK Government, would result in a continuation of the availability and affordability of flood insurance. There is much discussion to be had, but I think that the Welsh Government, the UK Government and other administrations in the UK prioritise availability and affordability. Our approach, in these discussions with the Association of British Insurers, is made from the strong viewpoint that we expect a new statement of principles and that we expect availability and affordability.

[173] **Russell George:** In your paper, you say that you are committed to ensuring that insurance remains accessible for everyone in Wales. What measures do you think need to be put in place, and what work have you done in that regard?

[174] **John Griffiths:** Those discussions with the ABI are very important with regard to the big picture, because the insurance industry is crucial to ensuring availability and affordability. In Wales, every time we improve flood defences, that impacts on availability and affordability. When people have been given unrealistic quotes for insurance, they have very often been able to go back to companies and make the point that flood defences have been put

in place and then get a new and much-improved quote. Dealing with flood risk is another important aspect of affordability.

[175] **Russell George:** If the Chair is content, I will ask a question on a separate subject. He is not listening, so I will assume that it is okay. [*Laughter.*]

[176] **Lord Elis-Thomas:** I am listening, but I am also being briefed on my next incisive question. [*Laughter.*]

[177] **Russell George:** On a separate subject, as part of our energy report, we asked you to publish your case for the further devolution of powers relating to energy. I asked you about this in the Chamber a few weeks ago, and you said that that case would be forthcoming. I notice that the case has been put forward through part 2 of the Silk commission. Is that the Government's response to the energy report? Is your submission to the Silk commission the Government's position on the further devolution of powers relating to energy?

[178] **John Griffiths:** Yes, it is.

[179] **Vaughan Gething:** Going back to planning, in your response to the first set of questions that the Chair asked, you noted that Carl Sargeant is keen on the collaboration agenda. My questions come back to regional planning. While the Government may be keen to see collaboration between local authorities, a number of local authorities, regardless of their political make-up, are not so keen; in practice, they do not collaborate effectively. Planning is a case in point. If we look at south-east Wales in particular, we will see that there is not a huge amount of collaboration on dealing with issues such as housing need and transport in planning. Local development plan areas are not contiguous with housing markets, employment and travel-to-work markets and social networks.

[180] I am interested in when and how you expect local authorities—in their current form or any other form—to deliver effective regional planning, because we know that that is not what is happening in large parts of Wales. I am particularly interested in the recommendation of the independent advisory group on having a regional tier of planning. Something could be done without the need for a planning Bill. However, when do you expect to see that happening? Are you going to take steps to require local authorities to collaborate? What does that mean for the local development plan process? Can we expect to see something in the planning Bill that will introduce a regional tier?

[181] **John Griffiths:** You raise very important matters, Vaughan. I cannot pre-empt the White Paper or the planning Bill; to some extent, we all have to wait for them. However, I think that it is very clear from the independent advisory group, which is providing a very comprehensive and extensive evidence base for the Bill and other work and developments, that a stronger regional approach would be very valuable and useful. Work is being taken forward on the city regions by my colleague the Minister for Business, Enterprise, Technology and Science, which has implications for regional planning and collaboration between local authorities. We currently have a requirement to examine in LDPs the collaboration across local authority boundaries. There is currently the ability to have a joint LDP, which Anglesey and Gwynedd are to have.

[182] **Lord Elis-Thomas:** We hope so.

[183] **John Griffiths:** I am sorry—I should not pre-empt anything. However, we understand that discussions are ongoing in terms of that. At the moment, there is ability for cross-boundary working and regionalism, but we need much more of it. Without wanting to pre-empt the Bill, the Bill creates a very important opportunity to take that forward, as does the city regions approach. We urge local authorities to properly collaborate and to work

across boundaries, and it is an aspect of examination in the LDP.

[184] **Vaughan Gething:** Is it fair to say that the Welsh Government recognises that effective collaboration is not consistent in delivering planning policy?

[185] **John Griffiths:** Inevitably, there is variation across Wales from one local authority to another in that regard, and, indeed, across the board.

[186] **Vaughan Gething:** Can we expect the Welsh Government to take action to do something about that?

[187] **John Griffiths:** We are always urging, encouraging and exhorting, and ultimately there is the test and examination of the LDP.

[188] **Vaughan Gething:** That was a nice way of not answering the question.

[189] **Lord Elis-Thomas:** For example, could there be a joint examination of two LDPs? I am sorry, Vaughan, but I am not trying to interrupt; I am trying to help you.

[190] **Vaughan Gething:** To get a joined-up regional approach, you would have to examine the LDPs of six or seven local authorities side by side. For example, you could take a travel-to-work area and a housing market area together, such as the Vale of Glamorgan, Rhondda Cynon Taf, Caerphilly and Cardiff together—which is not a complete travel-to-work area—the LDPs are at different points in each of those authorities. Cardiff’s plan is overdue, the Vale of Glamorgan has had to restart its plan, and Caerphilly’s plan is complete. To determine the regional fit of those is virtually impossible to do under the current system, is it not? That is part of the concern about delivering a coherent path to regional planning in the future.

[191] **John Griffiths:** I think, Vaughan, that you make a very strong case for a greater regional element to planning in Wales, and I am sure that that will be fully explored through the White Paper and Bill.

[192] **Keith Davies:** Do you prefer that answer, Vaughan?

[193] **Vaughan Gething:** That is a more positive answer, thank you.

[194] **William Powell:** Moving on from the questions that Vaughan and Llyr asked earlier and your responses to them, the England and Wales border is also fairly porous and very much trying to work—

[195] **Lord Elis-Thomas:** You mean the Marches, surely, William? [*Laughter.*]

[196] **William Powell:** Indeed. The border is porous in terms of drive-to-work aspects, housing allocation and so on. Many people feel that there is an inadequate level of collaboration and consultation between the authorities on this side of the border and English counterparts, particularly given the different jurisdictions and the different directions of travel in terms of planning policy by Mr Pickles, which is, in turn, influenced by Mr Owen Paterson, who is also a border dweller. What are your views on this matter, and on whether the concordat that the current First Minister signed when he was your predecessor as Minister for environment some years ago might need to be revisited to include a degree of additional support?

[197] **John Griffiths:** It is quite clear that local authorities should talk to neighbouring English authorities, and I understand that they are clear about that; I certainly hope that they

are. Talks take place with authorities such as Cheshire West and Chester, Shropshire, Herefordshire and the Forest of Dean, which are very necessary and sensible. That is part of the picture, and I have no reason to believe that that cross-border consideration does not feature.

[198] **William Powell:** I am aware of the sensitivities to the north of Wales, but there are also communities along the border where there is a sense that you have certain zones that are somewhat sterilised or that are victims of dumping—if I may use that term—with regard to housing development. There would be merit in revisiting that and trying to get a degree of more energetic collaboration.

[199] Going back to your earlier answer with respect to the planning inspectorate, what specific guarantees are in place that inspectors who come from England are up to speed with the particularities of ‘Planning Policy Wales’ and other issues that might be defined by concerns around culture or language issues? My sense from evidence that we received earlier was that it was rather more of a one-way traffic and that we tend to have a predominance of inspectors coming from England to operate in Wales. Are they given the tools to do the job?

[200] **John Griffiths:** It is a requirement of planning inspectors from England to be fully conversant with Welsh planning policy and strategy. I understand from my officials that there are no concerns in that regard; in fact, the experience has been very positive. In terms of evidence of issues, as I understand it, there are no problems in that regard.

[201] **William Powell:** My final question relates to feedback that I have received from a number of local authorities that are currently involved in the local development plan process, or rather from stakeholders who are taking part in that process. The feedback is that there is, apparently, no requirement in LDP hearings and proceedings to have a definitive record of proceedings; in fact, inspectors are often required to multitask, manage their own notes and provide a form of record. In your view, is it adequate that there is no definitive record, given the overall commitment of resource to LDPs and the ever-present danger of legal challenge, judicial review and so on? You have a single person with a degree of back-up, but, ultimately, there is no record of proceedings, which we benefit from in this place and as exists in so many other places where important processes are carried out.

[202] **John Griffiths:** Those are important and significant issues. There is no doubt that they would have resource implications. Perhaps I could include a response to those matters in the letter that we will send to the committee regarding other matters that we have discussed today.

[203] **William Powell:** I would appreciate that; thank you.

[204] **Lord Elis-Thomas:** You are saving yourself from further committee scrutiny in relation to that particular subject that we are investigating; we will take it that this is your visit to discuss that point.

[205] **David Rees:** I think that most of my concerns on the LDPs and the relationship between authorities have already been highlighted by Vaughan Gething. We heard evidence that Caerphilly County Borough Council was clearly well ahead with its plans, but that neighbouring authorities were still preparing their documents. The situation is very difficult. The concern that I have is on updating LDPs to ensure that they reflect what goes on around an authority and that they reflect Government policy. Minerals technical advice note 2 is an example of this in my area, where MTAN 2 came after the old unitary development plan and the buffer zones are, therefore, slightly different. I hope that the Welsh Government will look very carefully at the requirement for updating to ensure that Government policy is enforced more than LDP policy.

[206] I also asked witnesses what involvement they have with the Welsh Government. Perhaps you could tell me whether your officials meet with officials from the authorities, particularly in relation to things like welfare and housing benefit reforms that are going to change dramatically the requirements on authorities. The mix is changing; whereas before, an authority might have been considering whether many people will stay in three-bedroomed homes for a long time, these changes are going to bring about a total change in the requirements. Are your officials meeting with the inspectorates and local authorities to discuss how you deal with those issues?

11.45 a.m.

[207] **John Griffiths:** Those matters are being dealt with by other Ministers and departments within the Welsh Government with more direct responsibility. As you mention, David, they could have implications for household projections. The statisticians have to keep up to speed with developments that will impact on household projections in terms of their normal course of work. At the moment, it is difficult to predict exactly what the impact will be; so, we have to wait for events, I think, at this stage.

[208] **David Rees:** Could that result in us firefighting rather than being proactive?

[209] **John Griffiths:** To some extent, but we have to be robust with our projections. They have to be based on hard and solid evidence as much as possible, I think.

[210] **David Rees:** Moving on to another subject, what progress are we making in terms of building regulations? I notice that the projections of 55% being hit by 2013 may not be accurate at the moment and that there may be lower figures than that. Is it realistic to expect that we can actually hit the building industry to achieve new homes, meeting the original 55% target, or are we now reviewing that target?

[211] **John Griffiths:** The 55% was the original programme for government commitment, and it was a 50% new housing energy improvement on the 2006 building regulations by 2013. That equates to our preferred consultation proposal option of 40% against the current 2010 building regulations; so, they are one and the same thing, although I can easily see how confusion can arise. We have had over 90 responses to the consultation, and we are currently considering those, together with the need for further work as a result of the issues raised. I will discuss the outcome of that with Cabinet colleagues before the summer recess. It remains our intention to publish final proposals and make the necessary regulations before the end of this year.

[212] **David Rees:** So, it is to be expected before the end of this year.

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

[214] **David Rees:** The reason why I raised the issue is because I have had queries on this. As they say, local authorities work to the building regulations that are in place now; therefore, they want to try to get the more up-to-date ones as soon as possible.

[215] **John Griffiths:** Yes. We certainly wish to do that, and we will be working towards that.

[216] **Russell George:** I want to ask about natural resources Wales. A number of organisations have contacted me asking about stakeholder engagement. What discussions have you had with the chair and chief executive on developing structures for stakeholder engagement?

[217] **John Griffiths:** I have had general discussions with the chair and chief executive regarding the importance of stakeholder engagement. I am pleased to say that they very much attach a great deal of importance to that. This is one of the aspects where we can see the benefits of the particular strengths of some of the three existing bodies translating into natural resources Wales, and then being spread throughout the new organisation. For example, the Countryside Council for Wales, I think, has done an awful lot of good community work and community engagement. It is involved with community schemes, including Communities First, for example. That sort of outreach, which it has developed over the years, will be useful as experience, approach and attitude for natural resources Wales. It will be a matter for the chair, the committee and the board to work up their own structures. I am pleased to say that they do attach a great deal of importance to that, and they will be taking that work forward early in the new body's life.

[218] **Russell George:** Also, with regard to the timeline for laying further Orders, are you satisfied that the Orders will be laid and agreed before 1 April this year?

[219] **John Griffiths:** We are working towards that. There is an issue with the Secretary of State's statutory instrument in terms of amending the Government of Wales Act 2006. I do not know, Matthew, whether we are in a position to provide an update.

[220] **Mr Quinn:** In terms of the Orders that we are looking at, we have the principal Order, which we plan to lay in good time for that to be debated here; we are looking at 26 February for that. The write-around is now happening at the Whitehall level for the formal Secretary of State clearance of that Order. That is on track. There are a number of smaller subsidiary Orders, which are on track in terms of the planned timeline, so there is an Order on that position of the body, which has just been laid, for example. The one that may not be ready by 1 April is the statutory instrument making consequential amendments to the Government of Wales Act 2006, which is one of the things that we cannot do within our powers. It is not critical to the operation of the body that those things are in for day one, but it will be helpful in terms of some of the cross-border procedures with the Environment Agency to have those amendments made. So, we are expecting that that will possibly come a little later. However, it is not an issue.

[221] **Russell George:** You mentioned that you plan to lay the Order in good time. It would be interesting for the committee to have a note on that, if that is reasonable and if you would agree, Minister, to provide us with a timeline on that. There is a degree of urgency on that, but if you are happy to provide that to the committee, that would be helpful.

[222] **John Griffiths:** We are very content to do that, with the proviso that it is not entirely within our gift, as it were.

[223] **Russell George:** That is fine; thank you for that. My last question is: when do you expect to make an announcement on internal drainage boards in Wales?

[224] **John Griffiths:** Members will be familiar with the consultation on the internal drainage boards and the Wales Audit Office report. We are carefully considering the responses to the consultation in the context of the audit report, because some of the responses would have been given without knowledge of that audit report. All that I can say at this stage is that we hope to make that announcement as quickly as possible, but we have a little work yet to do.

[225] **Llyr Huws-Gruffydd:** O ran cyfoeth naturiol Cymru, mae cwestiynau wedi bod ynglŷn ag annibyniaeth a thryloywder y **Llyr Huws-Gruffydd:** On natural resources Wales, there have been questions about the independence and transparency of the body.

corff. A allech chi gadarnhau y bydd hawl gan y corff i ymateb yn gyhoeddus i ymgynghoriadau statudol? Can you confirm that the body will have the right to respond publicly to statutory consultations?

[226] **John Griffiths:** Sorry, Llyr; I did not hear that.

[227] **Llyr Huws-Gruffydd:** A fydd gan y corff yr hawl neu a fydd yn cael ymateb yn gyhoeddus i unrhyw ymgynghoriadau statudol? Mae'r awgrym wedi ei wneud efallai na fydd hynny'n wir. **Llyr Huws-Gruffydd:** Will the body have the right or will it be able to respond publicly to any statutory consultations? It has been suggested that that may not be the case.

[228] **John Griffiths:** I am not aware of that suggestion and it is not one that I would favour, Llyr.

[229] **Llyr Huws Gruffydd:** That is what I wanted to hear.

[230] **Mr Quinn:** The misunderstanding might have arisen because we talked about the body being very much more involved in the development of policy and, potentially, its views being included in policy documents, rather than necessarily always being separate. However, there is no issue in terms of it commenting on Government policy.

[231] **Llyr Huws-Gruffydd:** Diolch am hynny. Hoffwn ddod yn ôl yn gyflym at gynllunio. Mae ymchwil diweddar gan Gymdeithas yr Iaith wedi dangos mai dim ond 0.03% o geisiadau cynllunio sydd wedi cael asesiad impact ieithyddol. Pa mor fuan y byddwn yn gweld y TAN 20 diwygiedig? A fydd y Bil cynllunio arfaethedig yn cryfhau unrhyw ystyriaethau ieithyddol? **Llyr Huws-Gruffydd:** Thank you for that. I want to come back quickly to planning. Recent research by the Welsh Language Society has shown that only 0.03% of planning applications have had a linguistic impact assessment. How soon will we see the amended TAN 20? Will the proposed planning Bill strengthen any linguistic considerations?

[232] **John Griffiths:** I hope that we will have the TAN in place in short order, but there is some work yet to be done. Legal aspects have been very significant throughout, with which I am sure that Llyr and others are familiar. There is still an issue in terms of the legal aspect as to whether the TAN bites, as it were, on the LDP or on a particular planning decision. Some of that still has to be bottomed out, but there is a sense of urgency to that work and we hope that the TAN will be in place quickly. As for the Bill, I am sure that, through the processes and consultation, issues around the Welsh language will feature and will be properly considered.

[233] **Yr Arglwydd Elis-Thomas:** Rydym yn dod i ddiwedd ein hamser, ond nid oeddwn am i'r amser fynd heibio heb gyfeirio at y rhaglen ddeddfwriaethol anferth yr ydych yn ei pharatoi ar ein cyfer ni, Weinidog. Rwy'n cyfeirio, wrth gwrs, at y Bil datblygiad cynaliadwy, y Bil amgylchedd a'r Bil cynllunio. **Lord Elis-Thomas:** We are coming to the end of our time, but I did not want the time to pass without reference to the huge legislative programme that you are preparing for us, Minister. I refer, of course, to the sustainable development Bill, the environment Bill and the planning Bill.

[234] Yn y trafodaethau rydym wedi eu cynnal fel pwyllgor, a oedd yn rhyw fath o seminarau gyda swyddogion ac arbenigwyr allanol—ac yr oeddem yn ddiolchgar am y cyfle i wneud hynny—mae wedi dod yn [235] In the discussions that we have had as a committee, which were almost a kind of seminar with officials and external experts—and we were grateful for the opportunity to do so—it has become evident to us, and to

amlwg i ni, a gobeithio i'r Llywodraeth, bod y berthynas rhwng y tri Bil hyn yn bwysig iawn o safbwynt sut y bydd y ddeddfwriaeth hon yn gweithio. Felly, a ydych yn fodlon gyda'r capasiti sydd gennych ar gyfer drafftio? Hoffwn fynegi fy siomedigaeth bersonol na ddefnyddiwyd y cyfle wrth gyhoeddi'r Papur Gwyn ar ddatblygiad cynaliadwy i gyhoeddi Mesur drafft—'Bil drafft' y dylwn ei ddweud; rwy'n dal i siarad fel hen ŵr o San Steffan—ar gynaliadwyedd ar yr un pryd.

the Government I hope, that the relationship between the three Bills is very important in terms of how this legislation will work. So, are you satisfied with the capacity that you have for drafting? I would like to express my personal disappointment that the opportunity was not taken when publishing the White Paper on sustainable development to publish a draft Bill on sustainable development—using the term '*Mesur*' makes me sound like an old man from Westminster.

[236] **John Griffiths:** The three Bills are very important in terms of their interrelationship. We have constant discussions and meetings across the department in that regard and we also have constant engagement with other Ministers because there is an interrelationship between all Government Bills. A good example of that is the sustainable development Bill, which is highly relevant to all aspects of Welsh Government activity, including other departments' legislation. It is, and will be, the central organising principle for the Welsh Government, so that is very important and I am pleased that we anticipate introducing the SD Bill in the autumn term because it will provide a framework of governance that is important to so much else.

[237] We have had a good deal of consultation and responses with regard to the SD Bill, which is why we are taking this approach. However, I can assure the committee that that interrelationship between the Bills is very much at the forefront of our minds as we take, as you rightly say, a very substantial legislative programme forward.

[238] **Yr Arglwydd Elis-Thomas:** Yn sicr, mae'r pwyllgor yn edrych ymlaen at gyfrannu at y broses honno ac, i mi yn bersonol, bydd yn brofiad hynod o werthfawr o fod yn deddfu ar y materion hyn yn ddwyieithog am y tro cyntaf. Bydd honno'n sialens newydd i ni i gyd.

Lord Elis-Thomas: Certainly, the committee is looking forward to contributing to that process and, for me personally, it will be an extremely valuable experience to legislate bilingually on these issues for the first time. That is going to be a new challenge for us all.

[239] Os nad oes cwestiwn arall, diolchaf i'r Gweinidog a'i uchel swyddogion am eu presenoldeb, yn enwedig am y cynnig i barhau'r ddeialog â'r pwyllgor hwn. Carwn ddweud yn gyhoeddus fy mod yn ystyried bod y cyfle hwn i gydweithio fel cyfeillion beiriadol â'r Gweinidog a'i swyddogion, a gweithio hyd yn oed yn fwy agos nag yr ydym wedi'i wneud hyd yn hyn, yn rhywbeth positif iawn. Byddwn yn sicr yn meddwl am y ffordd orau o wneud hynny ar ein hochr ni fel pwyllgor. Diolch yn fawr iawn.

If there are no further questions, I thank the Minister and his senior officials for their attendance, particularly for the offer to continue the dialogue with this committee. I would like to say publicly that I consider this opportunity to co-operate with the Minister and his officials as critical friends, and to work even more closely than we have done until now, to be a very positive step. We will certainly think of the best way to do that on our side as a committee. Thank you very much.

[240] **John Griffiths:** Diolch yn fawr, Gadeirydd, a diolch i'r pwyllgor.

John Griffiths: Thank you very much, Chair, and thank you to the committee.

*Gohiriwyd y cyfarfod rhwng 11.59 a.m. a 1.09 p.m.
The meeting adjourned between 11.59 a.m. and 1.09 p.m.*

Craffu ar Waith y Dirprwy Weinidog Amaethyddiaeth, Bwyd, Pysgodfeydd a Rhaglenni Ewropeaidd
Scrutiny of the Deputy Minister for Agriculture, Food, Fisheries and European Programmes

[241] **Yr Arglwydd Elis-Thomas:** Croeso i'r Gweinidog. Fel mae'r Gweinidog a'r pwyllgor wedi sylwi, ni fyddaf byth yn cyfarch unrhyw Weinidog o Lywodraeth Cymru yn y Cynulliad Cenedlaethol fel Dirprwy Weinidog, oherwydd mae pob Gweinidog yn Weinidog am yr hyn y mae hi neu ef yn gyfrifol amdano. Mae hynny'n sicr yn wir am y Gweinidog hwn.

[242] Diolch am yr ymatebion a'r wybodaeth rydym wedi'i chael am y sefyllfa cig yng Nghymru ac am y cydweithrediad sydd wedi bod rhyngom, a hefyd gyda'r Asiantaeth Safonau Bwyd, ar y mater hwn. Mae'n bosibl y bydd Aelodau am holi rhai cwestiynau am hyn heddiw. Diolch yn arbennig am gynnig y Gweinidog yn y Siambr yr wythnos hon i ddod i roi tystiolaeth i'r pwyllgor. Derbyniwyd y cynnig ar gyfer y cyfarfod ddydd Mercher nesaf. Mae'n dda gennyf hefyd gyhoeddi y bydd yr Asiantaeth Safonau Bwyd yn cyflwyno tystiolaeth i'r pwyllgor, a chawn hynny gan gadeirydd, prif weithredwr a chyfarwyddwr Cymru. Ni fyddai wedi bod yn bosibl inni gael gwell cynrychiolaeth gan Lywodraeth Cymru na'r Asiantaeth Safonau Bwyd yn y maes hwn.

[243] Wedi dweud pethau positif, mae gennyf un peth arall i'w ddweud—ac fe gawsom drafodaeth debyg gyda Gweinidog yr amgylchedd y bore yma—sef ein bod yn ceisio cael hynny o wybodaeth ystadegol a fedrwn o flaen llaw yn llawn cyn y sesiynau yma i graffu ar gyllid a pholisi a gweithrediad Gweinidogion. Carem fod wedi cael tipyn yn rhagor o wybodaeth, yn enwedig ar agweddau ar wariant penodol o fewn y gyllideb y mae'r Gweinidog yn gyfrifol amdani. Rwy'n meddwl ei bod yn deg imi ddweud hynny ar y dechrau. Deallaf fod anawsterau o ran gwybod yr union gyfansymiau sydd ar gael oherwydd y gwariant Ewropeaidd sy'n rhan o'r polisi amaethyddol a'r polisi datblygu gwledig.

[244] Carwn gychwyn gyda chwestiwn

Lord Elis-Thomas: Welcome to the Minister. As the Minister and the committee may have noticed, I never greet any Welsh Government Minister in the National Assembly as Deputy Minister, because each Minister is the Minister for the area he or she is responsible for. That is certainly true of this Minister.

Thank you for the responses and information we have received on the issue of meat in Wales and for your collaboration, and that of the Food Standards Agency, on this issue. Members may wish to ask some questions on this today. I particularly thank the Minister for offering, in the Chamber this week, to give evidence to the committee. That offer has been accepted for next Wednesday's meeting. I am also pleased to announce that the Food Standards Agency will also provide evidence to the committee, by the chair, chief executive and director for Wales. It would not have been possible to have better representation from the Welsh Government or the Food Standards Agency on this issue.

Having been complimentary, I have one other thing to say—and we had a similar discussion with the Minister for environment this morning—which is that we seek to get hold of as much statistical information as we can before scrutiny sessions on finance, policy and the activities of Ministers. We would have liked to have had a fair bit more information, particularly on specific expenditure within the budget that the Minister is responsible for. I think it is only fair that I put that on record at the outset. I understand that there are difficulties in knowing the exact totals available because of the European expenditure that forms part of the agricultural policy and the rural development policy.

I would like to start with a general question

cyffredinol ynglŷn â'r polisi datblygu gwledig: gan nodi pwysigrwydd yr ymgynghoriad cynhwysfawr o gyllid y cynllun datblygu gwledig, ac mor dda yw ei gael, pryd mae disgwyl i'r gwaith hwnnw gael ei gwblhau a phryd bydd y pwyllgor monitro'r rhaglen a'r rhanddeiliaid eraill yn cyflwyno adroddiad i'r Gweinidog?

[245] **Y Dirprwy Weinidog Amaethyddiaeth, Bwyd, Pysgodfeydd a Rhaglenni Ewropeaidd (Alun Davies):** Diolch am hynny, Dafydd. Os yw'r pwyllgor yn dymuno cael mwy o wybodaeth gyllidebol, byddwn yn gwerthfawrogi cael nodyn wrth y pwyllgor yn esbonio pa fath o wybodaeth ychwanegol y mae ei hangen. Rwy'n hapus i gynnig y cyfle i'r pwyllgor—ei aelodau neu ei ymgynghorwyr—gyfarfod â swyddogion os oes eisiau trafod manylion y gyllideb yn hytrach na'r gyllideb yn ei chyfarwydd. Rwy'n hapus i gynnig gwybodaeth ychwanegol neu gyfle i bobl drafod y wybodaeth sydd gennym.

[246] O ran y *rural development plan*, rydym yn ystyried i ble mae'r gyllideb yn mynd dros y blynyddoedd nesaf. Er mwyn i'r pwyllgor ddeall y sefyllfa, rydym wedi bod mewn trafodaethau gyda'r Comisiwn dros y misoedd diwethaf am statws axis 2. Roedd awgrym gan y Comisiwn na fyddai'n caniatáu gwariant ar ôl y flwyddyn hon ar gyfer rhaglenni a chynlluniau presennol ac y byddai'n rhaid i unrhyw wariant ar ôl y flwyddyn hon ddod o'r cynllun nesaf. Byddai hynny wedi bod yn broblem i ni oherwydd mae gennym gynlluniau amlflwydd. Rydym wedi trafod gyda'r Comisiwn beth yw'r sefyllfa gyfreithiol ac, erbyn hyn, mae wedi cadarnhau ein bod yn cael gwario fel rydym wedi cynllunio gwneud, sef N+2. Mae hynny'n newyddion da iawn. Mae'n golygu ein bod yn gallu parhau i wario ar Glastir yn arbennig. Rydym yn hapus iawn ein bod yn gallu gwneud hynny o'r gyllideb bresennol, fel roeddwn wedi gobeithio gwneud. Felly, ar hyn o bryd, rwyf yn gyfforddus iawn â sefyllfa'r cynllun datblygu gwledig, o ran gwariant.

1.15 p.m.

[247] Credaf fod gennym ddigon o arian a *commitments* i wario'r hyn y bydd yn rhaid

on the rural development policy: noting the importance of the comprehensive consultation on the rural development plan budget, and how positive it is to have that, when is that work expected to be completed and when will the programme monitoring committee and other stakeholders present their reports to the Minister?

The Deputy Minister for Agriculture, Food, Fisheries and European Programmes (Alun Davies): Thank you for that, Dafydd. If the committee would like more budgetary information, I would appreciate a note from the committee explaining what additional information is needed. I am happy to provide the opportunity for the committee—its members or its advisers—to meet my officials to discuss details of the budget rather than the budget as a whole. I am happy to offer additional information or an opportunity to discuss the information we have.

In terms of the rural development plan, we are considering where the budget will go over the next few years. In order for the committee to understand the situation, we have been in discussions with the Commission over the past few months on the status of axis 2. There was a suggestion by the Commission that it would not allow expenditure after this year for current programmes and plans and that any expenditure post this year would have to come from the next tranche. That would have been a problem for us because we have multi-annual schemes in place. We have been discussing with the Commission what the legal position is. It has now confirmed that we are able to continue with our planned expenditure, with N+2. That is very good news. It means that we can continue to make expenditure on Glastir in particular. We are very pleased that we are able to do so from the current budget, as we had hoped. So, at present, I am very comfortable with the situation regarding the RDP, in terms of spending.

I believe that we have enough money and commitments to spend what we will have to

inni ei wario, a hefyd i wneud yr hyn yr ydym am ei wneud. Mae'r RDP ychydig yn wahanol i rai o'r cronfeydd strwythurol eraill. Rydym yn ystyried yr RDP yn gynllun amlflwydd. Gwn fod pobl yn edrych ar yr hyn sy'n digwydd yn ystod un flwyddyn a'r hyn sy'n digwydd yn y flwyddyn olynol a'r flwyddyn flaenorol. Rydym yn awyddus i edrych ar y cynllun fel cynllun saith mlynedd, ac i edrych ar beth y gellir ei brynu gyda'r swm o £847 miliwn yn ei gyfanrwydd. Felly, er ein bod yn gwneud newidiadau i wariant bob blwyddyn er mwyn adlewyrchu'r proffil gwariant, ein cynllun a'n hamcan yw sicrhau ein bod yn gwario'r cyfan erbyn N+2 yn 2015.

spend and to do what we want to do. The RDP is slightly different to some of the other structural funds. We consider the RDP as a multi-annual plan. I know that people look at what happens in one year and what happens in the following year and the preceding year. We are eager to look at the plan as a seven-year plan, and to look at what can be achieved with the £847 million in its entirety. Therefore, even though we make changes to expenditure every year in order to reflect the profile of spend, our plan and aim is to ensure that we spend this money in its entirety by N+2 in 2015.

[248] **William Powell:** Deputy Minister, you have referred to the profile of spend within the RDP and how you would prefer to see it viewed. It is fair to say that this committee has been somewhat concerned with the extent of the current underspend of something in excess of £20 million. Could you explain how that is to be split between Glastir and axis 3 funding?

[249] **Alun Davies:** I am going to ask Andrew to comment in order to supply some of the details in answer to your question. However, I will address where we are. You talk about underspend; what you have is a profiled spend, which might change from year to year but which should achieve its budget through the total spend period. The figure that the committee was reviewing at our last session on finance was that there was a £20 million in-year underspend. The committee identified that as an underspend. However, an in-year underspend is different to a total-plan underspend. At the moment, in respect of the Glastir budget—and I ask my colleagues to correct me if I am wrong—we are looking at spending around £10 million in the current year. We expect that to go up to around £22 million in the next financial year. We then expect it to stay in the region of under £40 million for the two subsequent financial years, based on the projections available at present. So, I am reasonably comfortable with our spending profile at the moment. However, in terms of where we have been, Members will be aware that my predecessor took some decisions to extend existing access to schemes, and that has clearly had an impact on the take-up of Glastir, which has led to an in-year underspend. That underspend is clearly being used on other priorities, but the in-year underspend does not equate to a total-plan underspend. I think that it is important that the committee understands and does not confuse those two issues.

[250] **Mr Slade:** To confirm what the Deputy Minister has said, the spending figures that he has given you represent our projection for Glastir. In addition, in response to the initial point, £1.2 million or £1.3 million of the £20.3 million that was referred to came out of the axis 3 budget on the socioeconomic side, and the remainder was from the Glastir line.

[251] **William Powell:** Deputy Minister, what impact will this underspend have on the Welsh Government's ability to deliver the objectives set out in Glastir?

[252] **Alun Davies:** None.

[253] **William Powell:** Good. Finally, in relation to this matter, what discussions have you had, or what ongoing discussions are you having, with your colleague, the Minister for Environment and Sustainable Development, on ensuring that the Glastir underspend on environmental objectives is not impactful? Obviously, you have just stated your confidence in that area. What concrete actions are you undertaking to maximise the uptake of Glastir, going

forward?

[254] **Alun Davies:** I have just given the committee some indicative figures of the budget areas that we are looking at. I am happy to take questions from the committee if Members feel that the figures are too high or too low for in-year spend. If you look at the total spend for something like Tir Mynydd in the current spending period, it is around £159 million out of the total RDP spending. The Glastir spend in this period is also around £150-odd million, and when we go into the next spending period, Glastir will take over as the key agri-environment programme being funded by the Welsh taxpayer. There have been a number of different assumptions made, both by Members and others elsewhere, about the impact of some of these spends. Members will remember the CAP health check and the review of axis 2 schemes, and they will also remember the conclusions of those reviews, and the discussions and debates. The conclusions were very clear: the axis 2 schemes as constituted at the time were not delivering or providing the taxpayer with the value for money that was required from them and could be expected of them. That is why those schemes were brought to an end, and that is why the new scheme, Glastir, was constituted and launched. The review demonstrated that we were not getting value for money at the time.

[255] My strong view is that, by having a stronger agri-environment programme that will deliver real and measurable environmental benefits, we will have far better outcomes from Glastir and we will maximise the value of spend. My feeling is that we had a high indicative spend on agri-environment schemes during the previous period, but we did not have the same high environmental outcomes. We are buying better outcomes today than we were five years ago, and I hope—and I sat as a member of an equivalent sub-committee in the previous Assembly when we discussed issues such as biodiversity, sustainability and carbon capture—and believe that Glastir is in a far better position to deliver on some of those objectives than the previous schemes, which quite clearly failed to do so.

[256] **William Powell:** I have a final, brief question, Chair, if I may. To what extent are you confident that, if you are in a position where you need to identify match funds before the end of 2013, you will be able to do so in order that potential EU funding and associated benefits are not lost?

[257] **Alun Davies:** We do not need to identify additional match funds before the end of the current calendar year. We may need—we probably will need—to identify such additional funding through the N+2 period, which will take us up to the end of 2015. I have no reason to believe that there will be any difficulties with that. On the Glastir budget, I have outlined indicative figures to you that we believe are fairly robust. They are based on our best estimate at present, and I can provide committee with the basis for calculating those figures. However, it is a demand-led budget, so if demand is far greater than we anticipate, then clearly we will have to find the funding to sustain spending and fulfil our objectives. If take-up is low, then clearly we will not need to spend all that money.

[258] At the moment, I believe that these are fairly robust estimates—or they are best estimates—of spend over the next three years or so. I have no reason to believe that the domestic funding sources, or the co-financing, will not be available to sustain that European spending. The period during which we have to fulfil all the axis 2 schemes is the N+2 period, so the key period is not up to the end of this financial year, but up to the end of 2015. I hope to learn next week what some of the transitional arrangements will be between periods, so, at the moment, we are in a period where we have policy commitments and objectives, and we have the funding where necessary to deliver those. We might require additional funding in the future and, if that is the case, we will seek it, and I have no reason to believe that we will not obtain it. At that time, we will also understand the transitional arrangements between the two periods, which may also have an impact on the funding regime that we will have available to us.

[259] **William Powell:** I am grateful; thank you.

[260] **David Rees:** I would just like to clarify a point: in response to William Powell, you just said that the transfer of money to Glastir would have no impact upon the Welsh Government's objectives. In your statement, you say that

[261] 'the reduction in 2012-13 has been utilised to meet other priorities in the portfolio',

[262] and that expenditure was reprofiled, including, therefore, going into Glastir. Is it therefore fair to say that, without that investment, Glastir would have been underfunded?

[263] **Alun Davies:** It is difficult to describe a demand-led budget as underfunded or overfunded, because we make estimates of what funds are required for it. We have been through a period with Glastir, where, it is fair to say, its introduction—the committee may wish to do so, but I do not feel the need to rehearse some of the issues about its introduction again today—has been a difficult process and some of the decisions taken to offer extensions to particular contracts have meant that its introduction was not as smooth as perhaps it might have been. For that reason, of course, the estimates of spending were difficult to make and we have not needed to use all the money allocated under those estimates. So, clearly, we do not want to have a budget with a sum of money sitting in it that is not going to be spent, so we have transferred it to other business, enterprise, technology and science priority areas to ensure that that money is spent, as the Welsh taxpayer would expect, within this financial year.

[264] In terms of our objectives for Glastir—and perhaps I was not very clear in answering Bill's question—our objectives for Glastir are not objectives for this year or next year, and are not objectives to deliver the environmental goods that we want to see this year and next year; this is a long-term programme, which is designed to deliver benefits over many years. The contracts are all multi-year and they are designed to deliver benefits over a number of years. So, while we might have a disruptive period in terms of some individual financial years, I do not believe, and I have seen no evidence to suggest, that that level of disruption will inhibit our ability to achieve our long-term objectives. I think that we are going to be entering a period of far greater stability for Glastir now; I think that there is great acceptance. The stocktake process we went through last year, and the statement I made to the National Assembly last summer, has created the stability that people wanted, that the sector needed and that the scheme needed. As a consequence of that process, I believe that you will see a far greater uptake and far greater enthusiasm for Glastir over coming years. The estimates that we have given the committee this afternoon reflect that confidence in the scheme and its ability to meet our policy objectives and ambitions over a number of years.

[265] **David Rees:** You mentioned that it was a demand-led budget. Has the increase therefore resulted from an increase in demand, or is it perhaps because there is a need to smooth out those difficulties, as you said, that were there at the start of the process?

[266] **Alun Davies:** I think that it is the former rather than the latter. The extensions to Tir Gofal and Tir Cynnal are coming to an end and, as a direct consequence of that, there will be greater demand for Glastir. I think that, as the agricultural community comes to understand what Glastir has to offer, there will be greater take-up. Gary and I spend a lot of time talking, as you can imagine, to different meetings of farmers in the farming community and—I think that it is fair to say, Gary, but correct me if I get this wrong—in almost every meeting we go to, somebody will stand up and say, 'I tried to get into Glastir, but I couldn't get enough points to get in; Glastir doesn't work for me'. On every occasion, we take their name, address and telephone number and we contact them and talk them through the application process and, I think, on almost every occasion, they have got into Glastir. It is difficult for me to think

of an occasion when we have failed to get a farmer into Glastir having been through that process with them.

[267] However, the introduction of Glastir was disrupted—there is no doubt about that—and it created a lack of confidence in the scheme. I believe that that confidence is returning to the scheme, and I believe that the scheme will achieve its objectives and that we will have the funding in place to enable it to do so.

[268] **Llyr Huws Gruffydd:** Gofynnais i chi mewn sesiwn graffu flaenorol os oeddech yn rhagweld y byddech yn gwario'r gyllideb oedd wedi'i chlustnodi i Glastir yn y flwyddyn ariannol yma, oherwydd y consŷrn ynglŷn â diffyg *take-up* ac yn y blaen. Dywedoch eich bod yn gwbl hyderus y byddech yn gwario'r gyllideb a glustnodwyd. Gofynnais wedyn os oedd gennych unrhyw *contingency* rhag ofn na fyddai hynny'n digwydd a rhoddoch yr un ateb i mi eto, a oedd yn adlewyrchu'ch hyder. Mae'n siŵr eich bod yn siomedig felly ynglŷn â'r gyllideb sydd ar ôl, er fy mod yn derbyn eich pwynt ynglŷn â gwariant rhaglen gyfan. Mi oedd yn fwriad gennych, onid oedd, i geisio gwario'r arian hynny i gyd?

Llyr Huws Gruffydd: I asked you in a previous scrutiny session whether you anticipated spending the budget earmarked for Glastir in this financial year, because of the concerns about the lack of take-up and so on. You said that you were completely confident that you would spend the earmarked budget. I then asked you whether you had any contingency if that did not happen and you gave me the same answer, which reflected your confidence. I am sure that you are disappointed therefore with regard to the budget that is left over, even though I accept the point that you make about a full programme spend. It was your intention, was it not, to try and shift all that money?

1.30 p.m.

[269] **Alun Davies:** Yn amlwg, rwyf eisiau gweld y gwariant ar y cynllun, ond rydych yn gwybod, fel un sy'n byw ar fferm yn y gogledd, bod fy rhagflaenydd wedi methu â chyflwyno'r cynllun fel oedd angen ei wneud ac roedd diffyg hyder yn y cynllun o ganlyniad—rwy'n gwybod eich bod wedi derbyn hynny—ac oherwydd hynny rydym wedi mynd drwy'r broses anodd o gyflwyno'r cynllun mewn ffordd fwy *stable*, fel bod gan bobl hyder ynddo ar gyfer y dyfodol. Felly, mae'r *take-up* wedi bod yn araf deg; mae hynny'n gwbl wir. Hefyd, rwy'n gwybod dy fod di'n deall, Llyr, bod penderfyniadau fy rhagflaenydd, megis rhoi estyniad i Tir Mynydd, Tir Cynnal a Tir Gofal, wedi arafu'r *take-up* o Glastir ac oherwydd hynny mae'r *take-up* wedi bod yn llawer arafach nag yr oeddem yn gobeithio y byddai. Fodd bynnag, rydym yn gwybod, ac rydym yn gweld yn awr, yn dod drwy'r broses, fod ffermwyr a'r gymuned amaethyddol yn edrych ddwywaith a thair ar Glastir yn awr, ac mae'r *take-up* yn dechrau cynyddu.

Alun Davies: Clearly, I want to see the funds expended on the scheme, but you will know, as someone who lives on a farm in north Wales, that my predecessor failed to introduce the scheme as it needed to be introduced and there was a lack of confidence in the scheme as a result—I know that you have accepted that—and because of that we have been through the difficult process of introducing the scheme in a more stable manner, so that people can have confidence in it for the future. Therefore, the take-up has been slow; that is entirely true. In addition, I know that you will understand, Llyr, that the decisions taken by my predecessor, such as the extensions to Tir Mynydd, Tir Cynnal and Tir Gofal, also slowed the take-up of Glastir and, because of that, the take-up has been a lot slower than we had hoped that it would be. However, we know, and we are seeing now, coming through the process, that farmers and the agricultural community are looking twice and three times at Glastir now, and the take-up is starting to go up.

[270] Pan oeddwn gerbron y pwyllgor y tro When I appeared before the committee last

diwethaf, roeddwn yn gobeithio y byddai'r *time lag* yn llai nag y mae wedi bod. Roeddwn yn gobeithio y gallem ruthro mwy o bobl drwy'r broses. Nid ydym wedi gallu gwneud hynny. Gwnaf roi enghraifft i ti o'r rhesymau dros hynny. Fel rhan o *stocktake* y llynedd, dywedais fy mod yn mynd i gynyddu faint o bobl sy'n gweithio yn y *farm liaison service* y mae Gary yn ei arwain. Rydym wedi cael problemau recriwtio. Rwy'n credu ei fod yn deg i ddweud bod hynny drosodd, onid yw Gary, a'n bod wedi datrys y problemau recriwtio?

[271] **Mr Haggaty:** That is right.

[272] **Alun Davies:** Mae gennym dîm llawn mewn lle, ond cymerodd hynny fwy o amser nag oeddem wedi gobeithio am resymau technegol yn fwy na dim byd arall. Yn sgîl hynny, rydym yn awr mewn sefyllfa well i hyrwyddo Glastir nag yr oeddem.

[273] Rwyf dal yn hyderus am hyn a dal yn meddwl y bydd Glastir yn cyflawni ei amcanion yn ystod y cynllun yn ei gyfanrwydd. Mae'n rhaid i ni, yn lle edrych ar yr hyn sy'n digwydd y mis hwn, y mis nesaf a'r mis wedyn a'r hyn a ddigwyddodd cyn Nadolig, edrych ar y cynllun ac edrych tipyn bach yn ehangach ar ble mae'r *take-up* a ble mae'n mynd. Os ydym yn gwneud hynny, rwy'n credu y gwelwn stori tipyn bach yn wahanol. Byddai pob un ohonom wedi eisiau gweld mwy o *take-up* yn glouach, rwy'n cyfaddef hynny, ond mae cynnydd yn dechrau digwydd yn awr.

[274] **Llyr Huws Gruffydd:** Diolch am hynny. Rwy'n siŵr ein bod i gyd yn rhannu'r awydd i weld y *take-up* yn cynyddu a'r rhaglen yn cryfhau o safbwynt y nifer o bobl sy'n dod yn rhan ohoni. Fodd bynnag, ble mae'r golwg rhaglen gyfan hwn yn gadael y pwyllgor ac eraill pan mae'n dod i graffu ar yr *allocations* blynyddol? Ar ddiwedd y dydd, efallai na fyddai'r rheini'n golygu dim byd, mewn gwirionedd, achos bydd rhywun wastad yn dweud, 'Ie, ond y sefyllfa ar ddiwedd y rhaglen sy'n bwysig'. Felly, pa mor gredadwy yw'r *allocations* y byddwch yn eu rhoi o flwyddyn i flwyddyn yn eich cyllideb?

[275] **Alun Davies:** Rydych yn wynebu'r

time, I was hoping that the time lag would be less than it has been. I was hoping that we could push more people through the process. We have not been able to do that. I will give you an example of the reasons for that. As part of last year's stocktake, I said that I was going to increase the number of people working in the farm liaison service that Gary has been leading. We have had recruitment problems. I think that it is fair to say that we have got over and resolved those recruitment problems, is it not, Gary?

Alun Davies: We have a full team in place, but that took longer than we had anticipated, for technical reasons, mainly. As a result of that, we are now in a stronger position to promote Glastir than we were.

I remain confident on this issue and I still believe that Glastir will achieve its objectives during the lifetime of the scheme. Rather than looking at what is happening this month, next month and the month after that, and what happened just before Christmas, we need to look at the scheme and take a broader view in terms of where the take-up is and where it is going. If we do that, I think that we will see a slightly different story. Each of us would have liked to have seen take-up happening more quickly, I admit, but an upsurge is starting to happen now.

Llyr Huws Gruffydd: Thank you for that. I am sure that we all share that wish to see take-up increasing and the programme being strengthened in terms of the number of people who are becoming a part of it. However, where does this whole-programme view leave the committee and others when it comes to scrutinising the year-on-year allocations? At the end of the day, maybe they will not really mean anything, because someone will always say, 'Yes, but it is the situation at the end of the programme that is important'. So, how credible are the allocations that you will be giving from year to year in your budget?

Alun Davies: You face the same task as I do,

un dasg â minnau, sef edrych dros gyfnod. Rwy'n gallu gwneud *snapshot* o le rydym heddiw, lle y byddwn yfory a lle y byddwn mewn chwe mis, ac wedyn mae'n rhaid gwneud *judgments* ar sail y wybodaeth sydd gennych. Pan wyf yn cynllunio gwariant a gwneud penderfyniadau am *commitments* gwariant yn y gronfa hon neu gronfeydd eraill, Llyr, rwy'n gorfod gwneud *judgments* ynghylch o ble bydd y gwariant yn mynd ar gyfer y dyfodol a pha mor sicr allwn ei wneud ar sail yr hyn rydym yn gwybod heddiw am yr hyn fydd yn digwydd yn y dyfodol. Rwy'n cydnabod ei fod yn gallu bod yn anodd. Mae'n rhywbeth rwy'n ei ffeindio'n anodd ambell waith, ond mae'r pwyllgor, wrth graffu, yn wynebu yn union yr un sefyllfa a minnau pan wyf yn gwneud penderfyniadau. Mae'n rhaid i chi—mae i fyny i chi fel pwyllgor i benderfynu hyn, wrth gwrs—fy nghraffu ar y penderfyniadau rwy'n eu gwneud ar sail y wybodaeth sydd gennyf ar y pryd. Rwy'n cydnabod, pan ydych yn edrych dros gyfnod o saith mlynedd, y gall hynny fod yn anodd.

which is looking over a period of time. I can take a snapshot of where we stand today, where we will stand tomorrow and where we will stand in six months' time, and then you have to make judgments on the basis of the information that you have. When I plan expenditure and make decisions on expenditure commitments in this fund or other funds, Llyr, I have to make judgments as to where the expenditure will go in future and how certain we can make it on the basis of the information available to us today about what will happen in the future. I acknowledge that it can be difficult. It is something that I sometimes find difficult, but the committee, in its scrutiny, faces exactly the same situation that I do when I make decisions. It is up to you as a committee to decide this, of course, but you have to scrutinise me on the decisions that I make on the basis of the information that is available to me at that time. I admit that, when you are looking over a period of seven years, that can be difficult.

[276] **David Rees:** The financial year is coming to an end, and we have this £20.3 million going in to capital for the sector's action area. Where is it going? Where will you spend it?

[277] **Mr Slade:** A number of projects are under development at the moment across the wider BETS portfolio. My understanding is that they are in negotiation at the moment and that they are commercially confidential for now, but, relatively soon, we will be able to tell you where the money went.

[278] **Alun Davies:** That is a very good answer. [*Laughter.*]

[279] **Lord Elis-Thomas:** I have to tell you that I was sitting in another committee in this building—it may have been in this room, actually—and a certain other Minister told me exactly the same thing, and she is the Minister responsible for BETS.

[280] **Mr Slade:** I am in good company, then, if that is what she thinks.

[281] **Alun Davies:** Right, and she, of course, is never wrong.

[282] **William Powell:** Minute that.

[283] **Lord Elis-Thomas:** We will not go there. [*Laughter.*]

[284] **Alun Davies:** The allocations have been made to one of Edwina's budgets, so I am literally not in a position to answer that question fully. However, as Andrew has indicated, those decisions have been taken. The important issue is that the decisions have been taken to ensure that the spend takes place in this financial year, rather than simply being sent back to the Treasury.

[285] **Lord Elis-Thomas:** What, then, is your involvement, Minister, with the sector panel

that is relevant to agri-food and any spend that may happen?

[286] **Alun Davies:** The sector panel provides independent advice to Ministers. As a consequence, Edwina and I both have a relationship with the panel, in the sense that we speak to it formally and informally and listen to what it has to say. We receive reports from the panel—it has produced four very good reports in the last year on different aspects of food policy, if the committee wants to go into this in any detail. Edwina and I share responsibility for food—she has responsibility for large-scale economic and industrial support for major food businesses, while my responsibility is for food policy within the Welsh Government. We are both at the moment considering papers on both of those aspects. We are looking towards bringing the two papers together to create a single food strategy that will take us forward into the future. These discussions are taking place as we speak.

[287] I was hoping to be in a position to make an oral statement on these matters before the Easter recess. I do not feel that I am in a position to do that at the moment, so it will come in the next term. However, there will be a fuller statement on food policy, certainly before the next half-term recess—that is, in the first half of next term.

[288] **Lord Elis-Thomas:** In terms of actual business proposals that have come before either of you for consideration for Welsh Government investment, you would both have input in those that affect your portfolios, would you?

[289] **Alun Davies:** Yes. If a proposal falls within my portfolio, it would come to me first for my agreement and it would subsequently go to Edwina for her agreement. As for where we are today, the panel would provide advice to both of us, rather than proposals for expenditure. Clearly, taking that advice could have implications for budgets in some cases, and in many cases it clearly will. We would then take decisions on the basis of that advice and in the context of our wider strategic approach to the policy area. I feel that we have a good relationship with all of the relevant sector panels, and they provide excellent advice to us.

[290] **Lord Elis-Thomas:** There seemed to be some difficulty in the discussion in another committee, which some of us were party to, about the situation where Government takes a proactive approach to business, in that those might not be susceptible to—what shall I say?—traditional ways of accounting for public funding in the short term, and that Ministers were looking for a broader outcome for their investment decisions.

[291] **Alun Davies:** I think that that would be a fair comment.

[292] **Lord Elis-Thomas:** There we are. David, I am sorry to have interrupted you.

[293] **David Rees:** That is all right; I had finished that particular point. If I may, I would like to go on to another question.

[294] **Lord Elis-Thomas:** Please do.

[295] **David Rees:** I want to move on to the fisheries issue. Obviously, we are coming up to the next session of the common fisheries policy in the European Parliament. In your paper, you mention the fisheries enforcement vessels and the fact that you are looking at planning in that regard. In the future, will you look at whether it will be a revenue-type allocation or a capital-type allocation for fishery protection vessels? In other words, basically, are you going to purchase one or are you perhaps looking at renting or utilising other facilities?

[296] **Lord Elis-Thomas:** In other words, are we going to have a navy or not? That is what I am interested in.

[297] **David Rees:** I did not say that.

[298] **Alun Davies:** We have the Royal Navy, of course, of which we are all very proud.

[299] **David Rees:** However, you say that there will be reduced support from the Royal Navy.

[300] **Alun Davies:** Yes, it does say that. The reason why we have fisheries enforcement vessels is to enforce fisheries law within Welsh waters. We have a clear legal responsibility to do so. To discharge that responsibility, we need to have the resources available to us. We additionally need inshore and onshore enforcement resources to ensure that we have a full range of enforcement activities available to us as a Government to enable us to meet our legal and international obligations. I will ask Stuart to come in to complete the answer on this question.

[301] We are currently looking at the options available to us to renew those resources. The reason why I say 'resources' is because it will include a vessel, but it will also include some inshore and onshore resources. We are looking at a number of different options. We will be procuring additional outside help to help us to evaluate the best of those options for the taxpayer. We will need to take a decision during this Assembly on how we renew those resources and whether we should seek to procure a new vessel. The Cranogwen, which is currently based in Milford Haven, is a good boat but it is fair to say that it has served its time. It does not provide us with the full at-sea resource that we currently need in the provision of support for our warranted officers. So, we will be looking at whether we will procure a boat that will be fully owned by the Welsh Government and which will deliver services to the Welsh Government, or whether we will procure the service to be delivered by a third party. Those are the options that we are looking at the moment. We can come back to the committee when we have evaluated those different options. Stuart, do you want to add anything?

[302] **Mr Evans:** If I expand a bit further and if the committee allows me to go into a bit more detail, as the Deputy Minister has outlined, the Welsh Government has inherited the former sea fishery committee's assets. That includes two patrol vessels, a number of inshore rigid inflatable boats, a number of quad bikes and various other assets to do fisheries monitoring work. As the Deputy Minister outlined, those are all part of an ageing fleet. Cranogwen is about 20 years old, and I believe that the Aegis is of a similar age. Traditionally, sea fishery committees and other bodies have owned those vessels and have taken on the full responsibility of maintaining them, which is quite costly and quite resource-intensive.

[303] The second element is the service that the Royal Navy provides to Wales. Of course, there are other implications with the Royal Navy and the wider UK picture in that respect. The third element is that technology has moved on. Our surveillance techniques and methods have changed. Aerial surveillance has changed in the UK. Satellite monitoring systems, inshore mobile-phone-based monitoring systems and other technology is becoming available to us on a civilian basis. So, all of those things need to go into the analysis of what we need to deliver. To help us to understand that, we need to employ specialist marine expertise. We have the former sea fishery committee and fisheries experts, but we need to employ people who have specialist marine knowledge to help inform the decisions that we make on this.

[304] **David Rees:** Has there been a decision as to whether capital or revenue money is available for this? Have you come to a decision as to which way you want to go?

[305] **Alun Davies:** Given the nature of a potential contract, we might well have to make it a capital resource, whether it is year-on-year expenditure or simply a one-off. We have not yet taken a decision on our preferred way forward. At the moment, we are procuring the advice

upon which we will take that decision.

[306] **Russell George:** There is a £1.7 million switch from revenue to capital in your supplementary budget with regard to the young entrants support scheme. What are the reasons behind that and what are the implications?

[307] **Alun Davies:** There are no implications for the scheme as a whole. I will ask Gary to come in to complete the answer to this question. It is largely a technical exercise, rather than a change in substance.

1.45 p.m.

[308] **Mr Haggaty:** I do not think that I can add any more to that.

[309] **Llyr Huws Gruffydd:** Mae gennyf gwestiwn neu ddau ar dagio electronig ac EIDCymru. A ydych yn credu bod y £2 miliwn i £3 miliwn yr oeddech yn rhagweld y byddai ei angen ar gyfer hwnnw dal yn ddigonol?

Llyr Huws Gruffydd: I have a question or two about electronic tagging and EIDCymru. Do you think that the £2 million to £3 million that you envisaged would be needed for that is still sufficient?

[310] **Alun Davies:** Dyna'r math o gyllideb yr wyf yn ei ystyried.

Alun Davies: That is the type of budget that I am considering.

[311] **Llyr Huws Gruffydd:** Mae potensial am elfen o risg, os cyfyd anawsterau yn y ffordd y mae hwnnw'n cyfarthrebu â systemau Adran yr Amgylchedd, Bwyd a Materion Gwledig. Rydym wedi bod yn trafod cyfoeth naturiol Cymru heddiw a'r materion TG o amgylch hynny. A ydych yn hapus fod gennych ddigon o raff ariannol i ddelio â sefyllfa o'r fath?

Llyr Huws Gruffydd: There is the potential for an element of risk, if difficulties arise in the way in which that links in with the systems of the Department for Environment, Food and Rural Affairs. We have been discussing natural resources Wales today and the IT issues around that. Are you content that you have enough financial rope to deal with such a situation?

[312] **Alun Davies:** Nid oes gennyf reswm i feddwl y bydd problem dechnegol o ran delio â DEFRA. Does neb wedi awgrymu y bydd problem o'r fath yn codi. Mae fy swyddogion wedi bod yn cydweithio gyda swyddog yn DEFRA ar y rhaglen hon am dros ddwy flynedd, felly nid oes awgrym y bydd problem dechnegol o'r fath yn codi yn ystod y broses hon. Ni fu awgrym o'r fath hyd yn hyn.

Alun Davies: I have no reason to think that there will be a technical problem in dealing with DEFRA. No-one has suggested that such a problem will arise. My officials have been co-operating with an official in DEFRA on this programme for over two years, so there is no suggestion that such technical problems will arise during this process. There has been no such suggestion to date.

[313] Rydym wedi bod yn ystyried, ac wedi cael, cronfa ddata'r Alban ar gyfer EIDCymru, sef ScotEID, a chredaf ei fod yn deg i ddweud ein bod eisoes yn cyfathrebu gyda systemau DEFRA. Yw hynny'n iawn, Gary?

We have been considering, and have been given, Scotland's database for EIDCymru, namely ScotEID, and I think that it is fair to say that we are already engaging with DEFRA systems. Is that right, Gary?

[314] **Mr Haggaty:** No, we are not at this stage. You are right that we are currently evaluating the Scottish system, which they have given to us free—

[315] **Lord Elis-Thomas:** Good heavens, I cannot believe it. [*Laughter.*]

[316] **Mr Haggaty:** That is one element that we are looking at. We are not convinced at this stage, because there is still an amount of work to be done, whether it will meet all of our requirements. We may need to tinker with it or, if it does not meet all of our requirements, we may need to produce our own system. However, we are evaluating a number of options and to come back to your original question about the £2 million to £3 million that has been allocated to this, at this stage, we think that that will be adequate for the type of options that we are looking for, but as this work unfolds, we may need to fine-tune that amount.

[317] **William Powell:** Deputy Minister, you have shown a consistent commitment to food and drink promotion across Wales.

[318] **Alun Davies:** For many years, Bill. [*Laughter.*]

[319] **William Powell:** It takes a lot of preparation. [*Laughter.*] Could you show us some concrete evidence of the impact of the processing and marketing grant scheme that you referred to in a letter to this committee after our scrutiny of the draft budget back in the autumn? What progress is there in terms of the gross value added and potentially in terms of jobs generated in the sector?

[320] **Alun Davies:** I think I told the committee in the autumn that we needed to ensure that we have clear objectives on increased economic activity and increased jobs as a consequence of these grants. Each individual grant will have its own objectives in terms of the support that it provides to individual business. The processing and marketing grants scheme is a great one and is very popular—it is nearly always oversubscribed in terms of the funding available to us to support it. However, I can give the committee some examples of how the grant has helped to deliver increased capacity for businesses to expand and to develop; there is no difficulty with that at all.

[321] When I think back to some of the businesses that I have visited over the last almost two years since I have been in office, it has been an almost exhilarating experience to walk into a factory that has been able to produce some excellent products and produce because of the work that has been done to increase its capacity. If you take the example of Puffin Produce Ltd in your own region, you will see that it is now an enormously successful business. Its business model is quite interesting as a co-operative approach with a number of different producers. You see its brand, 'Blas y Tir', in many supermarkets now and it is supplying food to people across Wales and beyond. It has been a very successful business. Another example would be a village bakery in Wrexham, where you would see great expansion, fulfilling orders for Marks & Spencer, because we have been able to work with it to develop its business models. So, there are examples up and down Wales of where PMG and our other grant support schemes have been able to make a real difference to individual businesses and to expand and underpin business activity. It is a great story. I would like to be able to develop that further as part of the next rural development plan period. That is one of the reasons why we seek to integrate the RDP into the structural funds, so that we can have a much greater economic impact.

[322] **William Powell:** Under the current terms of the scheme, would it be possible for companies such as microbreweries to apply? I have had recent representations from a microbrewery—

[323] **Alun Davies:** Which brewery are you talking about now, Bill?

[324] **Lord Elis-Thomas:** You do not have one of your own, do you?

[325] **William Powell:** No, not at all. I am on lent, Chair, as you may know. *[Laughter.]* I was thinking in particular of a brewery at Llanidloes, the Waen Brewery, and another one or two microbreweries, which I believe you have visited, that do not have the capacity in terms of bottling, but which would benefit possibly from a mobile facility that would enable them to take their business forward. I do not know whether such a business would currently be eligible under the terms of the scheme.

[326] **Alun Davies:** I have a great personal commitment to the microbreweries of Wales, which is well known and well documented. We do have a drinks strategy, which we launched 15 months ago and which is aimed at providing exactly that sort of specialist support for particular breweries. Shared facilities can be developed with some of the microbreweries across Wales, but PMG tends to be an investment in a particular business, and a way of helping that business to expand to meet growing demand. It would probably be more appropriate if there were other methods outside of that in order to deliver facilities that would be used by more than one business. Certainly, the issue of bottling is a key issue and it is something that we are looking at.

[327] **David Rees:** One of our jobs is to scrutinise whether the budget actually allows the Government to meet its programmes and objectives. Clearly, the budgets that have been produced have been looking at the European funding figures that were projected. We know now that, as a consequence of some of the discussions at the Council, there will be more severe cuts than we perhaps anticipated. Do you see an issue where the budgets projected at this point in time from Welsh Government will be sufficient—based perhaps on the reduction in European funding—to allow us to deliver some of the objectives that you have already identified?

[328] **Alun Davies:** I wrote to Members last week with a more detailed analysis of what I believe are the implications of the EU multi-annual financial framework debate and discussion for Wales, both in terms of common agricultural policy funds and wider structural funds. We are currently in negotiation with the United Kingdom Government and other UK administrations about how those funds are allocated and how we can maximise the budgets available to us in Wales. I have had one meeting with Michael Fallon at the Department for Business, Innovation and Skills, and we are meeting again a week next Monday to, I hope, at that point, conclude some of these discussions.

[329] It is a matter of record that I regret the negotiating position of the United Kingdom Government. I do not think that the UK Prime Minister had Wales's national interest at heart when he negotiated the EU budget deal. I regret deeply that the United Kingdom did not seek compensatory payments, as other member states did, for those areas, regions and territories that would be particularly affected by the wider decisions of the budget deal. We will see a reduction in the investment available to us as a Government at a time of great economic need. That is a matter of very deep regret.

[330] We clearly have been in negotiation with the United Kingdom Government over a long period of time on this. The EU multi-annual financial framework negotiations appeared on many people's agendas after the last summer recess, but in fact the MFF had been published the previous year, in 2011, and so we have been discussing the needs of Wales with the United Kingdom Government for some 18 months, along with the fact that we needed to ensure that we had effective means of funding the commitments that we want to make in terms of investing in economic growth and stimulating economic activity. It is a matter of regret that funding will be significantly reduced in the future. I hope that we will be able to mitigate those reductions in the negotiations that we are currently undertaking with the United Kingdom Government. I have to say that the UK Government is negotiating in very good faith at the moment, but we will have to wait until those discussions reach their conclusion to take a more reasoned view on where we stand and what those budgets will be.

[331] **David Rees:** Are your officials currently relooking at their models, in a sense, for future investment as a consequence of all the options that may become available?

[332] **Alun Davies:** We are currently consulting on the programmes that we will seek to run in the next period. We have a consultation on pillar 1 payments for the farming community and then we have a consultation on what we used to call the common strategic framework funds, which we now call something else—

[333] **Mr Slade:** They are now ESI funds—European structural and investment funds.

[334] **Alun Davies:** ESI funds, there you go. We are holding an event at the moment to discuss these matters, which is why I was late coming back from Llanelli this morning. So, we are looking at how we will structure those programmes. We have not taken any decisions yet; I will take decisions following this consultation period. I hope to take decisions in the early summer and report those by way of an oral statement to the National Assembly before the summer recess.

[335] **Llyr Huws Gruffydd:** Yn amlwg, o ran cyllideb yr Undeb Ewropeaidd, rwy'n cymryd eich bod chi fel Llywodraeth mewn cyswllt cyson gydag Aelodau Seneddol Ewropeaidd o Gymru er mwyn sicrhau eu bod nhw'n gweithredu mewn modd sydd o blaid Cymru.

Llyr Huws Gruffydd: Obviously, with regard to the European Union budget, I take it that you as a Government have been in constant contact with Welsh Members of the European Parliament to ensure that they are working in a way that is in favour of Wales.

[336] **Alun Davies:** Rwy'n cyfarfod â hwy bob tro rwyf ym Mrwsel, a chefais ginio gyda hwy i gyd yn Strasbwrg wythnos cyn y Nadolig, sef y tro diwethaf y cyfarfyddais â hwy i gyd fel grŵp. Maent wedi gweld copi o'r llythyr rydych chi wedi'i weld ac maent hefyd wedi gweld dogfennau briffio am safbwynt Llywodraeth Cymru. Rydym yn eu gweld yn aml iawn.

Alun Davies: I meet them every time I visit Brussels, and I had lunch with all of them in Strasbourg a week before Christmas, which was the last time I met them all as a group. They have seen a copy of the letter that you have seen and they have also seen briefing documents about the Welsh Government's standpoint. We see them very often.

[337] **Llyr Huws Gruffydd:** A wyf yn iawn i feddwl bod gennych berthynas tebyg gydag Aelodau Seneddol o Gymru a'ch bod yn eu briffio yn gyson, gan fod penderfyniadau yn cael eu gwneud, fel rydym yn gwybod, o safbwynt y gyllideb Ewropeaidd, nad ydynt, efallai, er budd cenedlaethol i Gymru? Tybiaf fod Llywodraeth Cymru wedi briffio Aelodau Seneddol o Gymru adeg y bleidlais ar y gyllideb yn San Steffan?

Llyr Huws Gruffydd: Am I right to think that you have a similar relationship with Welsh Members of Parliament and that you brief them regularly, because there are decisions being made, as we know, in terms of the EU budget that are not necessarily in the national interests of Wales? I presume that the Welsh Government briefed Welsh MPs at the time of the vote on the budget in Westminster?

[338] **Alun Davies:** Ni wnaethom friffio Aelodau Seneddol o ran ein meddylfryd ar y pryd. Gwn beth rydych yn sôn amdano, sef y bleidlais ddiwedd mis Hydref. Nid oeddem yn gweld hynny fel rhan o'r trafodaethau. Rydym yn cydweithio â Llywodraeth y Deyrnas Unedig fel tîm o Weinidogion y

Alun Davies: We did not brief MPs in terms of our thinking at that particular time. I know what you are alluding to, which is the vote at the end of October. We did not see that as part of the negotiations. We collaborate with the UK Government as a team of UK Ministers. We therefore collaborate as part of

Deyrnas Unedig. Felly, rydym yn cydweithio fel rhan o fframwaith llywodraethol y Deyrnas Unedig, ac nid yw'n rôl i Lywodraeth Cymru ymyrryd mewn trafodaethau a phleidleisiau yn y Senedd yn San Steffan, yn yr un modd na fyddem yn disgwyl i Weinidogion San Steffan ddod yma a gofyn i bobl bleidleisio mewn rhyw ffordd. Mae gennym berthynas â Llywodraeth y Deyrnas Unedig sy'n dra gwahanol i'n perthynas â Llywodraethau eraill. Rydym yn rhan o system lywodraethu y Deyrnas Unedig, ac oherwydd hynny, nid ydym yn actio fel lobïwyr yn San Steffan.

[339] **Yr Arglwydd Elis-Thomas:** Bu imi fwynhau'r ddarlith gyfansoddiadol honno yn fawr iawn, Weinidog. Mae un peth arall i'w ychwanegu: yn y berthynas, yn enwedig y berthynas bresennol, â'r Senedd Ewropeaidd, lle mae cyd-benderfynu rhwng y Senedd â Chyngor y Gweinidogion, a rôl arbennig y Comisiwn, mae rôl Aelodau Seneddol Ewropeaidd wrth ddeddfu ar y cyd gyda Chyngor y Gweinidogion ar yr hyn sy'n effeithio ar Gymru yn ein rhoi ni mewn sefyllfa wahanol, ar wahân i'r holl strwythurau eraill yn yr Undeb Ewropeaidd y mae modd gweithio drwyddynt. Mae'n ddrwg gennyf fy mod wedi ildio i'r demtasiwn o ddweud gair. Rydym bron â chyrraedd diwedd y cyfnod craffu cyllidol.

[340] **Keith Davies:** Yn eich ymateb i'r pwyllgor yn ystod y cyfarfod diwethaf ar gyllid ychwanegol, sonioch eich bod wedi cael cyllid ychwanegol o ran ceffylau yn pori yn anghyfreithlon, a bod hynny wedi digwydd ym Mhen-y-bont ar Ogwr, y Fro ac yn y blaen, a'ch bod wedi datgan ei fod yn mynd i ddiwydd mewn mannau eraill. Yr oeddech yn Llanelli y bore yma a gwn bod ystâd y Strade wedi dioddef yr un peth. A yw'r arian hwnnw ar gael i'r cynghorau lleol ymladd yn erbyn y rhai sy'n troseddu?

2.00 p.m.

[341] **Alun Davies:** Ydy, ond nid yw'n dod o'm cyllideb i; daw'r arian o gyllideb Carl Sargeant. Mae'n cael ei ddefnyddio ar hyn o bryd gan awdurdodau lleol i sicrhau bod ganddynt ffyrdd gwell o gydweithio a sicrhau eu bod yn gallu erlyn y rhai sy'n troseddu.

the governmental framework of the United Kingdom, and it is not a role for the Welsh Government to intervene in discussions and votes in Parliament in Westminster, just as I would not expect Westminster Ministers to come here to ask people to vote in a certain way. We have a relationship with the UK Government that is very different to our relationship with other Governments. We are part of the UK system of governance, and as a result of that, we do not act as lobbyists in Westminster.

Lord Elis-Thomas: I enjoyed that constitutional lecture very much, Minister. There is one other thing to add: in the relationship, particularly the current relationship, with the European Parliament, where co-decision between Parliament and the Council of Ministers takes places, and where there is a particular role for the Commission, the role of Members of the European Parliament in legislating jointly with the Council of Ministers in terms of what will impact upon Wales places us in a different situation, never mind all the other structures in the EU that you can work through. I apologise for giving in to the temptation of saying a few words. We are almost at the end of the budgetary scrutiny session.

Keith Davies: In your response to the committee during the previous meeting on additional funding, you said that there was additional funding in terms of horses fly-grazing and that that has happened in Bridgend, the Vale and so on, and that you have stated that it is going to happen in other places. You were in Llanelli this morning and I know that Stradey estate has been affected in the same way. Is that money available to the local councils to deal with the people who commit these offences?

Alun Davies: Yes, but it does not come from my budget; the funding comes from Carl Sargeant's budget. It is currently being used by local authorities to ensure that they have better ways of collaborating and to ensure that they can prosecute those who offend.

[342] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr, Weinidog, am y cyfraniadau hynny i'r sesiwn graffu ariannol, a diolch yn arbennig am yr ateb i'r cwestiwn cyffredinol gennyf ar y dechrau ynglŷn â sicrhau gwybodaeth lawnach i ni o ran edrych ar y gyllideb er mwyn i ni allu craffu yn fwy manwl. Yn sicr, gallwn ni a'ch swyddogion drafod sut fyddai gwneud hynny orau.

Lord Elis-Thomas: Thank you very much, Minister, for your contribution to that session of financial scrutiny, and particularly for your response to my general question at the beginning on ensuring that we have more comprehensive information to allow us to scrutinise the budget in more detail. Certainly, we and your officials can discuss how best to deal with that issue.

[343] Ar ben yr awr, fel y mae'n digwydd, rydym yn dod at y sesiwn graffu mwy cyffredinol ar bolisi a gweithredu. Rwyf am ddechrau gyda'r polisi pysgodfeydd cyffredin—mater sydd wedi bod o ddiddordeb i'r pwyllgor hwn ac i'r gweithgor o dan gadeiryddiaeth abl iawn Julie James AC pan oeddem yn gwneud y gwaith hwn ar y dechrau. Bydd y Gweinidog yn ymwybodol ein bod wedi cael trafodaethau defnyddiol iawn ym Mrwsel ac, ar ôl hynny, gyda phennaeth y Gyfarwyddiaeth Gyffredinol Materion Morol a Physgodfeydd ac eraill. Yn ddiweddar iawn, buom yn trafod y materion hyn, drwy gyfrwng fideo-gynadledda, ag Aelodau o Senedd Ewrop. Sut y mae'r Gweinidog yn gweld y trafodaethau ar y polisi pysgodfeydd cyffredin wrth edrych yn ôl arnynt; a yw'n edrych yn ôl â bodlonrwydd, neu a yw'n teimlo bod mwy i'w gyflawni? Dyna gwestiwn caredig a hawdd iddo i'w ateb.

Given that we are on the hour, we will move to more general scrutiny of policy and implementation. I will start with the common fisheries policy—an issue that has been of interest to this committee and the task and finish group that was very ably chaired by Julie James AM when we started this work. The Minister will be aware that we had very useful discussions in Brussels and, following on from those, with the head of the Directorate-General for Maritime Affairs and Fisheries and others. Very recently, we discussed these issues via video-conference with Members of the European Parliament. How does the Minister see the discussions on the common fisheries policy as he looks back at them; does he look back with satisfaction, or does he feel that there is more to be achieved? That is a kind and easy question for him to answer.

[344] **Alun Davies:** Nid wyf yn edrych yn ôl o gwbl, fel y mae'n digwydd—rwy'n edrych ymlaen.

Alun Davies: I am not looking back at all, as it happens—I am looking forward.

[345] **Yr Arglwydd Elis-Thomas:** Ateb da iawn.

Lord Elis-Thomas: A very good answer.

[346] **Alun Davies:** Mae gennym drafodaethau ym Mrwsel ddydd Mawrth ar y polisi pysgodfeydd cyffredin. Byddaf yn gofyn i Stuart ymateb yn llawn i chi, fel pwyllgor, ar hynny. Rwy'n hapus iawn gyda'r lle yr ydym wedi'i gyrraedd ar hyn o bryd. Rwy'n credu bod y diwygio, fel y mae wedi symud ymlaen dros y misoedd a'r blynnyddoedd diwethaf, wedi sicrhau ein gallu ni, fel Llywodraeth Cymru, i weithredu'r uchelgais a'r weledigaeth sydd gennym. Yr hyn rwyf yn ei feddwl wrth ddweud hynny yw bod y polisi pysgodfeydd cyffredin yn gosod y fframwaith cyfreithlon i ni sicrhau

Alun Davies: We will discuss the common fisheries policy in Brussels on Tuesday. I will ask Stuart to give a fuller response to you, as a committee, on that. I am very content with where we stand at present. I believe that the reform, as it has progressed over the past few months and years, has safeguarded our ability, as the Welsh Government, to implement our ambition and the vision that we have. What I mean by saying this is that the common fisheries policy puts a legal framework in place so that we can ensure that the inshore fisheries in Wales are safeguarded. It creates an opportunity—we

bod y pysgodfeydd mewndirol sydd gennym yng Nghymru yn cael eu diogelu. Mae'n creu cyfle i ni—mae'n rhaid i ni weithredu ar y cyfle hwnnw—gydweithio â Llywodraeth Iwerddon ac eraill i sicrhau dyfodol môr Iwerddon, ac rwy'n credu bod gennym gyfle mawr i wneud hynny.

[347] Bydd y pwyllgor hefyd yn deall yr hyn sy'n digwydd gyda *discards* a rhoi gwyddoniaeth yn ganolog i ddyfodol y trafodaethau ar y cwotâu. Rydym wedi symud ymlaen yn eithaf pell yn ystod y ddwy flynedd diwethaf. Hefyd, mae gennym gronfa newydd, sef cronfa forwrol a physgodfeydd Ewrop, a chredaf fod y gronfa hon yn mynd i fod yn hynod o bwysig i ni yng Nghymru. Er nad yw'r gronfa yn un mawr, mae'n rhoi cyfle i ni gynnig cyllideb i sicrhau ein bod yn gallu gwneud ambell i beth o amgylch arfordir Cymru.

[348] I orffen ateb y cwestiwn, hoffwn hefyd bwysleisio pwysigrwydd yr hyn sy'n digwydd mewn polisi domestig yn y Deyrnas Unedig. Ers mis Mai, rydym wedi llofnodi concordat rhwng y pedair Llywodraeth a gweinyddiaeth yn y Deyrnas Unedig i rannu'r cyfrifoldeb o sut rydym yn rheoli'r fflydoedd a rhannu'r cwota. Ar hyn o bryd, rydym yn penderfynu sut rydym yn mynd i ddatganoli hynny a sut rydym yn mynd i gymryd rheolaeth o'r fflyd. Rydym wedi mynd yn bell iawn ar hyd y llwybr hwnnw, felly mi fydd fflyd Gymreig yn cael ei rhedeg a'i rheoli o Gymru cyn bo hir. Hefyd, bydd gennym gwota Gymreig ar gyfer cychod sy'n llai na 10 metr o hyd. Mae hwn yn fater yr wyf am ei ystyried yn bellach. Rwyf wedi trafod â Stuart ac eraill sut y byddwn yn rheoli'r cwota hwnnw. Rwyf wedi dweud yn glir fy mod am ei drin fel cyfle ac fel menter gydweithredol, a hynny er mwyn sicrhau ein bod yn cadw'r cwota hwn fel rhywbeth i bobl Cymru. Felly, rwyf yn fodlon gyda'r sefyllfa ar hyn o bryd, ac rwyf yn edrych ymlaen yn fawr at weld y trafodaethau hyn yn dod i ben rywbryd yn ystod oriau man fore Mercher.

must take this opportunity—to collaborate with the Irish Government and others to safeguard the future of the Irish sea, and I think that we have a major opportunity to do that.

The committee will also understand the developments with discards and placing science at the heart of our negotiations on quotas. We have come a long way over the past two years. We also have a new fund in place, namely the European maritime and fisheries fund, and I believe that this is going to be exceptionally important for us in Wales. Although it is not a large fund, it gives us an opportunity to offer funds to ensure that we can do certain things around the Welsh coastline.

To conclude my answer to this question, I also wish to emphasise the importance of what is happening with domestic policy within the United Kingdom. Since May, we have signed a concordat between the four Governments and administrations of the United Kingdom to share responsibility for fleet management and to divide the quota. We are currently working out how we will devolve that and how we will take control of the fleet. We are a long way down that road, so there will soon be a Welsh fleet that will be run and managed from Wales. We will also have a Welsh quota for vessels that are less than 10 metres long. This is an issue that I wish to consider further. I have discussed with Stuart and others how we will manage that quota. I have said clearly that I want to treat this as an opportunity and as a co-operative venture, in order to ensure that we keep this quota as something for the people of Wales. Therefore, I am content with the situation at present, and I am looking forward to seeing this negotiations being completed sometime in the early hours of Wednesday morning.

[349] **Mr Evans:** The Minister has fully explained the background so far, but I would like to expand. Last June, the Council of Ministers agreed the partial general approach on CFP reform, and the European Parliament ratified that last week. The key thing now is what happens during the Irish presidency, where the details on some of the CFP reforms have to be ironed out, particularly the details on how a discard ban would be introduced. That will be key. The discussions next week will begin that process. As the Minister said, there will be

late-night negotiations on Tuesday, running into Wednesday morning. So, next week will be the next key stage in the development of this process.

[350] **David Rees:** I also welcome some of the decisions made on the CFP. I was a Member of the Common Fisheries Policy Task and Finish Group, and we looked at the issue very carefully. Some of the points that you have come to an agreement on are very important. I have two questions to ask. Minister, you mentioned science, knowledge and information, which are important. I believe that that comes down to data collection. Could you give us an update on how the data collection process will be taking place in Wales? Turning to my second question, I know that this is not included, but we also discussed issues relating to historical rights. Where are we in terms of controls on waters up to six miles out? Also, has there been any movement or discussion on historical rights for the rest of our waters?

[351] **Alun Davies:** There are clearly different legal regimes for waters within the six-mile zone and those beyond the six-mile zone. Within the six-mile zone, we have freedom within domestic law to make changes to the fishing regime. I believe that we would need the support and consent of the Commission to do that beyond the six-mile zone. Therefore, we have a different legal structure governing policy in both of those areas. Where we are on that is that a consultation has taken place. I am looking at the results of the consultation, I am seeking legal advice on the results of the consultation, and I will be making a statement on that. I hope to make the statement in the next few months. I am looking to announce my decision on the future management of the zero-to-six-mile zone in the next two months. I think that that is probably a fair timescale. I had hoped to be able to do it before the March recess, and there is still a chance that we would be able to meet that deadline. However, it might slip into April.

[352] In terms of the wider issues relating to science and data collection in Wales, one issue that we have had in Wales is that we have not been able to fully understand the amount of fish landed in Wales, particularly at some of the smaller ports. I do not believe that, in the past, we have had robust mechanisms in place to ensure that we have a full picture of the fish landed in the country. I think that I informed the committee last year that we were looking to strengthen these processes. We have done so. We have produced new means of registering catches. I will ask Stuart to give the committee a further update on where we are with that. We have certainly strengthened the information available to us, and we have also enriched the evidence base in terms of understanding how we deliver to quota.

[353] **Mr Evans:** As the Minister indicated, we have brought in a new pro forma for fishermen from the inshore sector to declare their landings. That has been in place since last summer, and it has certainly improved the data that we have on fishing activity and fish landings. In addition, going back to what I said earlier about enforcement vessels, we have inherited certain resources from the sea fishery committees and predecessors, in terms of science capability. We are now looking at a procurement contract where we can buy in specialist services from places such as the Centre for Environment, Fisheries and Aquaculture Science and other marine scientific institutions. Rather than trying to make our resources go even further with the limited resources that we have, it is drawing in specialist skills to help to gather the data, and then we can concentrate on analysing it and helping to inform future decisions.

[354] **David Rees:** I am also interested in the science of data collection and finding out the stocks and the yields available. Are you sharing information with other European countries or the Commission, just to find out exactly what stocks are out there?

[355] **Mr Evans:** There is a protocol within the UK as part of the EU in terms of the sharing of scientific data on fisheries. That all gets fed into the International Council for the Exploration of the Sea's fisheries advice, which forms the December council quota negotiations every year. It all gets joined up. We feed our information into the UK science

body, which then goes up to the EU level.

[356] **William Powell:** I would like to focus my questions on the recently announced appointment of the groceries code adjudicator, Christine Tacon, subject to the Bill receiving Royal Assent later in the year. Deputy Minister, will you be prioritising an early engagement with the adjudicator? What areas of policy would you propose to take forward with her? In particular, what relevance do you see her role having in terms of the meat contamination issues that have been so high on our agenda recently?

[357] **Alun Davies:** I am not sure how I would answer your final question, Bill. In terms of the adjudicator, it is an economic role rather than a role of food safety. On the appointment of Christine Tacon, I wrote to her in January to congratulate her on her appointment and to ask for an early meeting with her. I see the role as being a key role in ensuring that we have, as far as possible, a fair and transparent supply chain in operation. We discussed in front of this committee and elsewhere the potential role for the adjudicator in terms of milk and milk prices last year. You will be aware that successive Welsh Governments have argued for the adjudicator to have far greater powers than those that were first proposed by the coalition Government. The coalition Government has now conceded some of those matters, and we are pleased that it has done so. In terms of the role that Christine will now play, I am looking forward to meeting her and discussing that in more detail. It is my concern that the groceries supply chain should operate in such a way as to enable every element of it to derive a fair profit for products or produce. That has not always been the case in the past. I hope that the groceries code, upon which the appointment will be made, will enable the wider food supply chain to operate in a more sustainable fashion.

[358] **William Powell:** Moving back to the other point that I raised regarding meat contamination issues, what specific measures are you prepared to consider in terms of assisting with the reassurance of consumers as to the safety of Welsh meat products? In particular, given the concern that has been raised in the Muslim community in this country regarding the scandal of pork contaminants being present in the beef products of at least one major supermarket, do you consider that it may be necessary, given the importance of that community in Wales and the wider UK, for the meat sector to undertake specific reassurance work in that slice of the population? It could possibly involve particular promotions in community languages and so on.

2.15 p.m.

[359] **Alun Davies:** We have to get the fundamentals right before starting to promote something. There is a debate taking place at the moment, which DEFRA is leading, on the nature of halal and what that means, particularly in terms of pork contamination. The contamination that was reported was at very low levels—trace levels—of under 1%. There needs to be a decision taken on whether such small levels of DNA presence within a product actually constitute a difficulty for different faith communities. Technology now enables us to locate and identify very small elements of any particular DNA within a product, which we would never have been able to identify 10 or 20 years ago. I think that there is a debate taking place at the moment about whether such trace elements constitute a difficulty for that community in this particular context. That debate and discussion is ongoing and is being led by DEFRA.

[360] There is a fundamental difference between that level of contamination and the wider adulteration issue that we have been addressing here. The issue of contamination is one on which we probably do need to have a discussion. In any facility that processes more than a single species there will, in all probability, be a level of cross contamination. I say ‘contamination’, meaning that there will be elements of DNA left after the processing of a particular species, before starting to process another species. As a consequence, we would

need to introduce single species lines and single species processing into all our meat processing facilities. We do not go anywhere near that at present. You can imagine what local butchers would say if you told them that they needed to separate all species entirely from each other and that they would need to use entirely separate facilities for each individual species. You are going a very long way down the road there, with consequences that are difficult to estimate at the moment. I am not completely convinced that that is where the public wants us to be.

[361] What members of the public want and require is confidence in the products that they buy. That means confidence that those products have not been deliberately adulterated in order to provide them with something that they do not understand that they are buying. That is a very different issue. I do not want to go into too much detail this afternoon because, clearly, what is going on in Aberystwyth and elsewhere is the subject of an inquiry and I would not want to comment on that issue in any way at all. You will have seen the statement that I made last Wednesday on Welsh beef and Welsh lamb. I believe that the issues that we have seen in the food chain over the last few weeks are individual issues; I do not think that it is a systemic difficulty within the supply chain. There is currently a more extensive and intensive testing programme taking place on different food products than we have seen at any time in our past, to which I believe the committee will return next week. Members will have an opportunity to cross-examine the Food Standards Authority on the nature of that testing regime. It demonstrates, more than anything else, that the food chain remains robust and safe.

[362] **William Powell:** I am grateful for that; thank you.

[363] **Vaughan Gething:** To go back to some of the points that you made about the groceries code adjudicator and how you get a fair price for each element of the food chain, I am thinking about the dairy industry because, during the last year, there has been plenty of conversation and effort put into getting the voluntary code, which was agreed at the Royal Welsh Show. I am interested in whether you have a view on how effective that code has been and your own consultation, because you made a statement about the possibility of regulating or legislating for a solution if one was not delivered on the ground. When do you expect to reach a conclusion about whether the code that has been agreed on a voluntary basis has been effective and do you believe that you should proceed with a form of regulation and the creation of producer organisations?

[364] **Alun Davies:** I announced the plan for milk at the Royal Welsh Show last year. The agreement between processers and producers on the voluntary code came at the end of August last year. Part of that agreement was to review it after a year. I am content to let that process run its course and to review it in the summer, so that we will then see how it has impacted upon producers' ability to gain a fair price for their product. So, we will allow that process to run. We are talking to both sides, as you can imagine, and we are listening to what both sides have to say. At the moment, I want to allow the voluntary code an opportunity to work and to review it as we agreed in the code last year.

[365] The inaugural meeting of the dairy task force that I established when I made an announcement to Plenary in September is taking place next week. We will be looking at how we can entrench, if you like, a way of working within the dairy sector in Wales that helps to promote dairy products in Wales and to create a more value-added supply chain within Wales. That will certainly be the focus of our discussions next week.

[366] In terms of the consultation on the EU milk package, to which you referred in terms of legislation, the consultation on that closed on 21 January. I am still considering my response to that consultation. I was very clear, Vaughan—and I want the committee to appreciate this—that I am willing to legislate where necessary, if that is wished or demanded by the industry. I have received no indication yet from the industry that that is what it wishes

us to do. You will have seen draft legislation, which we produced and published in the autumn last year. We are in a position to put that legislation to the National Assembly if we were minded to do so. At the moment, I have not been given any reason to do so. As I said, the dairy voluntary code has been running for the best part of six or seven months now. It has a review period built into it, and I would like to see what that review of the code concludes. I would also like to listen to what the dairy task force has to say before I make any further commitment on that.

[367] **Vaughan Gething:** It is interesting that you are saying that there have been no lobbies to do something sooner than a year; so, can I take it that you will expect to update Members at the start of the autumn, at the end of that review period, as to what you are being told by different sides of the industry and what the Government's response is at that point? Is that a fair time to you?

[368] **Alun Davies:** I think that that would be fair. I think that that would be very useful, Vaughan. I would like us to have milestones where we have the opportunity to review where we are and where we are going. The dairy sector is a very valuable sector to Welsh agriculture and to the Welsh food industry. I want us to review two things: first, how we increase the value accrued to that sector within Wales—how we can increase the value added from that sector within Wales; and, secondly, how we prepare for the end of quotas in 2015. At the moment, we are not producing to quota level, but we know that there are other producers elsewhere who are increasing their capacity so that, when they are removed from a quota regime, they will also be able to increase production. It is a question of what the impact of that will be in Wales. We understand that there is some reticence within the industry to move down the route of producer organisations. I think that producer organisations will become necessary in the future for the dairy sector, and I think that that is one of the ways in which we can drive growth and efficiency within the dairy sector. It will also increase the power, if you like, of the dairy farmer within contract negotiations. I would certainly like to see a focus on producer organisations in the coming year; but, at the moment, I feel that we have moved forward a great distance in the last year or so, certainly in the last eight or nine months. I want to keep reviewing progress as we go forward over the next year or 18 months to the end of quotas.

[369] **Vaughan Gething:** If I may, can I move on to CAP?

[370] **Lord Elis-Thomas:** Yes, please; thank you. We must have extrasensory perception, as I was just trying to get there myself.

[371] **Vaughan Gething:** Obviously, we are aware, from your letter and from the publicity about the impact of the deal reached at the Council by the heads of state on the multi-annual financial framework and the potential budget for CAP. We also know that co-decision means that the process is not finished yet. We have had discussions with our representatives in the European Parliament, and it is interesting to hear the difference between the views of the Committee on Agriculture and Rural Development and the Committee on Environment, Public Health and Food Safety at that Parliament, and about how the agriculture committee is more farmer-friendly, so I would expect to see a change within the Parliament.

[372] I am interested in particular in your view on the future of greening and where we are. It appears that there is an acceptance that greening of some kind will take place in pillar 1, but there is still an open debate about the extent to which there will be equivalence in schemes and how far there will be a common element about what needs to be done in pillar 1 and the additional work required to gain funding under pillar 2. Also, there is a concern that some states may wish to write pillar 2 schemes in such a way that they are effectively no different to the greening requirements of pillar 1. I am interested in the Welsh Government's view on whether that is acceptable. I am pretty sure what your answer will be, but I would like to hear

it. I am also interested in your assessment of your relationships in Brussels and with other regions across Europe. Do other regions have the same concerns that we have that agri-environment schemes of real value should not be undermined by having a level of greening in pillars 1 and 2 that means that there is no extra benefit to be gained from requiring extra environmental gain from what is, after all, a fairly significant amount of public funding?

[373] **Alun Davies:** I agree with the analysis. In terms of where we are, we do not believe that there should be double funding in the sense of being funded once through pillar 1 to deliver an element of greening, and then again through pillar 2 to deliver exactly the same elements of greening. We do not believe that that is the best course of action. You are right that there are some member states that have ambivalence about such things. For us, we believe that pillar 2 agri-environment schemes should deliver the equivalent of greening in pillar 2, but should do it in a way that delivers far more as well. The debate that is taking place over greening in pillar 1 has changed substantially over the last two years. In many ways, the debate over greening in pillar 1 was one that sought to justify the direct payment to farmers on the basis of the delivery of ‘public goods’, and those public goods were then further described in terms of food and environmental issues.

[374] In terms of the greening element of the pillar 1 payment, there are changes taking place at the moment about these matters, debated last week and next week. As to what constitutes greening, in Wales of course, the 75% permanent pasture element means that many if not most Welsh farmers will be counted as ‘green’ simply by the nature of the geography of those farming businesses. They will be through the gate on greening anyway. I sympathise with the Commission’s position on this. It is seeking to have a greening element that it can deliver, from the arctic circle through to the Mediterranean basin, but going through all those different climatic regions is an extremely difficult thing to do. I think that the Commission is probably being a little bit too inflexible in trying to deliver that, and an element of greater flexibility to reflect the different farming systems and geographies of Europe might have made the process of reaching agreement somewhat easier than it has been.

[375] In terms of the principle of equivalence, I think I spoke to this committee about this at the Royal Welsh Show. I described the Commission’s paper last May on equivalence, which really opened the door to a much better debate about what greening actually is, and what we are seeking to achieve through it. I believe that any pillar 2 agri-environment scheme should be of a similar standard to Glastir, which delivers high-quality standards of greening on a whole-farm approach, which certainly compensates the farmer or landowner in terms of income forgone and costs incurred. That means that we are not creating a profit element, but compensating the farmer or landowner for the work that is being done in terms of delivering quite fundamental levels of greening in the business. That goes far beyond the demands that are being made under pillar 1. I therefore see pillar 2 as providing the funding under the very basic standards demanded by pillar 1, and then the demands of an agri-environment scheme like Glastir, which is delivered under pillar 2. However, I absolutely agree with you and your analysis that very weak agri-environment schemes undermine the integrity of that vision and the integrity of that model.

2.30 p.m.

[376] **Vaughan Gething:** I recognise what you say about the different reasons across the whole of Europe. We had quite different reasons within the UK, let alone on the continent. I am interested in your view. One of the issues raised in a previous session was where I had assumed that even if every farm was subject to greening under pillar 1, then they would have to undertake greening, particularly as no farmer would want to lose the greening element if it was around 30%, for example. However, a view was expressed by some witnesses that larger horticulturists may decide to forgo greening and forgo that element of pillar 1. I am interested to know whether that has been expressed to you, and what your views are. If that were to

happen and if large horticultural organisations, landowners and producers were to opt out of greening in pillar 1, would that undermine, effectively, the purpose, which is to require all forms of agriculture that receive significant amounts of public money to have a different way of producing agricultural produce to ensure that there is an environmental dividend—a public-good outcome—that goes beyond the simple production of food?

[377] **Alun Davies:** It is a fascinating question; we could be here for some time. In terms of where we are at the moment, of course, the greening element of pillar 1 is an element of buying public goods for a public subsidy. Not all businesses, of course, would wish to avail themselves of that subsidy because of the strings attached with it. I speak to a number of people, and a lot of younger farmers express to me their wish to operate a profitable business without the need for public subsidy and without the need to fulfil all of the cross-compliance issues that are required when you do accept a subsidy payment. Not only in horticulture, but in a number of different sectors, there is perhaps a growing feeling, or certainly a sense, in the United Kingdom that we do not want to be reliant on the public purse year-on-year to run our businesses. I think that we need a more mature relationship.

[378] My feeling, Vaughan, is that in the next few decades you will see pillar 1 direct payments eroded significantly in terms of their proportion of the income of individual farm businesses and their importance to individual farm businesses. You have seen the proportion of EU expenditure under the common agricultural policy fall considerably over the last decade and a half, say, from over two thirds of the EU budget to just over a third, where it is today. I think that that process will continue. So, in the future, we will need to have a more mature debate about the forms of agriculture that we are either willing to support through direct public subvention, or about the forms of agriculture that we would like to see as a primary industry in our country. The direct payment is a single tool to promote change in practices, but other tools are also available. Many farms will need to comply with a significant number of environmental regulations, which are totally divorced from the cross-compliance regime established by the CAP pillar 1 direct payment. So, it might well be that, in the future, we need to have a different debate around the nature of agriculture, which is not simply based on attaching strings to a direct subsidy payment, but which is about creating a legal framework and a regulatory framework for agriculture that will exist with or without a subsidy payment.

[379] **Russell George:** I want to go back to the cross-contamination issues. I thank the Minister for his statement on Tuesday, which was very detailed and comprehensive. I think that all members of this committee would agree that Welsh lamb and beef is among the very best in the world. I hope that the Deputy Minister can expand on how he intends to promote that message. I am still trying to understand when the FSA started to risk-assess and undertake investigatory work. I know that we have the opportunity to ask the FSA this question next week. However, I sent the Deputy Minister a note about this. Have you had an opportunity to read that note?

[380] **Alun Davies:** I have read your note. I am grateful, Russell, for what you say, and I would be even more grateful if you could pass on your views to your colleague, Antoinette Sandbach, who issued a press release stating exactly the opposite. [*Laughter.*] She is currently unavailable and has not been here this week.

[381] I understand the points that you make—

[382] **Lord Elis-Thomas:** I have to say that Antoinette Sandbach, Assembly Member, has apologised for her absence this week. She is in Dwyfor Meirionnydd, which is a fine place to be. [*Laughter.*]

[383] **Alun Davies:** It is a wonderful place to be and a wonderful place from which to issue

press releases.

[384] **Lord Elis-Thomas:** I am surprised that there is telephone signal in Nant Gwrtheyrn, which is where she is.

[385] **Alun Davies:** I am sure that Russell could pass a message on to her.

[386] **Russell George:** I will, indeed.

[387] **Alun Davies:** I would suggest to you, Russell, that you avail yourself of the opportunity to speak to the FSA next week and to ask it those detailed questions. Our different administrations and processes have worked well together and with the FSA over the last few weeks. Owen Paterson has made himself available on every occasion when we have needed to speak to him. Last Tuesday, when the situation in Llandre became clear, I spoke to Owen Paterson straight away to discuss how we would respond and react to this situation. We have been in very close contact since then; we have had teleconferences every second day throughout last week, discussing how we would respond to a changing situation. The FSA has been providing us with regular detailed updates and we are grateful to it for that.

[388] Richard Lochhead, the Cabinet Secretary for Rural Affairs and Environment in Scotland, and I joined DEFRA on Monday for a meeting with the meat industry to discuss these matters in Noble House in London. We had a very good meeting. You will find that the three administrations represented there approached the issue in a similar way to ensure not only public confidence in the food chain, but that there was something in the food chain in which to have confidence. This is not simply about a public relations exercise, but about ensuring that the food chain is safe. We do not think that there are issues of human health or threats to human safety in this matter. It is a matter of potential criminality for economic gain. That is different from issues surrounding human health. It is important that the media, in reporting these matters, do so clearly and effectively.

[389] **Russell George:** There is a story today about horsemeat being found in a burger manufacturing company in Builth Wells. You made a statement on Tuesday, in which you stated your full confidence in the food chain and that you did not think that a cascade of issues would emerge as a result of further tests being undertaken. I do not know if you have had an opportunity to see the news today, but do you stand by your statement on Tuesday?

[390] **Alun Davies:** The Builth Wells company that you refer to is a client of Farmbox Meats Ltd, and, as a consequence, this company, like all clients and customers of Farmbox Meats, has been contacted and meat has been seized and tested. That process is ongoing. I have been in daily contact with the FSA over this period and I have received regular updates from the agency on its investigations. The FSA has been following up the entire customer base of Farmbox Meats in order to test all the meat that was supplied to those customers at that time. That is part of the process. It would not be proper for me to comment further on that matter.

[391] **Lord Elis-Thomas:** I am grateful to my colleagues. I would just draw the committee's attention to the fact that we have this morning received a very full paper from the Food Standards Agency, which you may have had a chance to look at. It sets out its UK-wide responsibilities and its devolved responsibilities, including its particular relationship with the Parliament and Assemblies in the devolved nations and the relevant Governments. We look forward very much to our discussion with the FSA on Wednesday.

[392] Llyr, wyt ti eisiau gofyn rhywbeth Llyr, did you have a question on this? am hyn?

- [393] **Llyr Huws Gruffydd:** Nid ar hyn yn benodol. Mae gennyf gwestiwn am gig coch. **Llyr Huws Gruffydd:** Not specifically on this. I have a question on red meat.
- [394] **Yr Arglwydd Elis-Thomas:** Iawn. **Lord Elis-Thomas:** Fine.
- [395] **Llyr Huws Gruffydd:** Diolch. **Llyr Huws Gruffydd:** Thank you.
- [396] Rwyf am newid cywair ychydig bach a gofyn a oes gennych ddiweddariad neu a oes datblygiadau pellach o ran Welsh Country Foods a'r sefyllfa yng Ngaerwen. I want to change tack slightly and ask whether you have an update on or whether there have been any further developments in terms of Welsh Country Foods and the situation in Gaerwen.
- [397] **Alun Davies:** Nac oes. **Alun Davies:** No.
- [398] **Llyr Huws Gruffydd:** Iawn. Diolch. Gwnawn ni obeithio am y gorau, felly, ar y ffrynt hwnnw. Mae wedi ein hatgoffa ni, fel yr ydych chi wedi ei gydnabod yn eich sylwadau diweddar, am sefyllfa'r ardoll. Mae'r busnes wedi symud i Llanbydder, felly nid yw ergyd i'r ardoll mor ddrwg ag y gallasai fod. Dywedasoeh yn ddiweddar eich bod yn awyddus i edrych ar newid y dull y cesglir yr ardoll. Efallai ei bod yn rhy gynnar i ofyn sut y mae hynny'n datblygu, ond beth yw eich bwriad o ran symud yr agenda honno yn ei blaen? **Llyr Huws Gruffydd:** Okay. Thank you. We will hope for the best, then, on that front. That reminds us, as you have acknowledged in recent remarks, of the situation with the levy. The business has moved to Llanbydder, so the impact on the levy is not as bad as it could have been. You said recently that you are keen to look at changing the way in which the levy is collected. It is perhaps too early to ask how that is developing, but what is your intention as regards moving that agenda forward?
- [399] **Alun Davies:** Rydym yn dal i weithio gyda Vion i sicrhau dyfodol i'r ffatri yng Ngaerwen yn sir Fôn. Rydym yn mawr obeithio y bydd yn bosibl sicrhau prynwr i sicrhau dyfodol y ffatri a'r swyddi yno, ynghyd â'r capasiti yno—mae hynny'n hynod bwysig—ar gyfer y diwydiant cig coch yn y gogledd. Mi fyddwn yn parhau i weithio ar hynny gyda Vion a chydag unrhyw brynwyr newydd a fydd am redeg y safle. Gallaf gadarnhau felly fod y gwaith hwnnw'n parhau yn y Llywodraeth. **Alun Davies:** We are still working with Vion to secure a future for the factory in Gaerwen on Anglesey. We very much hope that it will be possible to secure a buyer in order to safeguard the future of the factory and the jobs there, along with the capacity there—that is exceptionally important—for the red meat industry in north Wales. We will continue to work on that with Vion and with any new buyers that may wish to take the plant on. I can therefore confirm that the work is ongoing within the Government.
- [400] O ran y *levy*, dywedaf hyn: mae materion amlwg ynghylch y *levy* cig coch a'r *levy* ar wahanol gynhyrchion. Rwyf wedi ysgrifennu at DEFRA, ac rwy'n gwybod i'r Gweinidog yn yr Alban wneud hynny hefyd. Ysgrifennais at Owen Paterson y mis diwethaf yn dweud fy mod am symud ymlaen yn ffurfiol gyda thrafodaethau i newid sut yr ydym yn gweithredu ac yn dosbarthu'r *levy*. Rydym yn colli oddeutu £1 miliwn y flwyddyn fel canlyniad y system bresennol ar gyfer cig coch, ac nid wyf yn credu bod hynny'n dderbyniol. Mae'r Agriculture and **Llyr Huws Gruffydd:** As regards the levy, I will say this: there are clear issues with regard to the red meat levy and the levy on various products. I have written to DEFRA, and I know that the Minister in Scotland has also done so. I wrote to Owen Paterson last month stating that I wish to proceed formally with the negotiations to change how we operate and distribute the levy. We are losing around £1 million per annum as result of the current system for red meat, and I do not think that that is acceptable. The Agriculture and Horticulture Development Board, which

Horticulture Development Board, sy'n derbyn y *levy*, yn honni ei fod yn darparu gwasanaethau i Gymru sy'n adlewyrchu gwerth y £1 miliwn hynny. Nid wyf wedi gweld hynny, ac nid yw'n ddadl yr wyf yn ei derbyn. Felly, byddaf i, a Llywodraeth yr Alban, yn gofyn i DEFRA newid y system fel y mae heddiw—system y dosbarthu yn fwy na'r system o godi'r *levy*, dylwn ei ddweud.

[401] Hefyd, Llyr, rwyf am edrych ar werth i'n harian o ran pob un *levy*. Er bod yr AHDB yn beth eithaf newydd, nid wyf ar hyn o bryd yn *convinced* bod y strwythur sydd gennym yn gweithredu orau er lles Cymru, ac mi fyddaf yn edrych eto ar werth i'n harian pob un *levy* sy'n daladwy gan rannau gwahanol y diwydiant amaethyddol.

[402] **Llyr Huws Gruffydd:** Diolch am yr ateb hwnnw; credaf ei fod yn rhywbeth y mae mawr angen ei wneud.

[403] A allwch ymhelaethu ynghylch unrhyw gamau yr ydych yn eu cymryd i gefnogi ffermwyr mynydd, o ystyried prisiau ŵyn fel y maent ar hyn o bryd?

2.45 p.m.

[404] **Alun Davies:** Mae'r prisiau wedi codi, wrth gwrs, yn yr wythnosau diwethaf. Mae'n bwysig cofio bod y sefyllfa wedi newid rywfaint ers y ddadl fer a gawsom bythefnos neu dair wythnos yn ôl gan Kirsty Williams. Pe bawn wedi derbyn cyngor Kirsty ar y pryd, efallai y byddwn wedi gwastraffu llawer iawn o arian cyhoeddus. Mae'n anodd iawn gwneud penderfyniadau polisi yn seiliedig ar brisiau un mis, neu'r mis wedyn, neu'r mis ar ôl hynny.

[405] Pan yr ydych yn edrych ar incwm ffermwyr ac incwm ffermwyr ŵyn yng Nghymru dros yr wyth mlynedd diwethaf, mae'r elw wedi cynyddu rhywbeth fel 75%. Mae cyflogau pobl Cymru wedi cynyddu rhywbeth fel 23%. Felly, mae'n bwysig cofio fod incwm ffermydd wedi cynyddu yn aruthrol dros y blynyddoedd diwethaf. Rydych yn gywir i dweud bod prisiau ŵyn wedi cwmpo yn ystod y flwyddyn ddiwethaf, ond maent wedi cwmpo o'r lefel uchaf y buont erioed. Nid yw'r prisiau wedi colapsio yn y ffyrdd mae rhai pobl wedi ei

receives the levy, claims that it provides services to Wales that reflect the value of that £1 million. I am not convinced of that, and it is not an argument that I accept. Therefore, I, along with the Scottish Government, will be asking DEFRA to amend the system as it currently exists—the distribution system more than the system of raising the levy, I should say.

Also, Llyr, I want to look at our value for money for each of the levies. Although the AHDB is relatively new, I am not convinced at present that the structure that we have operates in the best interests of Wales, and I will be looking again at our value for money in each of the levies payable by the various sectors of the agriculture industry.

Llyr Huws Gruffydd: Thank you for that response; I think that is something that is very much needs to be done.

Could you say more about any actions that you are taking to support upland farmers, given the current prices for lamb?

Alun Davies: The prices have risen, of course, in recent weeks. It is important to bear in mind that the situation has changed somewhat since the short debate we had a fortnight to three weeks ago by Kirsty Williams. If I had taken Kirsty's advice at the time, I might have wasted a great deal of public money. It is very difficult to make policy decisions based on prices in one month or the next month or the month after that.

When you look at the income of farmers and sheep farmers in Wales over the past eight years, profit has risen by something like 75%. The salaries of Welsh people have increased by something like 23%. It is therefore important to remember that farm incomes have increase significantly over the past few years. You are right to say that the price of lambs has fallen in the past year, but they have fallen from their highest ever level. The prices have not collapsed in the way in which some people have described. They have returned to where they were a year or two

ddisgrifio. Maent wedi dychwelyd i lle yr oeddynt tua blwyddyn neu ddwy yn ôl. Pan yr ydych yn edrych ar sut mae prisiau wŷn wedi codi dros y blynyddoedd diwethaf, maent yn dal yn bell iawn y tu hwnt i lle roeddynt. Mae pobl yn dweud bod y costau *input* wedi cynyddu hefyd. Rwyf yn cydnabod hynny, ac mae hynny'n wir am bob rhan o'r economi—mae'n wir am bob ffatri a phob siop yng Nghymru—ond mae incwm ffermydd yn cael ei ddiogelu gan y polisi amaethyddol cyffredin ac arian cyhoeddus. Mae'r Llywodraeth hon wedi bod yn hollol gadarn ein bod eisiau gweld incwm o'r polisi amaethyddol cyffredin yn parhau i fod fel ag y mae heddiw. Rydym wedi bod yn glir ynghylch hynny.

[406] Rwyf yn derbyn yr hyn sy'n cael ei ddweud ar hyn o bryd gan rai pobl, ond nid wyf yn derbyn bod hwn yn fater o *collapse* hanesyddol neu greisis hanesyddol. Nid yw hynny yn adlewyrchu'r sefyllfa a'r cyd-destun.

[407] **Llyr Huws Gruffydd:** Nid yw'r rheini yn sicr—'creisis' a '*collapse*'—yn eiriau rwyf wedi eu defnyddio wrth ddisgrifio'r sefyllfa bresennol. Fodd bynnag, y realiti yw, fel yr ydych wedi ei ddweud, bod incwm wedi mynd lan ond mae costau wedi mynd lan hefyd. Felly, mae perygl i ni greu darlun sy'n awgrymu bod bywydau ffermwyr yn well yn awr nag y buont erioed, nad yw, fel rydych yn gwybod, yn wir o reidrwydd.

[408] **Alun Davies:** Nid yw o reidrwydd yn anghywir chwaith, Llyr. Mae'n rhaid i chi edrych ar y ffeithiau. Pan yr ydych yn edrych ar y ffeithiau ac ar y ffigurau incwm, mae pawb yn derbyn eich bod yn gweld darlun gwahanol iawn. Mae'n bwysig ein bod yn cael y trafodaethau hyn. Rwyf wedi dweud sawl gwaith—ac fe'i dywedais eto yn y Siambr y mis diwethaf—fy mod yn ymgynghori ar hyn o bryd ar y math o gymorth y bydd y PAC yn ei gynnig i ffermwyr dros y saith mlynedd nesaf. Nid wyf wedi gwneud unrhyw benderfyniad yn barod, ond bydd y penderfyniadau y byddaf yn eu gwneud yn seiliedig ar ffeithiau. Rwyf eisiau cynnal y drafodaeth hon ar sail ffeithiau cadarn.

ago. When you look at how the price of lambs has risen in the past few years, they are still way beyond what they were. People say that input costs have also increased. I acknowledge that, and that is true of every part of the economy—it is true of every factory and shop in Wales—but farm incomes are protected by the common agricultural policy and public money. This Government has been robust in saying that we want to see income from the common agricultural policy remain as it is at present. We have been clear about that.

I accept what has been said by some people, but I do not accept that it is a matter of a historic collapse or a historic crisis. That does not reflect the situation and the context.

Llyr Huws Gruffydd: I have certainly not used the words 'crisis' and 'collapse' to describe the current situation. However, the reality, as you said, is that income has gone up but costs have also gone up. There is therefore a danger that we are painting a picture that suggests that the lives of farmers are better than they have ever been, which, as you know, is not necessarily true.

Alun Davies: However, it is not necessarily incorrect either, Llyr. You have to look at the facts. When you look at the facts and the income figures, everyone accepts that you see a very different picture. It is important that we have these discussions. I have said many times—and I said it again in the Chamber last month—that I am consulting at present on the type of support that the CAP will provide to farmers over the next seven years. I have not made any decisions to date, but the decisions that I will be making will be based on the facts. I want to have this debate on the basis of solid evidence.

[409] **Yr Arglwydd Elis-Thomas:** Nid wyf am barhau â'r ddadl hon, ond mi allwn fynd i sôn lot am ffigurau incwm amaethwyr a gyhoeddwyd gan Brifysgol Aberystwyth, a mi allwn sôn am gostau mewnbwn a chostau eraill. Rwyf eisiau mynd adref heno, felly nid wyf am fynd i ganol pwnc ffermwyr defaid.

Lord Elis-Thomas: I do not want to continue this debate, but I could go on about the income figures of farmers published by Aberystwyth University, and I could talk about input costs and other costs. However, I want to get home tonight, so I am not going to get into the subject of sheep farmers.

[410] **Keith Davies:** Dros y pythefnos nesaf, bydd siroedd Cymru yn dod i benderfyniad ar lle maent yn mynd i dorri gwasanaethau. Un o'r meysydd hynny mewn sir fel sir Gâr yw'r stadau fferm maent yn berchen arnynt, a bydd dadlau pa un a ydynt yn mynd i'w gwerthu ai peidio. A ydych wedi cael unrhyw drafodaethau gyda'r siroedd am eu bwriad?

Keith Davies: Over the next fortnight, Welsh county councils will come to a decision on where they will cut services. One of those areas in a county such as Carmarthenshire is the farm estates that they own, and there will be debate as to whether or not to sell them. Have you had any discussion with the county councils about their intention?

[411] **Alun Davies:** Nid yn ddiweddar. Rydym yn cyhoeddi darlun ac adroddiad blynyddol ar ffermydd llywodraeth leol. Byddwn yn gwneud hynny yn ystod y misoedd nesaf ar gyfer y flwyddyn hon. Rwyf yn gwrandao ar yr hyn mae pobl yn ei ddweud ynghylch maint ac *area* ffermydd llywodraeth leol yn lleihau flwyddyn ar ôl blwyddyn. Nid yw hynny yn cael ei adlewyrchu yn y ffeithiau eto. Rhaid i ni edrych ar ffermydd o dan reolaeth gyhoeddus a'u defnyddio fel cyfle i ddod â phobl newydd mewn i'r diwydiant. Dyna'r hoffwn ei weld. Fodd bynnag, yn amlwg, mae penderfyniadau ar gyllidebau llywodraeth leol yn fater i lywodraeth leol, nid i fi.

Alun Davies: Not recently. We published a picture and annual report on local government farms. We will do that in the next months for this year. I do listen to what people are saying about the size and area of local government farms decreasing year on year. That is not borne out by the facts as yet. We have to look at farms in public ownership and use them as an opportunity to bring new people into the industry. That is what I would want to see. However, clearly, decisions on local authority budgets are a matter for local authorities, not for me.

[412] **Yr Arglwydd Elis-Thomas:** Nid oes cwestiynau pellach. Weinidog, diolch am ymddangos o flaen y pwyllgor eto, ac mae ymddangosiad arall i ddod yr wythnos nesaf. Rydym yn gwerthfawrogi'r ymwneud cyson o fewn y pwyllgor, yn y Siambr ac ar achlysuron eraill gyda'r diwydiant. Gobeithio ein bod, fel pwyllgor, yn cyflawni'r addewid a wnaethom ar ddechrau'n gwaith, sef na fyddai amaethyddiaeth yn cael llai o sylw nag yr oedd yn cael yn y dyddiau roedd Alun yn gadeirydd yr Is-bwyllgor Datblygu Gwledig. Diolch i'r Gweinidog ac i'w swyddogion.

Lord Elis-Thomas: There are no further questions. Minister, thank you for yet another appearance before the committee, and there is another to come next week. We appreciate the regular interaction within the committee, in the Chamber and at other events with the industry. I hope that we, as a committee, are sticking to the pledge we made at the start of our work, which was that agriculture should get no less coverage than it got in the days when Alun was chair of the Rural Development Sub-Committee. I thank the Minister and his officials.

*Daeth y cyfarfod i ben am 2.51 p.m.
The meeting ended at 2.51 p.m.*