



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

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

Dydd Mercher, 18 Ionawr 2012
Wednesday, 18 January 2012

Cynnwys **Contents**

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

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

Ymchwiliad i'r Achos Busnes dros Un Corff Amgylcheddol: Tystiolaeth gan Sefydliadau
Ffermio a Chefn Gwlad
Inquiry into the Business Case for the Single Environmental Body: Evidence from Farming
and Countryside Organisations

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

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

Mick Antoni	Llafur Labour
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Rebecca Evans	Llafur Labour
Russell George	Ceidwadwyr Cymreig Welsh Conservatives
Vaughan Gething	Llafur Labour
Llyr Huws Gruffydd	Plaid Cymru The Party of Wales
Julie James	Llafur Labour
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
David Rees	Llafur Labour
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives

Eraill yn bresennol**Others in attendance**

Dafydd Jarrett	Cyngorydd Polisi Ffermydd NFU Cymru Farm Policy Adviser, NFU Cymru
Bernard Llewellyn	Cadeirydd Bwrdd Materion Gwledig NFU Cymru Chair, NFU Cymru Rural Affairs Board
Rhian A. Nowell-Phillips	Dirprwy Gyfarwyddwr Polisi Amaethyddol, Undeb Amaethwyr Cymru Deputy Director Agricultural Policy, Farmers' Union of Wales
Ben Underwood	Cyfarwyddwr Cymru, Cymdeithas Tir a Busnesau Cefn Gwlad Director Wales, Country Land and Business Association

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

Alun Davidson	Clerc Clerk
Catherine Hunt	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 10.17 a.m.

The meeting began at 10.17 a.m.

**Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions**

[1] **Lord Elis-Thomas:** I will open proceedings in the other official language of Wales, so you can apply your very expensive Bosch interpretation equipment.

10.18 a.m.

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

[2] **Yr Arglwydd Elis-Thomas:** Yr ydym yn agor y cyfarfod yn gyhoeddus, ond gofynnaf am gynnig gan yr Aelodau i ni gael cyfarfod preifat, heb aelodau o'r cyhoedd, gan ein bod yn ymwneud â busnes penodol, o dan Reol Sefydlog Rhif. 17.42, sy'n caniatáu inni eithrio'r cyhoedd o'r cyfarfod.

Lord Elis-Thomas: We open the meeting in public, but I ask for a proposal from the Members to move into private session and exclude members of the public, as we are discussing specific business, under Standing Order No. 17.42, which allows us to exempt the public from the meeting.

[3] **Llyr Huws Gruffydd:** Cynigiau fod y pwyllgor yn penderfynu gwahardd y cyhoedd ar gyfer yr eitem nesaf, yn unol â Rheol Sefydlog Rhif 17.42(vi).

Llyr Huws Gruffydd: I move that the committee resolves to exclude the public for the next item, in accordance with Standing Order No. 17.42(vi).

[4] **Yr Arglwydd Elis-Thomas:** Gwelaf fod y pwyllgor yn gyfûn.

Lord Elis-Thomas: I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10.18 a.m.
The public part of the meeting ended at 10.18 a.m.*

*Ailymgynullodd y pwyllgor yn gyhoeddus am 11.08 a.m.
The committee reconvened in public at 11.08 a.m.*

**Ymchwiliad i'r Achos Busnes dros Un Corff Amgylcheddol: Tystiolaeth gan
Sefydliadau Ffermio a Chefn Gwlad**
**Inquiry into the Business Case for the Single Environmental Body: Evidence
from Farming and Countryside Organisations**

[5] **Yr Arglwydd Elis-Thomas:** Croeso i chi gyd. Credaf ein bod yn eich adnabod i gyd o gyfarfod blaenorol o'r pwyllgor hwn neu o'r grŵp gorchwyl a gorffen, sydd wedi bod yn edrych ar y polisi amaethyddol cyffredin tan yn ddiweddar, ac a fydd, yn sicr, yn edrych ar hynny eto.

Lord Elis-Thomas: A warm welcome to you all. I think that we all know who you are from a previous meeting of this committee or from the task and finish group, which has been looking at the common agricultural policy until recently, and will certainly be looking at it again.

[6] Yr ydym yn ddiolchgar iawn i chi am eich parodrwydd i ddod atom. Byddwn yn edrych ar fwrriad Llywodraeth Cymru i greu un corff amgylcheddol, o safbwynt yr achos busnes, sy'n cynnwys, o'n safbwynt ni, effeithiau ymarferol cyfuno, a hefyd pa fath o fwrriad polisi sydd y tu ôl iddo o safbwynt sut y bydd y busnes yn cael ei weithredu.

We are very grateful to you for your willingness to come before us. We will be looking at the Welsh Government's intention to create a single environmental body, in terms of the business case, which includes, from our perspective, the practical effects of the merger, and also the policy intention behind this with regard to how the business will be implemented.

[7] Dechreuaf gyda'r cwestiwn amlwg. I will begin with the obvious question.

[8] Bernard, do you want to answer the first question, and then we can share the other questions between the rest of you? What is wrong with the present situation? Why does it require change, in your view?

[9] **Mr Llewellyn:** We are not sure that there is anything wrong, except for a few basic things. The idea of looking at what is going on is acceptable to us. The business case presented talks about sustainable land use—I am never quite sure what that means—but the production of food is low in the priorities, as we see it. That is a concern. It is largely based on ecosystem services, although that is important, because from our point of view the key challenge facing Wales is to increase the production of food while minimising environmental and climate change footprint. I find it interesting, and I made the point to the Minister in the last meeting that we had, that the DEFRA paper that looks at ecosystem services talks about the payment for ecoservice systems. That is something that does not seem to be terribly high as far as the business case is concerned.

[10] The other thing that is of concern is that, partly because of the way in which this group has been formulated—it was a fairly ad hoc group initially, and we have expressed that—it will heavily influence the support and the direction of travel that Welsh agriculture will be asked to take. So, we are aware of how important this new body will be. As a consequence, the make-up of the body is of concern to us. The make-up of the body is crucial to its success. As it will be a huge regulatory body, to a certain extent, we have concerns about who will be on the board itself. It is important that land managers and farmers have a significant voice on the board.

[11] The fact that the single environment body will, at this stage, be under the portfolio responsibility and remit of John Griffiths, the Minister for Environment and Sustainable Development, is a problem for us, because we seem to be accountable to several departments within Government at this level.

[12] **Lord Elis-Thomas:** Join the club; we have at least four Ministers accountable to this committee.

[13] **Mr Llewellyn:** That concerns us. In my experience, there is not always that much communication between these departments, so we want to ensure that we do not start off in the same sort of vein. We want a good relationship. Farmers are responsible for 80% of the land area in Wales, and there are three of us who are represented on A Living Wales—the group that is giving evidence to John Griffiths and looking at the whole thing. So, there is an imbalance there to start, but we try to fight above our weight as best we can.

[14] The other thing is that the paper talks about streamlining regulation, but I find it difficult to see where it will streamline the regulation. This one point of contact element is a great plus for us, but in reality we have to deal with lots of other people besides the Welsh Government—we deal with the national parks and so on. There is no real reference to how all of that will fit in. So, those are our major concerns.

[15] At the moment, the Welsh Government and the Environment Agency offer advice, but also act as regulators. We see this as a weakness, because in reality, within agriculture, with the farm liaison group that we have, we have seen that it can work, but there needs to be a demarcation between those two different jobs. You cannot be there to advise someone one day and rap them over the knuckles the next.

11.15 a.m.

[16] On staff opportunities, it is obviously important that people go into this in a positive way. I know that, particularly with the Forestry Commission, there are many concerns about how all this will come together. Better delivery was the other thing that was talked about. I am certainly by no means an expert. I tried with the business case, but, quite frankly, as a businessman, I am used to making decisions based on one, possibly two, variables, but at the end of the day I like to make money at the end of the whole thing. In reality, it is very difficult for me to comment on the economics of the business case.

[17] **Lord Elis-Thomas:** So, you did not think much of the business case. I think that I had better hand over to Rhian now, otherwise I will be accused of supporting the NFU. [*Laughter.*] That would not be right because, clearly, I am totally impartial as always.

[18] **Ms Nowell-Phillips:** As ever, Bernard manages to cover most things. [*Laughter.*] With regard to the question of what is wrong with the present situation, we have no problem with the review. Times change and there are always opportunities to look at what is being done well and whether things can be more focused. I would tend to agree with Bernard about what is ultimately driving this. Is it the cost saving or is it actually to produce something that is going to deliver for Wales? I trawled through the business case yesterday and found it quite difficult. There was a great deal of repetition and lots of very high level outcomes. The first thing that struck me coming from a practitioner point of view is that there is no customer focus in the business case. Obviously, I am here representing landowners, and to them it will mean the front-line staff—the guys they deal with daily—and the advice they can offer to mitigate the need for increased regulation.

[19] Work is being done now, and we hope that the red tape work will be inherent in whatever organisational structure comes out at the end of this process. If it goes ahead, it is extremely important that the good practice and positive steps that have been taken to work with stakeholders and farmers to mitigate this before it becomes an issue are taken into the new body. Partnership working should be inherent.

[20] **Mr Underwood:** Obviously, many of the issues have now been covered, but the first point I would like to make is about the lack of transparency and engagement with regard to the process of delivering this business plan. I spoke at a conference last October and, frankly, it was organised for us to debate the pros and cons of these proposals, but the Minister stood up to make his speech and made it quite clear that he had already made his decision. My personal view is that there is a great deal of optimism bias in the sense of who put forward the weighting figures with regard to risks and opportunities. Therefore, today, I hope that we can begin to scrutinise some of the pieces I have here that look at some of the figures and some of the pros and cons. In an overarching way, I agree with Rhian in the sense that the CLA is a forward-thinking organisation that wants to embrace the opportunities this can deliver. There is no doubt that, weekly, I hear of issues where the three environmental bodies are not streamlined in their reactions and processes are delayed. I think that we are all familiar with those issues.

[21] The Forestry Commission issue was also mentioned earlier. I am not against the Forestry Commission coming into this new environmental body, because, quite frankly, when I ask how well the Forestry Commission is performing, there is a great deal of disgruntlement. So, we need to look towards a positive solution, but we must remind ourselves that it manages 6% of Wales, so there is clearly a commercial angle there. The other point that I really want you all to take away is that the Forestry Commission's activities fundamentally underpin the forestry industry in Wales for all of these smaller landowners I represent with their smaller forestry enterprises. That is a key issue.

[22] The other thing I want to say relates to the assessment criteria and the weighting. There is no doubt in my mind that the starting point to this must be that a quality environment

is underpinned by a vibrant rural economy. I strongly believe that without vibrant rural businesses, there is a degrading environment. Therefore, I want to highlight the weighting for outcomes, at 35% for the environment, and 25% for business and the economy. Collectively, that is 60% of the reason we are making these changes. Fundamentally, if we do not get that 60% right, this is destined to fail. This comes back to exactly what Rhian was saying about customer focus. The business case lacks real clarity as to how we are going to streamline decision making when a landowner, farmer or forester approaches this organisation. How is the decision process streamlined? Is there an account manager for each landholding? Those are the sort of things that I do not think have been explored in the business case. It is very difficult for us as organisations to comment any further until we see the nitty-gritty and the detail. It is difficult to comment on VAT, pensions and so on because they are internal-facing things.

[23] **Llyr Huws Gruffydd:** Ben has just touched on exactly what I was going to ask about, namely the criteria and the weighting given to each of them. Do any of the panel members have any views on whether any other criteria should have been used? I know that Rhian mentioned customer focus and so on. Is that a clear omission in your view?

[24] **Ms Nowell-Phillips:** Yes, because, at the end of the day, as Ben said, thriving businesses will underpin a thriving environment. It concerns me that the weighting to achieve that should reflect that that needs to be through customer focus and partnership working, and that is not emphasised enough in the business case.

[25] **Mr Llewellyn:** Antoinette and I shared a platform with a guy called Terry A'Hearn, an Australian guy who worked for the state of Victoria, I think. I bring him up because he had taken a great deal of this sort of legislation through the Victoria Parliament, and his main story was that it has to be a win-win situation. The stronger the case was, environmentally and economically for the people involved, the more successful it was. That is what is perhaps lacking, certainly in some of the figures we have seen.

[26] **Lord Elis-Thomas:** So, do you think that we should look to the state of Victoria?

[27] **Mr Llewellyn:** I do not know whether Antoinette has any comment on that.

[28] **Llyr Huws Gruffydd:** How robust do you think any business case is without the issues of the implementation of the organisation and the overall aims and targets it needs to fulfil being resolved? Without those, how robust can the business case be?

[29] **Ms Nowell-Phillips:** To me, the business case has been made by a group of internal, and perhaps public sector, workers. As has been said before, a business case from a businessman's point of view would probably come out quite differently. As Ben has already said, until we see the nitty-gritty of this, it is very difficult for us to understand where the various issues that are really concerning us, such as customer focus, working with people and how they are going to achieve their objectives, fit into this. Are they going to streamline environmental legislation, or are they just going to increase the raft of legislation for an industry that, fair play, is currently swamped? Rafts of legislation come from Europe, England and Wales. It is very difficult because, to me, it is not a business case; it is just an aspiration.

[30] **Llyr Huws Gruffydd:** So, just to summarise, what we have here is the cart before the horse.

[31] **Ms Nowell-Phillips:** From my personal point of view, yes.

[32] **Yr Arglwydd Elis-Thomas:** A yw'r **Lord Elis-Thomas:** Is it a case of putting the

drol o flaen y ceffyl, Dafydd?

cart before the horse, Dafydd?

[33] **Mr Jarrett:** The problem is that the devil is in the detail. For us, as practitioners, it is contact with these bodies that it is important. For example, I was doing an appeal on a site of special scientific interest over the past few months, and we appealed to the board of CCW, not to CCW officers. Whether this body will work in the same way is not clear. It should certainly be part of the business case. I assume that there will be a board. It is very difficult to get the expertise across all areas. You are increasing the amount of legislation we have to deal with and it is difficult to get experts in everything in order to get your point across. It is hugely important to have a board, and, obviously, it is vital that it includes farmer interests, as we look after 80% of the land. To answer your point, Llyr, I agree that there is no detail there, and it is the detail that is important to us. It is something we will be responding to in any future consultation.

[34] **Antoinette Sandbach:** How clear are your organisations about what the natural environment framework is that this body seeks to deliver—

[35] **Lord Elis-Thomas:** That is not fair; it is not actually written yet—not properly.

[36] **Mr Underwood:** That is the issue. [*Laughter.*]

[37] **Antoinette Sandbach:** I think I would perhaps like evidence on that. Are you clear about the aims of this body?

[38] **Lord Elis-Thomas:** There is a first draft, obviously.

[39] **Antoinette Sandbach:** If so, do you feel that the business case deals with implementation? From your perspective, have the costs of that been adequately reflected in the business case?

[40] **Mr Underwood:** I will kick off on that. Before Antoinette mentioned the natural environment framework, I was going to make exactly that point. We are going to the launch of that Green Paper at the end of this month. As stakeholders, we caught sight of the draft back in November at a meeting chaired by the Minister. In no uncertain terms, he went away understanding that the document was not fit for purpose. In fact, I was quite proud to hear, inadvertently, that there was a ministerial phone conference as a result of the damning report he got on the draft Green Paper. That said, we have not seen it again since. So, I am going to the launch at the end of this month, which, theoretically, paves the way for what this body is going to deliver. Antoinette is absolutely right in saying that things are not happening in sequence. Therefore, it is very difficult to grasp exactly what they are trying to get at.

[41] The other thing I want to say is that ecosystem services, as Bernard mentioned, are one thing, but where do the funds come from to deliver that? Secondly, an ecosystem approach is an incredibly waffly term that is not tangible to those expected to deliver it. Frankly, I am yet to have any civil servant describe very clearly to me what exactly it is requesting from land managers and landowners. That is a very unhealthy start. If I cannot grasp the concept, it is really not a good situation.

[42] **Russell George:** Page 13 of the business case has a great deal on workshops, interviews and discussion sessions with stakeholders. It is clear from what Ben is saying that, as far as he is concerned, there was not sufficient consultation. Is that your view as well, Bernard? To what extent have your views that were actually sought been included in the business case?

[43] **Ms Nowell-Phillips:** Having sat through several workshops and groups, I have to say

that the staff who were engaging did not really have an idea of the concept. You get the idea that the NEF process is this ideal. The first consultation was all about aspirations to achieve, but not how to achieve. Having sat through various groups, I find that we are still at that point. In the case of one group I sat on, we had two meetings where we were trying to agree an all-encompassing mission statement. It ended up as three lines, but it took two meetings to get there. There does not seem to be anything concrete or positive driving this forward. It is all at aspirational level. It is very difficult to engage people, and particularly farmers and the general public, because you have nothing to cling on to. The questions are too broad, and there are no explanations of how you are meant to achieve this. Therefore, people find it very difficult to get engaged in the process.

11.30 a.m.

[44] Having said that, one-to-one meetings with members of the project management board were quite positive when we were trying to deal with how to engage with front-line staff, safeguarding them and ensuring that they worked with farmers. We were able to grasp those points. The difficulty is that it is so much in the ether at the moment. I am not sure how we will be able to engage farmers in the process, because no hard facts or concrete ideas were put forward in the last draft.

[45] **Mr Llewellyn:** Part of the weakness is the history behind the whole thing. I do not know to what extent it is common knowledge, but as far as I am concerned it was a rather ad hoc group of people that got together in the National Eisteddfod and decided as a group—they were mostly from environmental non-government organisations and that sort of thing—

[46] **Lord Elis-Thomas:** In the National Eisteddfod? That is a strange place to meet. [*Laughter.*] I thought that everything happened in the Royal Welsh Show, but clearly not.

[47] **Mr Llewellyn:** That is quite a valid point, in fact. What I am trying to say is that there was no consultation with us as landowners in those initial stages and so perhaps it started off in the wrong direction. I hope that that has been overcome, but I am not totally convinced that it has. Things such as Glastir have been dragged in, or were brought in by the Deputy Minister in the last meeting that we had, when ‘Sustaining a Living Wales’, the Green Paper, was launched. Well, we are not altogether happy with the way in which Glastir is going forward.

[48] **Dafydd Elis-Thomas:** We are aware of that, but we are not going to go into that. [*Laughter.*]

[49] **Mr Llewellyn:** What I am saying is that we perhaps got off on the wrong foot initially. I was hopeful that we would become more involved, but there is still something of a taste of that there.

[50] **Russell George:** I think that the message from each of the panel members is that you were not happy with the consultation process, but you did feed into it. How did that come out in the business case? Did you feel that your concerns were addressed in the business case?

[51] **Mr Jarrett:** If you look at the fourth paragraph on page 2 of the business case summary, it says

[52] ‘simplifying the regulatory landscape, and creating a body which can give planners and businesses a single consistent view on issues and proposals. The body will work with the evolving Natural Environment Framework.’

[53] If that is the case, that is absolutely fine by us. How we are getting there at the

moment is not clear. However, that should be the aim, and we would fully support that.

[54] **Russell George:** If the preferred option goes ahead, your organisations will have made key contacts with the relevant existing bodies and will have built up a relationship. Is there a concern that those relationships and that experience will be lost?

[55] **Ms Nowell-Phillips:** As I mentioned earlier, it is important that good practice in dealing with the farming industry is carried forward. We have key contacts within the existing organisations. Again, it will come down to the detail as to how those will be incorporated into the new body, but it is important that, at some point, good practice and where that can be strengthened is looked at if the proposal is taken forward. Otherwise, we could end up with the worst of all bodies and its relationship with the agricultural industry—which, as Bernard pointed out, covers 80% of the land mass of Wales—will be a negative one, which will not help the environment or the Welsh Government.

[56] **Mr Jarrett:** Your question is fundamental to the success or otherwise of this new body. Who you can contact, how easy it is to contact them, and the contacts that you have, are crucial. More importantly, and we have put this in our paper, is that the body should learn from the farm liaison officers within the Welsh Government, as they have worked particularly well. These are people the farmer can go to—they are account managers, if you like, by another name—and although they work for the regulatory body, they are not regulators themselves. You cannot have someone coming on the farm to give advice one day and regulating you the next day, because they will not have credibility. So, it is important to have particular points of contact and people who have good relationships with the industry. We have them in the Environment Agency and, perhaps to a slightly lesser extent, in the Countryside Council for Wales; we have people in Wales who are able to do that. It would be fundamental to the success of this new body to have that. It is the Chinese wall concept, whereby you have a role in the body, and that is your role, and everyone knows what it is.

[57] **Russell George:** In summary, you are saying that it is important to keep the contacts and not lose the expertise that has been built up.

[58] **Mr Jarrett:** Yes.

[59] **William Powell:** The kind of role that Mr Jarrett has just mentioned sounds to me like the kind of relationship that used to apply when CCW was managing Tir Gofal in terms of the project officers. They were not the enforcers, but there was a relationship and a level of trust that was built up and there was consistency in terms of advice, which is important. I wanted to raise the issue of how realistic you feel that the timescale is for the creation of the board of the shadow authority, especially given your concerns regarding the lack of commercial involvement and the rigour of the process that has led to the business case before us. Do you feel that there are any lessons around that that we need to take on board?

[60] **Mr Underwood:** We have obvious concerns about slippage. The very fact that funding is factored into the costings to allow for slippage of six months is a great concern. As highlighted in the business case, one major issue to sort out with option 4, the creation of a new environmental body, is the IT system. I experienced at first hand the issues with the formation of Natural England in England, and I hope that we learn lessons from that, because it is a huge task. As things stand, the timescales, on the basis of how quickly things are moving at the moment, are probably a bit too optimistic. We must have a very clear plan in place to ensure that the bridging periods are such that the continuation of work with landowners and farmers is not affected negatively in that period. We cannot afford to have a period where, effectively, agri-environment schemes advice and so on is closed for business, and the Environment Agency business begins to fail.

[61] **Ms Nowell-Phillips:** Similarly, I would be concerned if the timetable drove the policy. That has happened in the past with Glastir, and it does not work. It is more important to put something in that will work, which we can do seamlessly, rather than following a timetable, which then becomes the actual policy itself.

[62] **William Powell:** On another issue, do you have any views as to the potential problems that may arise over landowners and businesses that cross the national border? In the part of the world that I am most familiar with, it is often an issue that throws up particular problems. Maybe the NFU could lead on that question.

[63] **Mr Llewellyn:** It is something that we are concerned about, obviously. As you said, land holdings go across the border, and we do not need to become too parochial about the whole thing. We trade across the border as well; as you know, it is a significant part of the business. It is obviously important, therefore, to ensure that we are clear about to whom the responsibilities in the regulations apply with regard to their businesses. We have to make sure that there is a relationship between what goes on here and what goes on across the border—although it does not necessarily have to be in line with it. It is obviously something that we are concerned about. The cross-border trade is important.

[64] **Mr Jarrett:** We would be particularly concerned about cross-border working during the transition period. It would be of advantage to us for the transition period to be as short as possible, provided we get the right outcome in the end. However, we would be particularly concerned about cross-border working during the transition period, when decisions may be either deferred or not taken.

[65] **Mr Underwood:** I would just add, taking that slightly wider, something that I hope that you, as a scrutiny body, will look at carefully—it was picked up in the peer review—and that is the impact of separating the Environment Agency Wales and the Forestry Commission in Wales from their parent bodies, so to speak, and whether that will leave a deficit, effectively, in the Welsh provision for their functions. That could result in an increase in chargeable work demands placed on officers on the ground, which would obviously mean an increased cost burden for our members, landowners and farmers. So, it is very important that we look at that. Devolution and separation is, in one sense, an exciting prospect, because we can implement our better working and red-tape review changes, but at the same time, I am just putting that caveat in there: there is a risk that, potentially, without the benefit of the core funding that the Environment Agency and Forestry Commission receive, there may be a greater onus on the staff of the new environmental body to increase the amount that they get from chargeable work—permits and fees and so on. That is quite an important issue.

[66] **Mr Jarrett:** Looking at the information before us on cost, one thing that struck me was the upfront cost indicated in the business case. It is only £7 million in total—£6.3 million in 2012-13 and £0.7 million in 2013-14. It seems to me that, for such a large body, that is a pretty low figure.

[67] **Mick Antoniw:** If these changes go ahead and the business case and the governance is got right, what are the main things that you think that the new body could achieve that perhaps cannot be achieved through the existing structure?

[68] **Mr Underwood:** I have to say that the No. 1 for us is a more streamlined and quicker response, and customer focus in those expected to deliver on the ground.

[69] **Ms Nowell-Phillips:** If it works the way that we would like it to work, it will be streamlined, more cost-effective, with more customer focus, as Ben has pointed out—providing the groundwork has been done and the foundations are right in the first place.

[70] **Mr Llewelyn:** I will quote the business case, which states:

[71] ‘However the current regulatory landscape is complex and industry can receive mixed messages from different public bodies.’

[72] If we can change that, then we will be a long way down the line.

[73] **Lord Elis-Thomas:** You do not think that it will be receiving mixed messages from the same body. [*Laughter.*] Is that possible?

[74] **Antoinette Sandbach:** I want to ask a question—it may be a bit specific—about the Better Woodlands for Wales grant scheme, which is currently managed by the Forestry Commission, whereas the Glastir elements are managed by the Welsh Government department and will remain outside this new public body. Are there risks that are not covered by the business case that should be considered? Should Better Woodlands for Wales go into the single environment body, or stay out of it? Do you have a preference as to whether this single environment body should consist of the Environment Agency Wales plus the Countryside Council for Wales, or the Environment Agency Wales, CCW and the Forestry Commission? Sorry, there are three questions there.

[75] **Mr Llewelyn:** I am very aware that we are dragging Jon Owen Jones and Trevor screaming to the altar, so it is quite difficult. Personally, I am quite happy that they are involved, because at least they are running a commercial organisation to a certain extent. One of my fears would be that there would be a lack of commercial acumen, such as we have seen so far. There is always room to improve woodland schemes in particular.

11.45 a.m.

[76] What is perhaps missing from this is the realisation that, not necessarily as foresters, but as landowners, we have a big chunk of woodland under our control—little coppices, hedgerows, whatever. I tried to get through to the WSAP thing that I sit on—the woodland strategy advisory panel—that, in reality, if we could overcome this problem of processing small amounts of timber, it could be a tremendous resource for Wales, even outside the mainstream forestry business. It will be difficult, and it will also depend on how the Forestry Commission—whether it is in Scotland, or England, or wherever the headquarters is—comes into it. I do not even know whether the Minister has the power to say, ‘You have got to come in’. I do not know.

[77] **Ms Nowell-Phillips:** My one concern with regard to forestry is the commercial forestry sector and support. One of the issues with the Glastir woodland management is that its focus is on amenities and the environment; Better Woodlands for Wales had a focus on commercial forestry. Ben is probably in a better position than I am to comment, but if all the woodland grants were taken into the new environment body, there would be some concern about what would happen to the commercial sector, and whether it would still be supported, because there is huge potential for both amenity forestry and commercial forestry in the future.

[78] **Mr Underwood:** All that I would say on that is that it seems quite strange to have at the outset an environmental delivery body that does not have the main tool within its grasp—which is, effectively, Glastir. However, given the complex changes ahead with IT and everything else, I think it best to keep Glastir separate for the foreseeable future. The key debate here is exactly as Rhian said, which is that, currently, the provisions in Glastir for commercial forestry are minimal, and therefore the work has to be for 2014 and for the rural development plan to take that into account and deliver something for those managing forests commercially, and not just for opening up access, rides and enhancing wildlife. I accept that

that is important, but we need both. That is the key debate.

[79] **Lord Elis-Thomas:** You are saying that forestry delivery should be a key objective if there is a combined organisation; is that right?

[80] **Mr Underwood:** Making myself absolutely clear, I think that—

[81] **Lord Elis-Thomas:** That is, in terms of support for commercial forestry as opposed to the Glastir activity.

[82] **Mr Underwood:** Correct. I think that there is room for both; all I am saying is that it is clear that the direction of travel is set by a Glastir scheme that has forestry options that are all to do with enhancing forestry for the general public. That is absolutely fine, and I support that, but what is lacking is anything to support infrastructure for the forestry industry in future, and that is an element that may not get the support that it would have done previously with the Forestry Commission merged into a single environment body. That is why it is important that all of us push hard to ensure that that commercial element of the Forestry Commission is not only highlighted but that, as Bernard said, it penetrates right through the organisation.

[83] **Lord Elis-Thomas:** We have had nearly 45 minutes on this. I want to ask one general question, and if colleagues have anything else, we will accommodate that. The business case identifies a number of risks. Are there any risks apart from the one that we have just heard of, regarding commercial forestry, that are not covered by the business case and which we should consider in greater detail?

[84] Dafydd, a oes unrhyw risgiau Dafydd, are there any additional risks? ychwanegol?

[85] **Mr Jarrett:** I cannot think of any, no.

[86] **Ms Nowell-Phillips:** The one concern that I have—perhaps this is me not being able to get my head around the business case—is in relation to the work that is currently done on an England-and-Wales basis on research and development, particularly within the Environment Agency and the Forestry Commission. Although that work may not be specifically for Wales, there will be elements within it that we in Wales can utilise. It concerns me that, in future, we may have to either invest in specific research and development ourselves, or in some of that work over the border in Scotland or England, depending on which agency will continue to do it. We have benefitted in the past because the work is shared between England, Wales and Scotland. I might have missed that in the business case, but it concerns me that we might lose out on specific work, or have increased costs in Wales because of the separation of these bodies and making them Wales-specific.

[87] **Lord Elis-Thomas:** I visited a nursery at Maelor recently, so it is fresh in my mind, and I saw the amount of research activity that went on, linking the Forestry Commission and the great university at Bangor—I know that there are other universities that do forestry, but I am wearing Bangor University cufflinks. Those links are between university research and the Forestry Commission and commercial development that the company was able to benefit from, and clearly one would not want to damage that kind of ecology for business growth.

[88] **Mr Jarrett:** I think that this is covered by better delivery in the business case. It is hugely important, but it should not just cover forestry, but research in general. There is a huge opportunity here for us to have research that is appropriate to the needs of Wales in particular, and this should be seen as an opportunity. My concern is that research and development budgets are often the first to be hit, and I would hope that the new body would fight tooth and

nail to get an adequate and appropriate research budget. We have excellent universities in Wales—Aberystwyth, Bangor, Cardiff—and we have expertise there, so we should make use of it.

[89] **Mr Underwood:** My key point here would be that my overall concern—I know that this is what people on the ground are thinking—is about whether this is a situation where, effectively, we will merge three bodies to become one overarching environmental blinkered beast that will be even more difficult to work with. In this time of austerity and everything else, when we are trying to promote entrepreneurialism in rural areas and rural businesses, an idea that I floated with Edwina Hart is that this body needs to go as far as having what I would describe as rural business enablers within it, almost to act as independent ombudsmen—except that they would not be terribly independent, but you know what I am getting at. They could, to some extent, vet some of the decisions that are made by this body, because the biggest risk in this is that we put a body together that will stifle rural business and agriculture and everything else, rather than actually encourage them. That is an idea that we should seriously consider.

[90] The other thing that I wanted to say is that, in terms of interaction of landowners with CCW and the like, bats, dormice and newts are the most common problems—there is no doubt about that. It has now become counter-productive, because you have people putting up brand-new farm buildings and wanting to put solar panels on the roof who have to get a bat survey. Yet it is a brand-new farm building, so there are no bats in it. What that is doing is creating a negative vibe between the landowner and the environmental body. We have an opportunity now—George Osborne mentioned it in his autumn statement—to look at how the UK transposes the habitats and birds directives. There is also the Law Commission review of wildlife law. They are both opportunities to begin to become a bit more proportional in the way that certain species are afforded protection in Wales, because, frankly, as things stand, that is preventing businesses moving forward in some cases, and it really is not justified. So, this organisation needs to grasp that and take that into account. Those are my two big issues.

[91] **Lord Elis-Thomas:** You are in difficulty on the second point, because George Osborne is not accountable to this committee, and has no locus here, as far as I am aware. Indeed, the species to which you refer are presumably listed in European law.

[92] **Mr Underwood:** They are indeed, and, as I think I said, he mentioned how the UK transposed the law. So, I think that I did cover that.

[93] **Lord Elis-Thomas:** I was only having you on.

[94] **Mr Underwood:** I knew that it would cause difficulties to mention George Osborne, but it is also good to know that this issue is even being recognised at that level.

[95] **Lord Elis-Thomas:** Thank you very much for the forthright way in which you have given evidence. You have already justified the beginnings of this very sharp inquiry that we are conducting.

[96] Diolch yn fawr iawn i chi i gyd am Thank you very much to all of you for your
eich tystiolaeth. Dyna ddiwedd rhan ffurfiol evidence. That is the end of the formal part of
ein cyfarfod. our meeting.

*Daeth y cyfarfod i ben am 11.55 a.m.
The meeting ended at 11.55 a.m.*