



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

**Y Pwyllgor Cynaliadwyedd
The Sustainability Committee**

**Dydd Iau, 15 Tachwedd 2007
Thursday, 15 November 2007**

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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

Lorraine Barrett	Llafur Labour
Mick Bates	Democratiaid Rhyddfrydol Cymru (Cadeirydd y Pwyllgor) Welsh Liberal Democrats (Committee Chair)
Lesley Griffiths	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
Darren Millar	Ceidwadwyr Cymreig Welsh Conservatives
Karen Sinclair	Llafur Labour
Brynle Williams	Ceidwadwyr Cymreig Welsh Conservatives
Leanne Wood	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Jane Davidson	Aelod Cynulliad, Llafur (y Gweinidog dros yr Amgylchedd, Cynaliadwyedd a Thai) Assembly Member, Labour (the Minister for Environment, Sustainability and Housing)
Jocelyn Davies	Aelod Cynulliad, Plaid Cymru (y Dirprwy Weinidog dros Dai) Assembly Member, The Party of Wales (the Deputy Minister for Housing)
Georgina Haarhoff	Pennaeth yr Uned Strategaeth Gorfforaethol, Llywodraeth Cynulliad Cymru Head of Corporate Strategy Unit, Welsh Assembly Government
Matthew Quinn	Cyfarwyddwr, Adran yr Amgylchedd, Cynaliadwyedd a Thai, Llywodraeth Cynulliad Cymru Director, Department for Environment, Sustainability and Housing, Welsh Assembly Government
Jasper Roberts	Pennaeth yr Uned Gwastraff ac Ansawdd yr Amgylchedd Lleol, Llywodraeth Cynulliad Cymru Head of Waste and Local Environment Quality Unit, Welsh Assembly Government
François Samuel	Pennaeth yr Uned Adeiladu, Adran yr Amgylchedd, Cynaliadwyedd a Thai, Llywodraeth Cynulliad Cymru Head of Construction Unit, Department for Environment, Sustainability and Housing, Welsh Assembly Government

Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol
Assembly Parliamentary Service officials in attendance

Joanne Clinton	Dirprwy Glerc Deputy Clerk
Dr Virginia Hawkins	Clerc Clerk

*Dechreuodd y cyfarfod am 9.42 a.m.
The meeting began at 9.42 a.m.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **Mick Bates:** Good morning. Welcome to the Sustainability Committee meeting. Are there any apologies?

[2] **Lesley Griffiths:** Alun Davies sends his apologies.

[3] **Mick Bates:** Thank you. I have a few housekeeping announcements to make. In the event of a fire alarm sounding, you should leave the room via the marked fire exits and follow the instructions of the ushers and staff. There is no fire alarm test scheduled for today. Please ensure that your mobile phones, pagers and BlackBerrys are switched off, as they interfere with the broadcasting equipment. The National Assembly for Wales operates through the media of Welsh and English. Headphones are provided, through which instantaneous translation may be received on channel 1. For those who are hard of hearing, they may also be used to amplify the sound, by switching to channel 0. Please do not touch any of the buttons on the microphones as that can disable the system. There are no substitutions today.

9.43 a.m.

Ymchwiliad i Leihau Gollyngiadau Carbon yng Nghymru: Trafod y Papur Cwmpasu ar Leihau Gollyngiadau Carbon ym Maes Trafnidiaeth Consideration of Scoping Paper on Transport Section of the Committee's Inquiry into Carbon Reduction

[4] **Mick Bates:** The scoping paper sets out the proposed scope of the second subsection of this inquiry, which is on carbon reduction in transport. You will note that the key issues are in the paper. As before, this excellent and comprehensive paper directs us to the areas over which the Assembly does have power. I will take you very briefly through the paper. If you have any general comments or questions on the paper and the areas covered, I will take them now. I see that there are none. The only comment that I would make at this stage is that there are some significant issues involving carbon emissions from air and shipping transport. As we are by the docks in Cardiff, we may wish to take evidence at some stage on how air travel and shipping emissions are dealt with.

[5] **Alun Ffred Jones:** As we have very limited powers in those areas, is that worth our while? It is fine to take evidence on the rise in emissions, but is it worth our while delving into this if we do not have the power to do anything about it? There is so much else in this area that we might be able to influence that that would seem to be a waste of our efforts. We are a small committee with limited time to bring something worthwhile forward, and I am just wondering whether we are in danger—

[6] **Mick Bates:** I take your point. I raise the issue because, as Members may know, the emissions from air and sea travel are very significant in the ability of any Government to reach its targets. I accept your point about time. Therefore, I propose considering presenting a paper to the committee from, say, one of the centres, such as the Tyndall Centre for Climate Change Research, for background information on the issue.

[7] **Darren Millar:** There is an important point here, because the Assembly subsidises an air link. One of the things that we want to do is reduce the number of people choosing air for travel where possible. Therefore, we must query the consistency of the message from the

Assembly Government.

[8] **Mick Bates:** Thank you. That is one reason why I raised it. There is an issue here. Paragraph 3.2 on page 3 of the paper, which refers to reducing the demand for air travel, is highlighted. So, that has been raised, but I need to provide the committee with a background paper on the significance of air and sea travel, because the increase in carbon emissions from those sources makes it difficult to achieve the targets. Does anyone have any comments on paragraph 3 on the demand for movement?

[9] **Brynle Williams:** Reference is made here to public transport. I do not know whether we will go into it this deeply, but should we be looking at efficient engines?

[10] **Mick Bates:** As the paper points out, that development is under the auspices of the EU and national Governments. However, you raise a valuable point, because that could be an appendix to our work, so that we are aware of the significance of making engines more efficient. It is a significant issue, but not one over which we have power. As Darren has pointed out, with air travel, there are issues with regard to the Government subsidising air travel that give us a link in. It may be an issue with regard to procurement. Further into the paper, the point is made that local government and Government have control of procurement and that we can look at the type of vehicles that are procured and make suggestions about procuring more efficient vehicles. However, that will depend on the evidence that we take from witnesses.

[11] **Brynle Williams:** As part and parcel of the whole exercise of reducing carbon, we listened to a very interesting lecture on Monday night on growing biocrops and biofuels. This is something that can be done in Wales. You were there on Monday night, were you not?

[12] **Mick Bates:** I should say at this point that biofuels come under land use and carbon reduction, which will form a significant element. I understand the link. Fuels are mentioned on page 7.

[13] **Brynle Williams:** Sorry, Chair. The carbon content of fuels is mentioned there.

[14] **Mick Bates:** Are there any further points to be raised here, perhaps on substituting road transport with other modes?

[15] **Darren Millar:** I have taken a particular interest in the issue of concessionary bus fares recently. We have a situation where people over 60 who visit Wales are not given concessionary bus passes. We should discuss whether it is appropriate to allow them to travel on buses free of charge.

9.50 a.m.

[16] **Mick Bates:** I would struggle a little to see the connection with carbon reduction.

[17] **Darren Millar:** Obviously, they would not be using cars. So, you are getting them out of cars and onto public transport.

[18] **Mick Bates:** You have put together a rational point there. I will leave that issue there. I can see that it will cause some interest when we raise it. We will move on for the time being.

[19] On that section, I would like to flag up the use of smart cards. Some areas are starting to transfer incentives on behaviours by using smart cards, which you can use on public transport. Transport is on the next page. We have already referred to efficiency, and Brynle made a good point about fuel. Are Members happy with that scoping paper? There is also a

list of witnesses. I place on record that, next week, on 22 November, we will have before us the UK Commission for Integrated Transport, Wales Transport Research Centre and Sustrans, and there will also be a video link with Darlington Borough Council, which has taken big steps to improve carbon reduction from transport.

[20] **Alun Ffred Jones:** I make the point again that we should concentrate on those areas where we can have an influence. While all the rest is very relevant, if we do not have the powers to influence decisions, there is very little point in our taking evidence. There is so much else. This is a complex area, frighteningly so, as we heard last Friday, but our time would be much better spent concentrating on those areas in which we and the Welsh Assembly Government can make a difference.

[21] **Mick Bates:** That point is made in this excellent paper. Would you like that strengthened?

[22] **Alun Ffred Jones:** I am merely making the point. If people are coming here to present evidence, there is little point in them going on and on about areas over which we have no power. It informs us but we need to keep it down to a manageable proportion, and we should be very clear about what we are trying to achieve.

[23] **Mick Bates:** That is a valid point in view of the evaluation that we undertook last week. I am looking at Virginia here: is it possible to direct people, through the invitations, to stick specifically to areas that we can control? Perhaps we can try.

[24] **Alun Ffred Jones:** Leave it to the officials.

[25] **Mick Bates:** Are there any further points to be made on that scoping paper? I see that there are not.

9.53 a.m.

**Ystyried a Chytuno ar Adroddiad yr Is-bwyllgor Datblygu Gwledig ar y
Gyllideb
Consideration and Agreement of Rural Development Sub-committee Report on
the Budget**

[26] **Mick Bates:** The recommendations are at the end of the paper. I ask committee members to note the issues that were raised in item 3. As you can see, there was excellent scrutiny of the budget. Has everyone looked at those items? Are you content?

[27] **Karen Sinclair:** Rural affairs are much wider than just farming, and there seems to have been a real focus on farming specifically.

[28] **Mick Bates:** That is an interesting point, but very little of the budget—I could not tell you how much exactly at this moment—is dedicated to issues outside of land use and land management.

[29] **Alun Ffred Jones:** Also, we did not have the details of the rural development plan before us, which would include the areas on which you would have broader discussion.

[30] **Karen Sinclair:** Okay.

[31] **Mick Bates:** I accept your point, Karen. Would anybody else like to comment on that?

[32] **Brynle Williams:** All that I would say, Chair, is that, as you can see, a large proportion of this budget is for animal health and biosecurity, so those comments may not strictly be true. TB eradication uses up one of the biggest parts of the budget; however, we must get to grips with it. I see your point that there are other aspects of agriculture, but I suppose—

[33] **Mick Bates:** The second piece of scrutiny to be undertaken by the Rural Development Sub-committee is on rural deprivation, which extends far beyond farming. That will answer a great deal of the issues that you raised in your comments about this particular response to the budget, Karen. Again, it is a question of priorities and budgets and you may wish, at some stage, to make the point that more of the budget should be given over to other rural issues.

[34] **Lorraine Barrett:** I have some sympathy with Karen's view on the way that the paper is set out. It does seem that way. I raised with the Minister the issue of Welsh produce other than meat, and it does not mean that it has to be produced at the farm. However, as you said, Chair, our inquiry on rural deprivation will bring into play things like public services and all sorts of cross-cutting issues, not necessarily related to farm and land use.

[35] **Brynle Williams:** Lorraine's comments on produce other than meat are very important at this moment in time, as we get more horticulturally minded and as co-operatives and farmers' markets are producing local produce. We need to publicise that we are not just a meat-producing nation.

[36] **Mick Bates:** If we move beyond section 3 to section 4, you will see that there are requests for more detailed written information. Have we received those responses yet?

[37] **Dr Hawkins:** No.

[38] **Mick Bates:** Nothing has been received as yet.

[39] **Karen Sinclair:** May I just ask about the structure of the young entrants' scheme? It may be ongoing, I do not know. Is it something that was just mooted by this committee or was it in the pipeline anyway?

[40] **Mick Bates:** To answer that on behalf of the Government—that sounds like a strange thing for the Chair to do—there is a commitment in 'One Wales' to a young entrants' scheme, and £2 million is dedicated to it. However, we wanted to see a little more about its implementation. At this stage, it is very fuzzy, with £2 million put in in year 6, I think, of the rural development plan.

[41] **Brynle Williams:** It is for the last two years.

[42] **Mick Bates:** We want more information about that, but, as Alun Ffred Jones said earlier, the final rural development plan has yet to be signed off in Europe. At that stage, we will know more details of how the Government intends to implement a young entrants' scheme. Like most people, I think that the commitment to that is welcome.

[43] Moving on to the recommendations, the point that you just made, Karen, is exemplified by the first recommendation about clarity of the items. Does anyone wish to comment on the recommendation in paragraph 6? Is everyone content on that? I thought that there was a slight interjection from Alun Ffred.

[44] **Alun Ffred Jones:** Yes, there was a slight interjection, and a long hesitation

afterwards. The questions that we asked about Tir Cymru were not satisfactorily answered. I stopped because I was not quite sure where I was going, but the breakdown should have been given to us with an explanation of where the £3 million—or whatever it was that was lopped off—went. I think that the Minister was confused as to what exactly had happened to that budget line and we did not receive a proper explanation about it or a breakdown; that is my view. Perhaps we could add that. Is there more information, or have I missed something?

10.00 a.m.

[45] **Mick Bates:** Bullet point four of the previous paragraph gives an explanation and a breakdown of the figures in the Tir Cymru line, and we must keep an eye on this. What tends to happen is that these points are made when the issue is current, and then it drops off our radar. The issues for clarification, in particular the point that you have just expressed regarding the Tir Cymru budget line, Alun Ffred, are things that we need to flag up on a regular basis to make sure that we get the information, so that we can scrutinise it properly. It is a valid point. The recommendation, although it is written in general terms, is based on the example of lack of clarity over the Tir Cymru line, and where the money has gone.

[46] **Darren Millar:** On this point, I was quite surprised that there was no real discussion about Forestry Commission land, and the potential income from it as a result of the announcement on wind power.

[47] **Mick Bates:** As it is not yet in any budget line and because there is no final agreement, that will be a valid point for the future, to see what income may be available and what happens to it. I am certain that it will be subject to much scrutiny. Did you wish to comment on that, Alun?

[48] **Alun Ffred Jones:** No.

[49] **Mick Bates:** On item 7, the sub-committee highlighted that a large proportion of the rural affairs budget stems from the rural development plan, which is currently awaiting approval by the European Commission. Therefore, the sub-committee recommends that contingency plans are put in place to ensure that any shortfall is covered, should the EC decide not to approve the RDP in its entirety. Are there any comments on that? This is to ensure that, if something is refused, the Government knows how it will implement it and that money is available for it. If I take the example that you raised, Karen, of the young entrants' scheme, if that was refused with the aspiration having been raised, we would want to know whether the Government had any contingency plans to implement its desire expressed in 'One Wales'. Are there any further points on item 7? I see not.

[50] On item 8, the sub-committee is concerned that the Minister appears to be relying on reserves from the overall budget to fund any short-term increase in slaughter numbers as a result of the expected success of the TB eradication programme. Therefore, the sub-committee recommends that the levels of expenditure in the TB eradication budget should be increased in the early years of the programme to reflect the expected increase. Brynle, do you wish to comment on that?

[51] **Brynle Williams:** It is obvious that we will see significant expenditure if we are going to get to grips with eradicating TB—it cannot be done on a shoestring budget. We must see a significant increase in the budget if this committee is serious about pushing it through to get it sorted. The money has to come from somewhere—it is as simple as that.

[52] **Mick Bates:** Are there any further comments on that? Generally, the commitment in 'One Wales' to eradicate TB has been universally welcomed. The implementation is a different matter, but the principle is there. To remind Members who were not part of that

committee, the previous Environment, Planning and Countryside Committee established an action group to look at ways of controlling TB. The final document from the action group was signed by all stakeholders, including wildlife groups, badger groups and also the agricultural community. There was an increased consensus during the last Assembly with regard to controlling TB, and what we are seeing here is a commitment to eradication and a concern that there are sufficient funds in the budget to achieve that. However, the details are not quite known, so paragraph 9 should be viewed in that context. Therefore, the sub-committee recommends that the final strategy should contain detailed costs of this work, and that the budget allocations should be revisited if the amounts allocated prove to be inadequate. So, the two recommendations should be viewed together.

[53] **Alun Ffred Jones:** Paragraph 8 states that:

[54] ‘the Sub-committee therefore recommends that the levels of expenditure in the TB eradication budget should be increased in the early years of the programme’.

[55] I cannot recall that we recommended an increase, though perhaps I missed it. It would be disingenuous of us to leave that hanging, by saying that we should put more money in without stating where it is to be taken from. Do we want to move money from somewhere else in the budget to TB eradication? If that is the suggestion, then make that recommendation.

[56] **Darren Millar:** That is not the suggestion, though, is it, Chair? The suggestion is that the amount that is allocated over the three years is effectively front-loaded.

[57] **Mick Bates:** Yes, that is what it means.

[58] **Alun Ffred Jones:** If you say that, you still have to take the money from somewhere. If you are serious about this, then the recommendation should state where we want to move the money from.

[59] **Mick Bates:** I must admit that I do not recall as strong a point as this being made during the scrutiny session. However, that is why I look at paragraphs 8 and 9 together—remember, there is an allocation of £27 million for this and, as I say, that is welcome. The point was made that the money should be front-loaded. However, paragraph 9 says that there is as yet no detailed strategy on how the eradication will take place. Do you wish to propose anything about that wording?

[60] **Alun Ffred Jones:** If we say that levels of expenditure should be increased in the early years, it is incumbent upon us to state where that money will come from. If you want to move it from one area of the budget to another, then you have state where it will come from. As you say, this is one of the few areas in which there has been a genuine increase in the budget, and that has been universally welcomed, so if we want to put more money into TB eradication, then we must say where it will come from, within the allocation to the department. That is my view.

[61] **Mick Bates:** Are there any further comments on that?

[62] **Lorraine Barrett:** We could say that the budget should be increased ‘if necessary’ during the early years of the programme, to reflect the expected increase. I hear what Alun Ffred is saying, but opposition parties often say that it is not for them to state where money should come from; they state what they want done, and leave it to the Government to sort out the finances. So, as a member of this committee, I am quite comfortable in saying that this should be increased if necessary, and then we will have to look at juggling budgets, which is often how these things happen.

[63] **Mick Bates:** There are a few points here. First, on paragraph 8, Alun is raising the point that we may not actually have said this in the sub-committee meeting. Unfortunately, Alun Davies is not here this morning.

[64] **Darren Millar:** Your point is relevant, though, Chair. If the strategy does not yet exist, then the figures in the budget are a finger-in-the-air job, are they not?

[65] **Mick Bates:** Yes.

[66] **Darren Millar:** We do not really know how this will pan out in terms of expenditure. It may be some time before the strategy is implemented—obviously, it will be some time, because the strategy has not been published yet. So, no matter what recommendation we make, and whether or not we suggest front-loading the funding to try to deal with problems early on, we cannot know the appropriate level of expenditure for years 1, 2 and 3 until the strategy is published.

[67] **Mick Bates:** Absolutely. In that case, I think that the committee should consider the point raised by Lorraine, that we could insert ‘if necessary’ into the recommendation. Would members be comfortable with that?

[68] **Karen Sinclair:** The end of paragraph 9 says that ‘the budget allocation should be revisited if the amounts allocated prove to be inadequate’. Alun Ffred Jones is right to say that this will have to be found from within the existing budget. There is no other budget to fall back on. The part that says that the sub-committee recommends the final strategy contain detailed costings is difficult—that is the finger-in-the-air stuff that Darren mentioned. However, on the point that the budget allocation should be revisited if the amounts allocated prove to be inadequate, we should state that it would have to come from some other part of the budget. That is the grown-up way of doing this.

[69] **Mick Bates:** That point is quite valid. I just remind you that there is £27 million in that line. Are Members happy with the insertion of the words ‘if necessary’?

10.10 a.m.

[70] **Karen Sinclair:** No, that is not what I said. I said that paragraph 8 would be superfluous if you said,

[71] ‘that the final strategy should contain’.

[72] We should delete up to ‘detailed costings’, and just say,

[73] ‘that the budget allocation should be revisited if the amounts allocated prove to be inadequate’.

[74] **Mick Bates:** Let us re-examine this. Alun, I think that it is important that we clarify this. Karen, are you suggesting that we simply remove paragraph 8?

[75] **Karen Sinclair:** Yes, I am.

[76] **Mick Bates:** That is what it sounds like. It may be that it is superfluous.

[77] **Karen Sinclair:** I think that it is.

[78] **Mick Bates:** The point is that, as the opening sentence says, in response to questions

in committee, the Minister said that she would use contingency funds if there was a shortfall.

[79] **Brynle Williams:** The only thing is the initial years. We have the overall budget for three years, so, hopefully, once we get this rolling, by the time we get to year 3, we should be winding back down again. We will, hopefully, have cleared it. I do not know whether it will happen that quickly, but we can clear quite a lot out of the system, as far as eradication is concerned. The budget will then adjust pro rata.

[80] **Mick Bates:** I do not see anybody violently objecting to the removal of paragraph 8—

[81] **Alun Ffred Jones:** I think that we should remove it because paragraph 9 does the job.

[82] **Mick Bates:** Fine. Thank you very much. I see no objections to that, therefore, the main committee will recommend that paragraph 8 is removed, because we consider that paragraph 9 is specific and clear. We move now to the final recommendation, paragraph 10:

[83] ‘The Sub-committee notes that spending provided by DEFRA is not contained within the Draft Budget Proposals 2008/09 or associated documents. The Sub-committee therefore recommends that, for ease of scrutiny, a note detailing DEFRA spending within the rural affairs portfolio is provided with future draft budget proposals.’

[84] I think that that is pretty straightforward. Personally, I have never been able to understand how we spend the DEFRA money on eradicating disease, for example, TB.

[85] **Brynle Williams:** The DEFRA money is used in the supply of tuberculin and the test. Was it £10.3 million or something like that?

[86] **Mick Bates:** It is a valid issue that we need to know what money is being spent in Wales.

[87] **Brynle Williams:** Definitely.

[88] **Mick Bates:** Just because the source is DEFRA, that does not mean that we must not see where the money is. If necessary, we can scrutinise that expenditure and make comments on it because we can, of course, invite Ministers from other administrations here, which I am very keen to do at some stage. Are there any further comments on the paper? I see that there are none. It will now go forward as part of our submission to the Finance Committee. Has the Minister arrived for the next item? Joanne is just going to check. We can have a short break now, if needs be. The Minister is not here, so we will have a short break now and commence again at 10.30 a.m..

*Gohiriwyd y cyfarfod rhwng 10.14 a.m. ac 10.31 a.m.
The meeting adjourned between 10.14 a.m. and 10.31 a.m.*

Y Pwyllgor Cynaliadwyedd yn Craffu ar y Gyllideb Sustainability Committee Scrutiny of the Budget

[89] **Mick Bates:** I am pleased to welcome Jane Davidson, the Minister for Environment, Sustainability and Housing, and her officials. Would you like to make a few remarks and perhaps introduce your team, Minister?

[90] **The Minister for Environment, Sustainability and Housing (Jane Davidson):**

Thank you for the invitation to appear before committee today to discuss the draft budget statement in relation to the Department for Environment, Sustainability and Housing from 2008 to 2011. My department has received a robust increase in funding of approximately £170 million over the three years. You will see from the published budget, a copy of which I submitted to the committee as written evidence, that this money is mainly directed at delivering the 'One Wales' commitments that fall to my and Jocelyn's portfolio. In particular, that includes action on climate change, local environmental quality, a significant increase in waste management funding and, on Jocelyn's side of things, affordable homes.

[91] We feel that we have to focus on getting as much from our money as possible to deliver real change for the people of Wales. We are already progressing this, particularly in relation to the fact that Cabinet has recently agreed proposals on structuring the climate change commission, which my officials are now taking forward. The commission will meet on 10 December.

[92] Today, I issued a Cabinet written statement as the Bill is introduced in the House of Commons. I recently met local authority chief executives to discuss increased levels of recycling across Wales, and the funding that we are committing to this supports this aim. I am very happy to discuss any aspects of my portfolio responsibilities.

[93] I am accompanied by Matthew Quinn, who is the head of department. Georgina Haarhoff is head of the departmental finance team. Also, because we thought that Members might have a real interest in waste recycling issues—we hope that they do—Jasper Roberts is with us, and he leads the waste team.

[94] **Mick Bates:** Thank you, Minister, for your opening remarks and for introducing your team. This is, in some ways, a new scrutiny process, and I am sure that we will all learn by it. Hopefully, the exercise will prove beneficial to the people of Wales.

[95] We have a series of questions, and I will turn to Karen to ask the first one.

[96] **Karen Sinclair:** Good morning, Jane. How much of the draft budget is committed expenditure and how much is left for discretionary spend?

[97] **Jane Davidson:** It is all committed.

[98] **Karen Sinclair:** That is a short answer. [*Laughter.*] I have a general question. I was keen on the Tidy Towns initiative in our manifesto, but, going through the budget, I cannot see it as a specific budget line. Perhaps I have missed it. Can you give me any information on that?

[99] **Jane Davidson:** It comes under climate change and local environmental quality. Some £4 million is for focusing on local environmental quality—£1 million is an increase to Keep Wales Tidy for its superb work in this area, and there is £3 million a year for the local authority contribution to the Tidy Towns initiative. That £4 million contributes towards the whole of the Tidy Towns initiative, so there is £16 million over the lifetime of the Assembly Government.

[100] **Karen Sinclair:** So, it is £3 million a year.

[101] **Jane Davidson:** It is £4 million: £1 million of which goes to Keep Wales Tidy and £3 million of which goes to the local authorities. They have to work in partnership with community organisations to access that money.

[102] **Karen Sinclair:** Therefore, that is yearly recurring money, over the three years.

[103] **Jane Davidson:** Yes.

[104] **Lesley Griffiths:** Minister, you said that your entire budget is committed. How is the Welsh Assembly Government currently performing against the targets that you set?

[105] **Jane Davidson:** We are actually broadly on target. In my discussions with the Minister for Finance and Public Service Delivery, he said that he was very pleased with the performance of the department. There are areas of new spend—for example, climate change and access—but all the other areas are very carefully monitored. Matthew, do you want to add anything?

[106] **Mr Quinn:** Not especially. On the waste side, which was the initial target that we were working towards, we achieved the average 25 per cent and we are working now with the new figures towards 40 per cent, which is the next milestone.

[107] **Mick Bates:** We will come to waste in a minute.

[108] **Lorraine Barrett:** How have considerations of equality of opportunity influenced the allocation of resources in your budget? How are such considerations taken into account?

[109] **Jane Davidson:** I will ask Matthew to respond to that. In the context of climate change and access, which are the two major themes that I have taken on board since I became Minister, both of them very strongly include equality of access because you cannot tackle climate change effectively without social justice, and access is all about equality of access. Of course, this department in particular, because it leads on the sustainability agenda and has legislative responsibility for the whole Government, is heavily involved in looking at equality in the context of sustainability. Matthew, can you take that one?

[110] **Mr Quinn:** A lot of these budgets flow from the environment strategy work that we did, which was very much an inclusive process, with a strong element of equality impact, including a series of workshops for specific disadvantaged groups. We see this very much as flowing from that work that we did, which was pretty groundbreaking in terms of what we undertook.

[111] **Lorraine Barrett:** Thank you; that was fine.

[112] **Mick Bates:** Thank you, Lorraine. Do you have any further questions?

[113] **Lorraine Barrett:** No. I am pleased with that answer.

[114] **Mick Bates:** I would like to move on to the waste strategy. Last year's final budget reduced the capital budget for the waste strategy, from the planned expenditure, by £0.1 million in 2007-08. The budget also reduces by £200,000 in 2008-09. 'One Wales' makes a commitment that,

[115] 'We will improve targets for recycling with legislation and support for better and more coordinated waste management'.

[116] You will be aware that the Wales Audit Office commented that,

[117] 'Whilst all Welsh local authorities have set local targets for increasing the amount of waste recycled and composted, some have not set out any practical steps to achieve these targets or put in place the necessary infrastructure'.

[118] Why is the waste strategy capital budget being reduced following substantial prior reduction in planned expenditure, given that the appropriate waste management infrastructure may not yet be in place?

[119] **Jane Davidson:** As you know, there are a number of waste budgets, and your own brief goes on to tell you that the revenue budget for waste is dramatically increased and, by 2010-11, expenditure will be 90 per cent higher than was foreseen in the original 2010-11 plans. Of course, we have also announced the additional £90 million for waste. In terms of the waste strategy capital budget, it is a very small reduction—1.5 per cent—and there is an increase in the regional capital access fund for local authorities from £8 million to £10 million. The £200,000 deduction will fall on centrally funded schemes. Waste revenue has increased substantially to promote waste reduction, including in food waste, to help local authorities to meet those targets for 2009-10 and 2012-13. The big capital funding, such as that which we might need for anaerobic digestion or energy from waste, is not in this budget at all because that will be considered on a project-by-project basis by the new strategic capital investment board, which is being set up by the Minister for Finance and Public Service Delivery for major capital projects.

[120] **Mick Bates:** Thank you for that clarification on the capital amount. To deal with the capital first, is it possible to say how much will be available to the new body? How much capital will be available to this new strategic body?

10.40 a.m.

[121] **Mr Roberts:** That is a matter for the Strategic Capital Investment Board. That strategic body is a separate thing. As we develop projects for major capital investment, we will take those projects and the business plans to that board for discussion. You would have to ask the Minister for Finance and Public Service Delivery about that.

[122] **Mick Bates:** Minister, can you give an indication at this stage of how much will be available for capital projects for local government?

[123] **Jane Davidson:** We already have a substantial increase, from £8 million to £10 million, in the regional capital access fund for local authorities. There is also the £90 million additional funding on revenue. So, we are highly content that we have put substantial extra investment into waste. We needed to do so because that was local authorities' top priority. We have had these discussions with local authorities and they warmly welcome this investment.

[124] The new strategic capital investment board will be available for major capital funding across the whole of the Assembly Cabinet. The Minister for finance will look at Assembly Government priorities in terms of any bids for that. We have only just launched for consultation our regional waste plans. We know that we can spend the revenue, but part of the issue for us was ensuring that we had all the preparatory work in place in terms of spending large amounts of capital in the area of waste. There has also been a lot of private sector input into this.

[125] **Mr Roberts:** On the capital projects, we are going through the business planning process, but we will not know the full capital cost of individual projects until we complete that process, but we are working with the investment houses and so on. In some cases, capital funding will come from the market, and in others, where the market is not strong, there may need to be a greater intensity of grant aid. However, until we complete that business planning process, we cannot quantify the capital demand. That is why we are taking it out of the current baseline and planning it on a project-by-project basis.

[126] **Mick Bates:** The RPS Group plc report for the Government suggested that £86

million was required. Is that the kind of budget that is, in your opinion, required to meet the targets that the Government has set for waste and recycling?

[127] **Mr Roberts:** That was very much the potential total cost. We do not know, until we test the market, where the commercial market is. So, the extent to which these are commercially viable will determine the amount of support that the individual schemes will need. That will be on a case-by-case basis as they come forward, which, in any case, will be towards the end of this budget period.

[128] **Mick Bates:** I want to move on to revenue in a moment, but finally on this issue, is there a timescale for the business planning process, so that people are aware of when the capital will be available for these possibly private-public projects?

[129] **Mr Roberts:** There is a timescale. All the consortia are currently working through procurement. They are at different stages: some are close to going to tender and others are at an earlier stage. We do not expect the procurement process to be completed until nearer 2012, which is when the commissioning will commence. The costs will emerge as we go through that procurement process.

[130] **Jane Davidson:** We will be doing our new strategy on waste from next autumn. It will revise 'Wise about Waste: The National Waste Strategy for Wales'—we said that we would revise that in 2007, which we are doing, and we will launch a new strategy next year. In advance of that, I have gone ahead and proposed quite rigorous targets for local authorities in terms of composting and recycling, which will dramatically reduce the amount of waste that goes to landfill. That is already being reduced every year. I answered a question on the amount of waste that goes to landfill yesterday in Plenary.

[131] **Mick Bates:** I wish to clarify an issue raised by Mr Roberts. If I understood correctly, you said that the procurement process would not be complete until 2012.

[132] **Mr Roberts:** It varies from consortium to consortium. It is a seamless process between procurement and site commissioning; we expect commissioning to start, by and large, around 2012.

[133] **Mick Bates:** What about capital expenditure before that date?

[134] **Mr Roberts:** There is a good deal of capital expenditure before that date, which is provided for in this budget. That is being invested in capital equipment, such as for food waste collection. The Minister has already allocated over £10 million of capital for that, and there has also been an allocation of nearly £2 million to support procurement for capital plant. So, there is a good deal of capital spend going on. We must not confuse that capital spend with major capital plant in the form of anaerobic digestion or, say, energy from waste, on which we are going through a European procurement process, and on which we will also have to consider state aid implications. That will bring projects on site around 2012.

[135] **Jane Davidson:** It is worth pointing out that, two years ago, there was no capital access fund at all. The level of funding represents a substantial continuing commitment to supporting capital projects and local authority procurement. This is all done through engagement with local authorities.

[136] **Mick Bates:** It is from local authorities that I take my concerns about the capital budget as well. With the increase in targets, there is a demand for more capital investment to deal with waste.

[137] I will now move to the revenue side of this. One welcomes your increased budget on

the revenue side, but can we first clarify where landfill tax payments are to be found in the budget lines? Are they in the £20 million that has been announced, or are they in another budget line?

[138] **Mr Roberts:** Landfill tax, in the past, has been paid for from the RSG. As you know, the Chancellor of the Exchequer announced the landfill tax escalator in the last UK budget. There is no provision in the waste budgets for the landfill tax in 2007-08; that is being borne by local authorities. We are currently discussing with the Welsh Local Government Association how local authorities pay landfill tax going forward. However, the best way to reduce the landfill tax commitment is to increase recycling and to reduce the bill to as near as zero as possible; otherwise, this is a transfer straight back to the Treasury, which we would be disappointed about. We need to see this money going into front-line services to increase recycling and composting. So, we need to look at the overall balance of funding within local authorities on landfill tax, but the priority is to increase front-line services to increase the level of recycling.

[139] **Jane Davidson:** The focus that we have put on that has been in terms of local authorities supporting food waste collection and ancillary waste collection services, such as kerbside and source separation where those facilities need further development to support food waste collection. Only 87 per cent of households in Wales are currently covered by kerbside collection, but we need to get 100 per cent of households covered. We need consistency in terms of what is recycled. That is what we are working towards and that is why there is this huge additional investment.

[140] **Mick Bates:** I am certain that we all share the aspiration to do that. However, I am concerned about the budgetary implications. I am still unclear. Is it possible that the increase of £20 million in the revenue budget could be the source from which local authorities pay their landfill tax, which may be £10 million next year? I think that the cost is going up from £3 to £8 per tonne, so, from some figures that I have been given, it seems that the extra costs to local government will be £10 million next year. That is quite a substantial sum.

[141] **Jane Davidson:** This money is our investment in recycling facilities, to bring down the amount of waste that goes to landfill. This money is not for the landfill tax.

[142] **Mick Bates:** I accept that, Minister, but where is the extra money to pay for the increase in landfill tax?

[143] **Mr Roberts:** As I said, the extra cost in the current financial year is being borne by the general pool of local authority funding. The landfill tax escalator has already commenced and local authorities are planning that into their general pool of funding.

[144] **Jane Davidson:** This money is outside the RSG, because this money has a designated use and it will enable local authorities to increase, quite dramatically, opportunities for recycling and, therefore, bring down their landfill tax obligations.

[145] **Mick Bates:** I can see that, but I am still not clear about how local authorities will pay the extra landfill tax, because of the escalator kicking in next year. However, I will leave it at that.

[146] **Alun Ffred Jones:** Yr oeddwn ar yr un trywydd â chi, Gadeirydd, o ran y cwestiwn hwn. I gael bod yn glir, a yw'r £20 miliwn sydd wedi ei nodi yn y gyllideb sydd ar gael i lywodraeth leol wedi ei rannu'n gyfartal yn unol â'r RSG, er ichi ddweud ei **Alun Ffred Jones:** I was on the same track as you, Chair, on this question. To clarify, is the £20 million that has been noted in the budget as being available to local government divided equally according to the RSG, even though you have said that it is outside the

fod tu allan i'r RSG, neu a oes rhaid i RSG, or do councils have to bid for this gyngorau gynnig am yr arian hwn ar gyfer funding for specific schemes? cynlluniau arbennig?

10.50 a.m.

[147] Er bod gennym darged i gynyddu Although we have a target to increase ailgylchu i 40 y cant o'r 25 y cant presennol o recycling to 40 per cent in a few years, from fewn ychydig flynyddoedd, mae pwynt y current 25 per cent, the Chair's point is Cadeirydd yn ddilys—bydd y cynnydd mawr valid—the significant increase in landfill tax yn y dreth dirlenwi yn fyrdwn ychwanegol ar will be an additional burden on local lywodraeth leol. A wyf wedi deall y sefyllfa government. Have I understood the situation yn iawn? A yw'r arian hwn ar gael ar gyfer correctly? Is this funding available for cynlluniau ailgylchu yn unig ac, os felly, ni recycling schemes only, and, if so, it will not fydd ar gael i lywodraeth leol i dalu'r dreth be available to local government to pay this dirlenwi ychwanegol? additional landfill tax?

[148] **Jane Davidson:** The intention of this money is not to have local authorities paying additional landfill tax and putting more waste into landfill. The intention of this money, from my budget, as opposed to the local government budget, is to ensure that local authorities move towards the recycling targets for 2009-10 and beyond. In my discussion with local authorities, they have been positive about having robust targets for moving forward. We are in discussion about whether or not we can reach 70 per cent in terms of targets, and they are considering those proposals at present; they are also considering elements relating to energy from waste. However, there was no demur from local authorities in meeting targets of 40 per cent by 2009-10.

[149] It is important that this money, because it is outside the RSG, is specifically focused on ensuring that we can up the game on recycling. We had a small number of local authorities that did not meet targets this time, but we had more local authorities that did not meet targets previously. Therefore, the trend is in the right direction, and we want to ensure that we offer major encouragement and support to take this forward. I am establishing a task group with the WLGA to specifically focus on waste; that will also involve other Assembly Government departments—local government, finance, and so on. Therefore, together, we can work on all these issues.

[150] **Alun Ffred Jones:** Croesawaf y **Alun Ffred Jones:** I welcome that comment, sylw hwnnw, ond os yw hwn y tu allan i'r but if this is outwith the RSG, will it be RSG, a yw'n cael ei ddsbarthu i bob cyngor distributed to every council in Wales, and, if yng Nghymru, ac os felly, pa fformiwla sy'n so, what formula will be used to do that? Or cael ei defnyddio i wneud hynny? Ynteu a is it funding that is available for particular yw'n arian ar gyfer ceisiadau arbennig er bids to increase levels of recycling? mwyn cynyddu lefelau ailgylchu?

[151] **Jane Davidson:** I will ask Jasper to answer that. It goes to every local authority.

[152] **Mr Roberts:** We are currently discussing with local authorities, through the medium of the WLGA and its local authority waste advisers, the precise mechanism by which this will be allocated. We are looking at a range of additional services to promote food waste collection, ancillary services to improve kerbside collection and source segregation, where those are needed to back up food waste collection. We are also looking at increased measures to promote waste reduction and public awareness and public participation rates. While that money may not go to local authorities, it will improve the context within which local authorities operate, and enhance their capacity to meet the targets that the Minister has set out.

[153] The likely mechanisms will be through an addition to the existing sustainable waste management grant—local authorities currently receive £35 million—but it will be specifically allocated in respect of proposals that we will discuss with local authorities to deliver on the activities that I have mentioned, against specific volumes of activity related to the targets.

[154] **Mick Bates:** Are you content with that, Alun?

[155] **Alun Ffred Jones:** Yes.

[156] **Mick Bates:** You can see our concern on this. Is there a timescale for that allocation?

[157] **Mr Roberts:** We hope to get a letter to chief executives, inviting their proposals, in a few weeks' time.

[158] **Mick Bates:** Thank you.

[159] **Darren Millar:** I am concerned that authorities that are currently performing poorly on recycling will be rewarded with significant extra sums in order to deliver real results. What mechanisms are you envisaging to encourage and reward authorities that may be doing better than others?

[160] **Mr Roberts:** There is an element of equalisation here. There is little point in rewarding someone who is already meeting the target if we do not help those who are not meeting the target to get there. However, we know who are not meeting targets. One local authority has been a bit adrift, and we have already worked with it to get it back on track to meet the targets within existing funding levels. So, future funding will not reward past failure. We will be talking about net increases of activity across Wales. Food waste collection is at a relatively low base and the new money will help to get that up to the level that it needs to reach to hit the 40 per cent target in 2009-10.

[161] **Darren Millar:** It is crucial that poorly performing authorities are not rewarded with huge amounts of cash at the expense of decently performing authorities that are doing a good job on this.

[162] **Mick Bates:** The point has been made—there is no need to comment on that.

[163] **Darren Millar:** May I come back to—

[164] **Mick Bates:** Very briefly, as I want to move on to flooding now.

[165] **Darren Millar:** I will be brief. Given that many of the recycling targets will not be met unless there is significant investment in capital funding, and given that the capital funding was reduced by £8 million in the planned expenditure for the current financial year, how on earth do you think that you will deliver this improvement in recycling? I appreciate the fact that you have mentioned this central pot, which everyone seems to be talking about—everyone is going to draw down this cash from this pot and it is everyone's answer to all the capital funding problems across the whole Assembly Government. However, is it not true that the funding in the central pot will not meet all the demands and requests for it?

[166] **Jane Davidson:** I think that you have to look at all the lines that contribute towards the funding. Although there is a small reduction—it is only £200,000 in the waste capital, because we must ensure that we deliver within the budget priorities across the piece—there is an increase in the regional capital access fund for local authorities from £8 million to £10 million, and there is also an increase of over £90 million in revenue. So, there is an enormous increase in terms of funding for the whole waste agenda.

[167] I think that it is important to say that different local authorities face different challenges in terms of how they deal with waste. Therefore, although we have done the work that demonstrates that it is perfectly possible to get similar outcomes from rural, urban and Valleys authorities, the mechanisms by which the local authorities will achieve those outcomes will be very different. We have to support quite a wide range of initiatives. The big initiative at the moment, in terms of food waste, will be heavily revenue based, because it is about the collection of food waste, which has a very small capital base in terms of the containers that are used for its delivery. We are absolutely confident that our funding will deliver on that. Even the best local authorities, namely Ceredigion and Powys, would not be able to get beyond their current performance if they did not increase kerbside recycling, which they do not do universally across their counties, or introduce food waste collection. Food waste is critical in terms of moving authorities into the next phase. That is why we are focusing very much on that this time, going through the big procurement process in terms of the European Union obligations, undertaking a consultation on the regional waste management plans, continuing all our ambitions in terms of reducing packaging, and taking forward the legislative competence Order. These are the immediate priorities that we have identified with local government. I am certainly satisfied that we are putting a dramatic extra investment into our immediate priorities.

[168] **Darren Millar:** I was pleased to hear the references at the beginning of the presentation to working with the private sector to achieve things. It is very refreshing to hear that. However, I have concerns regarding this comfort-blanket approach to the central pot.

[169] **Mick Bates:** Absolutely, but I think that the point is made, and there is no need to repeat it. Darren, I invite you to move on from waste and recycling to flooding.

[170] **Darren Millar:** Obviously, there is significant additional revenue funding for flood-risk and water management. Given the potential impact of climate change and the effect that it is having on the weather, that is very welcome. However, in terms of the capital expenditure on flood-risk and water management, there is a cut in real terms, which is quite a significant cut when you consider the construction inflationary pressures in that sector. How do you balance the two to ensure that you are going to give proper protection, particularly to some of the urban areas around our coasts to ensure that they will be able to manage appropriately the flood risks that climate change will bring?

11.00 a.m.

[171] **Jane Davidson:** The shorthand answer is that, following expert advice, we have moved the approach to flooding to a flood-risk management approach. That is much more comprehensive than the previous approach, which encompassed flood defences on its own. We are now looking at an approach that deals with flood defences, with an increasing emphasis on awareness in communities. Over the three-year period, we are putting another £360,000 into the flood defence side, and there is an uplift of nearly £2.7 million on the flood risk revenue side, which funds people. This is based on expert advice. We had a debate on this in the Assembly; it is supported as a way forward universally by the experts and it was recommended in the Foresight programme in 2004. Therefore, we are confident that we are putting the additional funding—a dramatic increase of 18.9 per cent—in the right budget to take this agenda forward.

[172] It is also important to say that, outside this budget, there is the opportunity of convergence funding on the flood risk side. There is an application going in to take that forward. We continue to ring-fence the flood-risk management budget that goes to the Environment Agency from the rest of the agency's grant in aid. Therefore, we are looking across the piece at our responsibility, and local authorities still have their responsibilities with

regard to tackling flooding issues.

[173] **Darren Millar:** Local authorities are basically facing a cut because they already have the pressures as a result of the settlement that was announced yesterday, and here they are getting no increase whatsoever. So, that is another cut in real terms despite the increased risk of flooding in many of the communities that they serve. It just does not seem to stack up, Minister.

[174] **Jane Davidson:** That is not the case. The increase is £2.7 million on the flood risk revenue side and, as I said, substantial additional money is going to come through, amounting to about £51 million, in convergence funding for flood and waste together. Therefore, substantial additional funding is going into this area.

[175] **Darren Millar:** That will happen if we are successful at drawing that money down. So, included within these revenue and capital lines is the money that will go to the Environment Agency for its work on flood protection?

[176] **Jane Davidson:** That is in the Environment Agency budget.

[177] **Mr Quinn:** No, it is in this budget. The GIA budget for the Environment Agency does not cover its flood moneys. The flood moneys are in this budget. We have kept it ring-fenced so that there is no cross-subsidy.

[178] **Darren Millar:** Do you have a schedule of what the additional revenue resources will be spent on?

[179] **Mr Quinn:** Principally, it will be spent on staff in the Environment Agency. There has been a rebalancing over the past few years of staff, particularly in supporting areas such as planning work, for example, where there has been a big emphasis, as you know, on avoiding building on flood plains. The money will go on a great deal of that advice work and a great deal of the work that you see in the media that the Environment Agency does in terms of flood warning helplines and so on. I dare say that the Environment Agency can explain that to you in detail on another occasion.

[180] **Mick Bates:** There seems to be an emphasis on convergence funding in this. What is the timescale to draw down any convergence funding?

[181] **Mr Quinn:** We would be looking at it to start next year on these. We have the proposals ready. I am not sure whether the flood proposal is on the WEFO website yet; if it is not, it will be soon.

[182] **Mick Bates:** Is there a specific source of European funding for flood-risk management?

[183] **Mr Quinn:** This is structured under what we are calling the energy and climate change strand. You can look at the published frameworks on the WEFO website. This one was approved by the programme monitoring committee last month. There is a strand for flood-risk management within that.

[184] **Darren Millar:** Does it specifically refer to the projects that you envisage supporting?

[185] **Mr Quinn:** The framework sets out the areas in which we will be looking for projects to come forward. We will be putting forward—I am not sure whether we have physically put it on the website—a flood project.

[186] **Jane Davidson:** That is on flood defence and it is divided into three elements: fluvial, coastal and surface. I am sure that you will have an interest in that.

[187] **Darren Millar:** I most certainly will.

[188] **Jane Davidson:** Chair, you mentioned that there seems to be an emphasis on convergence funding. That is because—and it is quite right that this is happening—every Assembly Government Minister is looking for opportunities for convergence funding in their portfolio, but, of course it will not be in the Assembly's budget. So, this committee needs to know that, particularly in relation to areas for which it might have concerns, we can demonstrate that, in addition to the Assembly's budget, there is additional funding that we will be able to draw down under convergence funding, under particular frameworks. As Matthew says, we have a particular interest in three of the frameworks: climate change and energy; materials efficiency; and environment for growth. That should bring something like £150-odd million into this portfolio.

[189] **Mick Bates:** Generally, there has to be some form of match funding from the recipients. Where are you getting the match funding from? Who applies for it? Would it come from this water capital line of 2232?

[190] **Mr Quinn:** Yes, it would. The proposal on the flood one is that we will bid. It will be a co-financed programme of work, but we will be the bidder.

[191] **Mick Bates:** Within that line, then, does it state somewhere in the detail that there is an allocation for match funding in a convergence programme?

[192] **Mr Quinn:** Not yet, but that is what we will be looking to do.

[193] **Mick Bates:** Is that possible match funding costed into this line?

[194] **Mr Quinn:** We are aware of the moneys that we could be drawing forward. The amount of money required for match is not significant. The contribution is significant overall, particularly with regard to waste and other things, but there is no problem with match funding within this line.

[195] **Jane Davidson:** The important point from the Minister for Finance and Public Service Delivery's perspective is that, in terms of drawing up this budget finally, he was fully aware of all the elements where any department would require match funding or would need to ensure that its funding could match in terms of convergence. That has been taken fully into account in the drawing up of this budget right across the piece.

[196] **Mick Bates:** So, how much is that for this particular line, for flood-risk management?

[197] **Mr Quinn:** I do not have that figure to hand. It depends what the approved bid will be, but we can let you have that in due course.

[198] **Jane Davidson:** As I said, our expectation is that our allocation will be in the region of £154 million: £52 million for energy, not including the match funding; £51 million for waste and flood; and around £51 million for environment for growth.

[199] **Mr Quinn:** Remember that this is over a longer timescale than this budget, so the profiling is—

[200] **Mick Bates:** That is the point that I have not quite understood yet. Previously, in

terms of waste, Mr Roberts referred to 2012, when the capital programme would kick in. Matthew Quinn has said that the flood convergence money will be pulled down next year, but we have not, as yet, been given the identified source of any match funding. So, it seems to me that we need some clarity on this.

[201] **Mr Quinn:** The waste side is not related to the convergence money; the convergence money on waste and materials efficiency will be very much at the front end in terms of business support and that sort of work.

[202] **Mick Bates:** It is a different fund.

[203] **Mr Quinn:** It is not a capital budget.

[204] **Mick Bates:** It is a different fund in other words. Which one is it? Are you talking about Government money or European money with regard to waste?

[205] **Mr Quinn:** It will be both, but the focus, where the money will be spent—the nature of the projects—will be materials efficiency and waste reduction. It is not a capital budget.

[206] **Mr Roberts:** And there will be a business contribution because it will be working largely with the private sector.

[207] **Mick Bates:** Minister, is it possible that this discussion has a paper behind it somewhere in Government that we could see to give us a little more clarity on how these bits of convergence are match funded out of these budget lines and when they will be used and by whom?

[208] **Jane Davidson:** I am sure that we could provide a note.

[209] **Mr Quinn:** It will not all be clear yet in terms of the profiling and the rest of it, but we can show you where we are at.

[210] **Mick Bates:** Thank you. Are there any further questions?

[211] **Karen Sinclair:** The very first question I asked you was: how much of the draft budget is committed expenditure and how much is left for discretionary spend? So, is some of that committed expenditure hypothetical match funding?

11.10 a.m.

[212] **Jane Davidson:** Yes.

[213] **Ms Haarhoff:** The budget is committed in the sense that we know where it is going. We are earmarking some of that for match funding, so it is committed to that degree, but we still have to talk to the Welsh European Funding Office about a lot of that, and it is subject to its agreement on the particular projects and its views of it.

[214] **Mr Quinn:** It is committed in the sense that there is no unallocated money.

[215] **Mick Bates:** It is not actually allocated. I do not wish to repeat this, but this is for clarity. Darren, would you like to conclude this?

[216] **Darren Millar:** You have indicated that some of it is set aside to enable the unlocking of convergence funding, but you have not bought that information to us today. That is what you are saying to us, is it not? We are scrutinising the budget and so we ought to have

this information to hand. I am surprised, Georgina, that it is not here, and it is remiss that it is not available to us as a committee today.

[217] **Mick Bates:** I think that the Government can provide it. I can see that we need the details and that may be one of the recommendations that we will make as a committee and forward to the Minister for Finance and Public Service Delivery.

[218] **Jane Davidson:** It is important to say that nothing is set aside—that makes it sound as though it is put on a shelf and can be used. As we said in answer to the question right at the beginning, every single aspect is committed, and it is committed for a purpose. However, according to European funding rules, some of that will be eligible for match funding, and there will be a broader discussion across the whole of the Assembly Government, led by the Minister for finance, of which elements are eligible for match funding. Today, the committee is looking at the part of the Assembly budget, as published, that is my responsibility.

[219] **Darren Millar:** However, Minister, we are being told that some of the capital element has been set aside, for want of a better phrase, or allocated to enable the convergence funding to be drawn down, and yet, at today's budget scrutiny session, you cannot tell us what proportion of it is or is not allocated.

[220] **Jane Davidson:** We are saying that the funding that we are allocating to capital or revenue in any aspect of our budget and which also qualifies for European convergence funding can then be used for match funding. That will enable us to draw down further money, which I would have thought that Members would find beneficial.

[221] **Darren Millar:** Absolutely. We welcome that, but the information is not here. Georgina pointed out clearly that some of these funds have been earmarked as having the potential to be drawn down—

[222] **Ms Haarhoff:** In terms of their eligibility.

[223] **Darren Millar:** Yes, but you cannot give us that split.

[224] **Mick Bates:** We will receive a note about the European side of this, because how much you will receive from the European funds will enable us to see how much of the budget will be dedicated to match funding. That is the point at issue.

[225] We will move onto the sustainable environment.

[226] **Alun Ffred Jones:** Cyn i ni symud at yr amgylchedd cynaliadwy, yr wyf am ofyn cwestiwn am linell 2252, yr arolygiaeth gynllunio. Pam mae cynnydd o 12 y cant yng nghyllideb refeniw'r arolygiaeth? Llinell wariant yn y gyllideb 2252, 'Planning Inspectorate Revenue Expenditure' ydyw yn fy mhapurau i.

Alun Ffred Jones: Before we turn to the sustainable environment, I want to ask a question on line 2252, the planning inspectorate. Why is there an increase of 12 per cent in the inspectorate's revenue budget? It is budget expenditure line 2252, 'Planning Inspectorate Revenue Expenditure' in my papers.

[227] **Mr Quinn:** This supports the demand-led work that the planning inspectorate undertakes for us in Wales. It reflects the increased demand and some cost increases on that side, so it is one area in which we have not been able to identify specific efficiency measures, given the nature of that particular budget.

[228] **Alun Ffred Jones:** Why has it increased to such an extent that it needs a 12 per cent increase?

[229] **Mr Quinn:** I will have to drop you some detailed lines on that.

[230] **Mick Bates:** Thank you. I accept that. Would you like to move on, Alun?

[231] **Alun Ffred Jones:** Mae gennyf dri chwestiwn penodol am yr adran hon. Yn dilyn darlith y Dr Kevin Anderson yr wythnos diwethaf am y newid yn yr hinsawdd, yn dwyn y teitl Drinking in the Last Chance Saloon, mae llawer ohonom wedi cael ein dychryn, ac mae hon yn adran arbennig o bwysig felly, nid yn unig o ran y gyllideb ond hefyd i ddyfodol Cymru. Weinidog, a allwch esbonio'r newidiadau? Yr wyf yn croesawu'r cynnydd mawr yn yr adran, gyda llaw.

Alun Ffred Jones: I have three specific questions on this section. Following the lecture on climate change last week by Dr Kevin Anderson, entitled Drinking in the Last Chance Saloon, it has given many of us a fright, and so this is an exceptionally important section, not only in terms of the budget but also for the future of Wales. So, Minister, can you explain the changes? By the way, I welcome the significant increase in the section.

[232] Mae gostyngiad yn y gronfa datblygu cynaliadwy, felly beth yw'r weithgaredd na fydd yn digwydd o dan y pennawd hwnnw, os yw'n berthnasol? Mae'r un peth hefyd yn wir am y llinell 'Ynni a'r Amgylchedd—Refeniw', sydd yn gweld gostyngiad eithaf sylweddol o 10 y cant.

There has been a decrease in the sustainable development fund, so what activity will not take place under that heading, if that is pertinent? The same is also true of the 'energy and Environment—Revenue' line, which sees a quite substantial decrease of 10 per cent.

[233] Yn drydydd, yr ydych eisoes wedi cyfeirio at y llinell 'Climate Change and Environmental Quality' sy'n gweld cynnydd sylweddol yn y gronfa. Yr ydych wedi esbonio bod £4 miliwn ohoni, sef hanner y gronfa, yn mynd ar y cynllun Trefi Taclus ac ymgyrch Cadw Cymru'n Daclus. Felly, a wnewch esbonio eich cynlluniau ar gyfer y £4 miliwn arall?

You also referred to the 'Climate Change and Environmental Quality' line, which sees a substantial increase in the fund. You have explained that £4 million of that, which is half of the fund, will go on the Tidy Towns scheme and the Keeping Wales Tidy campaign. So, can you explain your plans for the remaining £4 million?

[234] **Jane Davidson:** I will ask Georgina to comment on what has been moved around in the Sustainable Development Fund and 'Energy and Environment—Revenue' lines, and I will come back on climate change.

[235] **Ms Haarhoff:** The sustainable development fund shows a small increase, but it is below inflation; it is a £68,000 increase in year 1, and ongoing for the next three years. It is below inflation—

[236] **Mick Bates:** Can you just point us to where that increase is shown? I am looking at BEL 2810, 'Sustainable Development Fund', which shows a decrease from £2,152,000 to £2,000,000.

[237] **Ms Haarhoff:** Yes, we have reduced the baseline and increased it slightly above that. What comes underneath that fund is money that goes into sustainable development for national park authorities and other types of countryside areas, as well as our work on sustainable development policy. So, we fund organisations such as the Sustainable Development Commission and Cynnal Cymru from that fund. On those efficiencies, we are continuing to fund that work and the work that is our policy priorities, and we are asking people to do it slightly more efficiently than they have been, working with partners to deliver

the same amount for slightly less money. We continue to work with them on these types of issues, and we do not expect any of our policy priorities not to be delivered as a result of that.

[238] **Mick Bates:** Where is the £68 million to which you referred to at first?

[239] **Ms Haarhoff:** There is a reduction in the baseline in 2008-09 and there is an increase of £68,000 in my budget.

[240] **Mick Bates:** We cannot see that. We may need an explanatory note on that, unless I am missing something.

[241] **Mr Quinn:** There is a difference between our two tables, but I am not sure why. The baseline figure that you have is different from ours: ours shows an increase and yours shows a decrease.

[242] **Mick Bates:** Please drop us a note on that. You specifically mentioned £68 million, so I would like to see where that is.

[243] **Mr Quinn:** The figure that we were quoting was not from the revised plan, but from the original plan. It is a decrease, but it was an increase in the original plan, so please accept our apologies for that. *[Interruption.]*

[244] **Mick Bates:** We will have a note on that, Darren.

[245] **Alun Ffred Jones:** My next question was on line 3770, 'Energy and Environment—Revenue'.

[246] **Ms Haarhoff:** I will pass over to Matthew on that.

[247] **Mr Quinn:** Rather like the other budget, this was used to fund a series of individual projects to facilitate activity. For example, one of the big spends in this last year was the money that we put into the Sustainable Development Commission's work on the Severn barrage study. It has also supported work on mapping the marine geography for energy. Effectively, these projects come in and out of the programme, so we are looking to rebalance that. Again, some of this will be eligible for convergence funding on the energy side, where we will be looking at some private-sector-led projects. So, we believe that it will be sufficient to support that.

11.20 a.m.

[248] **Alun Ffred Jones:** Just to comment on that, it would appear to me that marine geography is probably very important for renewables.

[249] **Mr Quinn:** That work will be finished under this budget provision.

[250] **Alun Ffred Jones:** Okay.

[251] **Mick Bates:** I would like to confirm something, Alun, before we move on. You referred to revised figures. Do we then agree that the budget line amounts to a 10.4 per cent reduction for 2008-09?

[252] **Mr Quinn:** Yes.

[253] **Mick Bates:** Thank you.

[254] **Alun Ffred Jones:** The big one is line 2816, 'Climate Change and Environment Quality'. You have accounted for £4 million, so what else is happening there?

[255] **Jane Davidson:** I thought it important that we had a new budget expenditure line on climate change, because it will support the work of the climate change commission, additional research, awareness campaigns, analysis of carbon savings policy, equality, and the social impact of climate change. That is why there is a new line.

[256] However, that does not represent the whole of the climate change responsibilities of the Welsh Assembly Government. Although I am the lead Minister on climate change, as we move forward with our work on the commission, and the obligations that will come out of the Climate Change Bill when it is passed by Parliament, all portfolios will need to demonstrate what they are contributing towards climate change issues, as you would expect. However, as the lead Minister on climate change, I wanted to ensure that there was money to start to focus on awareness raising.

[257] I am sorry that I was unable to attend the recent lecture by Dr Kevin Anderson from the Tyndall Centre, who was getting very scared by climate change issues. However, some of the money from our sustainable development fund helped Cynnal Cymru organise events across Wales aimed at raising awareness of sustainable development issues. I attended one in Carmarthen this week. The meeting was extremely well attended, with well over 100 people there. At the beginning, only 54 per cent of people believed that climate change was man-made and urgent; by the end of the meeting, more than 83 per cent of people believed that that was the case. So, these kind of awareness-raising events, where we go out and talk to communities, and get individuals and schools involved through the eco-schools programme and others, are critical in starting to push on this. Our own commission on climate change will be a very high-level commission in advising Government. All parties are represented on it, as well as businesses and others.

[258] **Alun Ffred Jones:** I have a general point. Is that £4 million reserved for the commission's work, research and awareness raising?

[259] **Jane Davidson:** No. There is £1.5 million focused on awareness, because there is a £5.5 million budget for climate change and local environmental quality, and the other £4 million is for Tidy Towns and local environmental policy—

[260] **Alun Ffred Jones:** There is £8 million in the budget, so £4 million goes to Tidy Towns and Keep Wales Tidy, and then you have £4 million left, and, presumably, from that, you will fund the commission's work, awareness raising and research.

[261] **Mr Quinn:** Yes, that would be the intention, looking forward at the rise in the budget line, and as we develop the programme of work committed to under 'One Wales'. To identify the 3 per cent reduction figures from 2011, this money will begin to support work on that, which is what the commission is undertaking. In particular, in the first phase, as the Minister said, it will build on the pilot work that we did on awareness raising. I do not know how many of you caught the radio advertisements that we ran at the beginning of the year; we received an award for that work recently, so we are hoping to build on that.

[262] **Mick Bates:** If I may follow the point made by Alun, we are talking about an £8 million budget, and so is it possible to have more clarity on where it is all going? We have picked up the £1.5 million for awareness, and the £4 million for Tidy Towns, but where is the rest going?

[263] **Mr Roberts:** [*Inaudible.*]

[264] **Jane Davidson:** You need to tell the Chair.

[265] **Mr Roberts:** There is also an existing LEQ baseline. We have been funding LEQ for three years—

[266] **Jane Davidson:** LEQ stands for local environmental quality.

[267] **Mr Quinn:** Keep Wales Tidy is in there, and the eco-schools programme—

[268] **Mick Bates:** It is all under that line.

[269] **Jane Davidson:** The new element is £5.5 million; that is the bit that I fought for.

[270] **Mick Bates:** Thank you. Alun, would you like to continue with the Countryside Council for Wales?

[271] **Darren Millar:** May I just finish?

[272] **Mick Bates:** Sorry; I do apologise, Darren.

[273] **Darren Millar:** Obviously, the environmental protection and waste management LCO is currently being discussed and the committee is going to report soon. I assume that some of that budget line is for the Measures that you envisage introducing, following the successful passage of that LCO through Westminster. Would that be the case?

[274] **Jane Davidson:** It is for local environmental quality, and Measures that support, for example, the Tidy Towns initiative, would clearly come through under that line. As we move forward on Measures, it may well be that they will cross into other lines as well. We do not tie our policies into a particular budget line. When we determine a policy, we make sure that we have the budget to support it.

[275] **Darren Millar:** However, if you are setting aside money for Measures, you must have an idea of the Measures that you intend to introduce. You have mentioned, for example, the more robust targets for local government and we have seen the extra resources in the waste management revenue stream. What things do you envisage funding? Can you give us more detail on what you expect to do with the additional resource in this line? I think that it is a fair question and that you should give a response to the committee on that.

[276] **Jane Davidson:** I have already reported in detail to the committee that is looking at the LCO and I am sure that I can refer you to the notes.

[277] **Darren Millar:** If you have costed items and have put them in your budget line, you must have an idea of what you expect to do, surely.

[278] **Mr Roberts:** There is a good deal of existing information around, for example, enforcement. There are a lot of possibilities under the Clean Neighbourhoods and Environment Act 2005. The LEQ forum, which includes local authorities, private sector stakeholders and others, and enforcement agencies such as the police, is looking at more action on the enforcement of litter legislation within communities, such as enforcement on fly tipping and so on. That is one area in which we are looking at developing projects. It is not so much that the budget is driven by potential Measures, but we have asked the forum to report to us on where it feels that existing legislation is weak or needs further development, and we will be looking to develop that, which will lead to additional funding opportunities in the future.

[279] **Jane Davidson:** Some Measures that may come through from the Assembly Government, supported by the Assembly, may involve no cost to the Assembly. As I said, we have already published a list of the kinds of areas in which the Assembly may choose to put Measures forward in the future.

[280] **Mick Bates:** Thank you. Alun, what about the CCW line?

[281] **Brynle Williams:** I was just looking here—

[282] **Mick Bates:** I do apologise. Brynle, I forgot that you had indicated that you wanted to ask a question.

[283] **Brynle Williams:** It is pleasing to see that £700,000 has been added to the CCW line. However, the administration costs BEL has been reduced by £1.8 million and the capital expenditure BEL is reduced by £2.5 million for 2008-09, which is a 77 per cent reduction. Can you tell me which commitments you have identified for delay or postponement as a result of these direct reductions in funding or an inflationary squeeze?

[284] **Jane Davidson:** We do not anticipate that any policy commitment will be delayed or postponed. The particular issue with CCW—and I would have thought that this would have arisen in the Rural Development Sub-committee—is that the funding for Tir Gofal, which was in the CCW line, came into the Assembly Government—that is where the reduction lies in terms of CCW. Of course, that funding has now moved over to Elin Jones's portfolio.

[285] **Mick Bates:** Brynle first, then Alun.

[286] **Brynle Williams:** Which access schemes are to be funded out of this?

11.30 a.m.

[287] **Jane Davidson:** In terms of the access schemes that are to be funded, the main scheme is on coastal access, because the all-Wales coastal path is a 'One Wales' commitment, but there are also rights of way improvement plans and strategic plans to deliver access to new water, on the basis of voluntary access. The Environment Agency will be publishing its report on this imminently. On the capital side, where most of the increase sits, the capital funding for CCW and the national parks that was spent on this area will now be managed directly by the Assembly Government and spent on access. CCW and the national parks will still continue to have a role in managing some of this money, but because cross-cutting areas are involved, we believe that it is best co-ordinated centrally. That is why there is a new BEL, focused on access, which we will be working on with our partners.

[288] **Alun Ffred Jones:** I am not quite sure about the administration costs, which show a 7.6 per cent decline, if these figures are the same as yours. Surely, those responsibilities were transferred a year ago, were they not? I am not quite sure whether that accurately reflects your reasoning. I think that I am right in saying that the CCW's administration costs have actually reduced by around 30 per cent over the past seven to eight years. Is there reasoning behind this? Are we running CCW down for a particular reason?

[289] **Ms Haarhoff:** CCW's administration costs are being flatlined at £21,834,000. In its remit letter for this year, 2007-08, it was specified that it would be £21,834,000, and we are continuing that. We talked to CCW about this, and it is content with that. They are happy to continue managing within that flatline budget and to continue to address our policy priorities as a part of that. We do not consider ourselves to be reducing it further, and we have spoken to CCW about it.

[290] **Alun Ffred Jones:** The administrative costs have reduced by around 30 per cent in real terms over the past eight years.

[291] **Ms Haarhoff:** I would have to check the details of that. I do not see a significant reduction in those costs—it had an uplift in its administration costs last year.

[292] **Mr Quinn:** There may be some definitional issues here, and perhaps we can help you with that. The combination of the two budget lines and Tir Gofal being moved makes it rather difficult to see a year-on-year picture. Perhaps we can provide a note on that.

[293] **Alun Ffred Jones:** My only comment is that I am not sure that ‘happy’ is the word that I would use.

[294] **Mick Bates:** I welcome your offer to clarify the issue in this budget line, as it appears to us that there has been a substantial reduction.

[295] **Darren Millar:** I was going to ask for just that, that is, details of exactly what has been shifted across, because it is difficult to see whether there has been a significant reduction. Georgina has just indicated that it is not envisaged reducing this any further in future, but it has been cut every single year in this budget in real terms, which, to me, is of concern because CCW is already stretched, and I am sure that it would like to be doing much more work.

[296] **Mick Bates:** I think that the point has been made. Brynle, did you have a further question on this issue?

[297] **Brynle Williams:** Darren has covered most of it. I can see various schemes increasing CCW’s workload. We have seen cuts over the last three to five years, and it is hammering the service that we get back from these people. As I say, Darren covered most of it.

[298] **Mick Bates:** Do you wish to talk about the environment agency and national parks, Brynle? Sorry, Alun, you wanted to come in.

[299] **Alun Ffred Jones:** Just to clarify, the capital expenditure for national parks and the CCW has been transferred to the National Assembly, has it? Is that the huge drop here in BELs 2438 and 2492?

[300] **Jane Davidson:** The access funding has been transferred to the new BEL, because access responsibilities—particularly when allied to the rights of way improvement plans, which are a statutory obligation for local authorities—cut across CCW’s work, the national parks’ work and local authorities’ work, and because there is the specific commitment in ‘One Wales’ in terms of the coastal path, it seemed better to bring that funding together in the Assembly, although, all those agencies will carry on delivering elements of it.

[301] **Alun Ffred Jones:** Access, in general, now falls on local authorities. Is that a new responsibility on them?

[302] **Jane Davidson:** No.

[303] **Alun Ffred Jones:** Will they take all the responsibility for that?

[304] **Jane Davidson:** No. The rights of way improvement plans are the statutory responsibility of local authorities and they are producing those at the moment. However, all those partners have an interest in access issues. They also have an interest in working with

each other on access issues. There is also an interest in access issues through Tir Gofal.

[305] **Alun Ffred Jones:** So, all the capital expenditure has now been moved over into one budget.

[306] **Jane Davidson:** Yes.

[307] **Mr Quinn:** The money that would have been capital spend for the individual bodies and that they would have held within their budgets for access are now held in one budget, which allows it to be distributed according to individual needs and, ideally, in co-operative ventures in order to deliver this.

[308] **Alun Ffred Jones:** How much of that is going on the coastal path?

[309] **Jane Davidson:** It is £1.5 million a year.

[310] **Darren Millar:** On the coastal path, are we going to see a shifting of resources from inland rural Wales to the coasts? I also noticed, on the revenue side, quite significant increases in the access revenue expenditure. How much of that will be for legal battles in the courts with landowners? I assume that a large proportion of that might be gobbled up. Is there any provision for that?

[311] **Jane Davidson:** It would not be for us to have legal battles in the courts. Our funding in terms of the access revenue fund is to help to use the capital funds effectively to deliver the projects. Remember that 18 of the 22 local authorities will benefit from the coastal path and Wales will benefit hugely from the increased opportunities, as the Pembrokeshire coastal path and as the Anglesey coastal path, in its short life, have demonstrated and as the Ceredigion coastal path is demonstrating. It is an exciting proposition, which has enormous support.

[312] **Darren Millar:** So, you do not envisage any difficulties with landowners, for example, that you might have to finance members of staff to negotiate with them. I assume that part of that—

[313] **Jane Davidson:** Assembly Government funds would not be used in that context. I hope, and I have been clear about this, that because the benefits are enormous in terms of marketing Wales in the context of an all-Wales coastal path, we will be able to continue the incredibly successful work that has gone on in terms of voluntary agreements for delivering the outcomes. We have said that we will consider the statutory basis, because if you end up in a situation whereby you are opening up 99 per cent of the coast of Wales and one or two people are prepared to hold it up, that will not be popular locally. We therefore need to have a mechanism to ensure that that can be formally tested. That is the statutory basis, but the funding is for capital delivery. Local authorities and the national parks and others are getting on with this with enthusiasm. A huge number of kilometres are being made more accessible as a result of our investment.

[314] **Mick Bates:** I draw everyone's attention to the fact that another Minister is waiting to be scrutinised on the first part of our inquiry, so I ask people to be brief as we bring to an end this discussion, because we have housing to come.

[315] **Karen Sinclair:** Access issues are coming back in-house, but you said that the Countryside Council for Wales, the national parks and local authorities will be delivering. Will they bid for that money? Is that how it will work?

[316] **Jane Davidson:** I am not looking at the moment at a bidding process; it is a relatively small number of partners and it is about who is best-placed to deliver the policy objectives in

that sense.

[317] **Mick Bates:** I would like to move on to our final section on scrutiny of housing. I understand that the Assembly Parliamentary Service has decided that the Community and Culture Committee, within whose remit housing resides, should undertake full scrutiny. I know that there is some disquiet about that at this stage. However, I would first like to invite the Minister to make a comment on the principle of the scrutiny of housing, along with any Member who wishes to comment. I do not want the committee to go into a detailed discussion on the principles at this stage, because there are issues on which we can scrutinise the Minister and I ask people to do that specifically in terms of energy efficiency and carbon reduction. Minister, could you give us a brief statement on scrutiny of the housing part of your budget?

11.40 a.m.

[318] **Jane Davidson:** The Deputy Minister for Housing is being scrutinised on the housing budget by the committee that has taken responsibility for housing. That was an all-party agreement. We, as Ministers, respond to scrutiny on the areas of responsibility of the committee before which we appear. This committee does not have responsibility for housing, but it has responsibility for other areas that fall within my portfolio; for example, this committee wished to discuss the home energy efficiency scheme. So, I am happy to take questions that are within my remit. Other housing issues that sit with my colleague, Jocelyn Davies, are appropriately dealt with in scrutiny by the committee that she will address.

[319] **Mick Bates:** Thank you. Are there any comments on that? I see that there are none. Therefore, Lesley, you have the first question for the Minister.

[320] **Lesley Griffiths:** A commitment in 'One Wales' is to promote the expansion of community land trusts—

[321] **Mick Bates:** I am sorry to stop you at that point, but I was looking at the first note here on the home energy efficiency scheme.

[322] **Lesley Griffiths:** I thought that that was Leanne's question.

[323] **Mick Bates:** Sorry, that was my mistake; I do apologise.

[324] **Leanne Wood:** Shall I ask my question on energy efficiency then?

[325] **Mick Bates:** Yes, please, Leanne. I apologise, Lesley; it is coffee time and I cannot concentrate.

[326] **Leanne Wood:** To refer you to budget line 1270, there does not seem to be any funding allocated for 2008-09. Can you tell us why no money is allocated for that first year?

[327] **Mick Bates:** Could you repeat the number, Leanne?

[328] **Leanne Wood:** It is 1270.

[329] **Mick Bates:** It is on page 9 of our document.

[330] **Jane Davidson:** That is because it is a new line. No funding was allocated previously.

[331] **Leanne Wood:** So, why is none allocated for the first year? It starts in 2009-10.

[332] **Ms Haarhoff:** The point about the home energy efficiency scheme is that it is a new commitment that we are looking to fund over the longer term. So, we are gradually building it up, coming from year 2. We will look to keep that funding going and perhaps increase it over the much longer term.

[333] **Mr Quinn:** Essentially, HEES is a capital scheme, and the revenue element is a different aspect of that. As the Minister said last week, we are looking at exactly where we are focusing the HEES activity as well as energy efficiency and fuel poverty. We will need to differentiate our aims on that, given that, within the climate change context and commitments on domestic energy efficiency, we are going to need to do much more on this area of work. Effectively, these are initial holding sums, looking towards that potential change.

[334] **Alun Ffred Jones:** So, where is the capital expenditure?

[335] **Jane Davidson:** The capital expenditure is under 1160 and it goes up by 0.9 per cent. Given that we are committed to looking at a national energy efficiency and savings strategy, we need to look at HEES in that context. From April 2008, additional funding comes in through the new carbon emissions reduction targets. That is funding from the energy companies, and it will substantially increase the amount of money available under HEES.

[336] **Leanne Wood:** Do we know how much that will be?

[337] **Jane Davidson:** I do not think that we have a figure for how much that will be, but we will allocate a value to the new national energy efficiency and savings plan and we will then be able to look at that in the context of future budgets. That is in the context of the whole of the UK, so I am not sure that we will get a figure for that until the new year.

[338] **Mick Bates:** Lesley, did you want to ask your question now?

[339] **Lesley Griffiths:** On community land trusts—

[340] **Darren Millar:** May I just ask a question on HEES?

[341] **Mick Bates:** Very briefly.

[342] **Darren Millar:** It is an extremely important issue. We have taken a lot of evidence on domestic carbon emissions, and one of the best ways of reducing domestic carbon emissions is through home energy efficiency. It alarms me that no increase has been allocated for the capital investment side of the scheme, which is already significantly oversubscribed. We had a debate on fuel poverty in the Assembly last week—a very good, healthy debate—and the Minister indicated that she would look at the eligibility criteria, and possibly widen the criteria, for HEES grants in order to make those people who are in fuel poverty eligible to draw down those grants. So, why is it that there is a real-term cut in each of the three years in the budget for this important scheme? It is already rationed, is it not?

[343] **Jane Davidson:** There are two things there. The first, as I said, is that additional funding will be coming in from the energy industry; the CERT funding is coming in from April and will substantially increase the amount of money available in the scheme. We need to look at the eligibility criteria, because we always have to ensure that our eligibility criteria are most appropriate in terms of the most vulnerable. In addition, we have put £200,000 into the new sustainable energy network to give householders advice, because the majority of people whom we would encourage to take energy efficiency measures will already be outside HEES. If we are talking about tackling climate change, we need to get everyone to take energy efficiency measures. The home energy efficiency scheme supports those who are most

vulnerable, but the big effort must also be, in terms of existing housing, on those who can afford to pay and need to be encouraged to do so. That is why we, ahead of any other part of the UK, put additional funding, for example, into the sustainable energy network.

[344] So, all of these things come together in terms of wider issues in the context of climate change. As we develop our national energy efficiency and savings strategy, we may put further allocations in for the future that come from other parts of this budget or from elsewhere. However, we will be able to ensure that we have a more strategic approach not just to HEES. That was why we could not support what you wanted to do, as Conservatives and other parties in the Assembly, because you wanted to look only at HEES and we wanted to make sure that we had a national energy efficiency and savings plan that covered the population of Wales in terms of taking this agenda forward.

[345] **Darren Millar:** May I come back on that?

[346] **Mick Bates:** Darren, I am going to overrule you, because I have another Minister waiting who has an appointment at 12.30 p.m.. Finally, I turn to Lesley.

[347] **Lesley Griffiths:** I am going to change my question now, Minister. [*Laughter.*]

[348] Looking at the 'improving housing' budget expenditure line, which is not numbered, the budget seems to be static over the next three years. If we are going to reach our targets of cutting carbon emissions by 2050, we need to improve household energy use and reduce carbon emissions in existing housing stock. Why does this not seem to be such a great priority?

[349] **Jane Davidson:** I will respond, not on the housing side, but in terms of looking at issues around energy efficiency, although we have just had a discussion on energy efficiency per se. The Welsh quality housing standard also ensures that energy efficiency is built in for the standard to be achieved by 2012. We also have a commitment to seek the devolution of building regulations in terms of building new sustainable homes for the future. All buildings funded out of Assembly Government money already have to achieve the Building Research Establishment environmental assessment method excellent standard, and we will be extending that.

[350] There are issues in terms of the creation of affordable housing, which is a major manifesto commitment with regard to the land element, for which I am responsible. We also have the Assembly Government protocol in terms of releasing land for affordable housing, and a fivefold increase in funding going to community land trusts. That fivefold increase is very important, because the £20,000 already there in terms of community land trusts is generating three pilot projects during the first two-year period up to April 2008. We see this as a very important rural housing enabling tool alongside our rules on housing enabling providers. Changes that we are making to the planning system and requirements on local authorities, in terms of allocating both housing and affordable housing in their planning role, mean that we are confident that we will be able to meet those outcomes.

[351] **Mick Bates:** Thank you, Minister. We look forward to receiving clarification on some of the issues that have been raised this morning.

[352] I am mindful that the Deputy Minister for Housing is waiting to be scrutinised on the first part of our inquiry. I therefore ask Members to get their tea or coffee, and bring it back within the next five minutes, if possible.

*Gohiriwyd y cyfarfod rhwng 11.50 a.m. ac 11.55 a.m.
The meeting adjourned between 11.50 a.m. and 11.55 a.m.*

Ymchwiliad i Leihau Gollyngiadau Carbon Inquiry into Carbon Reduction

[353] **Mick Bates:** I am happy to welcome the Deputy Minister for Housing, Jocelyn Davies, to the committee. As you are all aware, the Sustainability Committee is undertaking scrutiny of the Government's attempts to reduce carbon emissions. In the first part of that inquiry, we looked at the reduction of carbon emissions from the residential sector.

[354] The committee has a series of questions to ask the Deputy Minister. However, we are constrained by time, as are you, Deputy Minister. I apologise for the substantial overrun on the previous session, which means that this session will have reduced time. If questions are left unasked and, therefore, go unanswered, are you content for us to ask those questions of you in writing?

[355] **The Deputy Minister for Housing (Jocelyn Davies):** Of course, Chair.

[356] **Mick Bates:** Thank you. We have received a paper from you, but if you wish to make an opening statement and introduce your colleagues, I would be willing to accept it.

[357] **Jocelyn Davies:** I think that you have already spent some time with Matthew Quinn. He is joined by François Samuel from the housing division. I do have an opening statement, but because time is so short, would you rather go straight to the questions? My statement was only very brief anyway.

[358] **Mick Bates:** We have received a paper, thank you. Alun Ffred Jones has a question about planning.

[359] **Alun Ffred Jones:** What steps is the Welsh Assembly Government taking to provide a clear lead to, and support for, local authorities in carbon reduction from residential sources?

[360] **Jocelyn Davies:** Their own properties have to come up to the Welsh housing quality standard, and that will make a significant difference to the properties already in council ownership. You are probably already aware that we are pursuing devolution of building regulations—we are currently in negotiations with Westminster on that. Of course, if the Assembly were to obtain power over building regulations, it would be at our disposal to set the regulations as we see fit.

[361] **Alun Ffred Jones:** How likely is that to happen?

[362] **Jocelyn Davies:** It is a 'One Wales' commitment, as you know. The Cabinet has discussed it, and negotiations are currently under way. At the Westminster level, a transfer of functions Order containing a number of things is currently being prepared, and we are hopeful that our negotiations with Westminster on this issue can be concluded by the time that that transfer of functions is prepared. I would not like to set a date, but I hope that it will be fairly soon.

[363] **Alun Ffred Jones:** We had a presentation from Merton council and from—

[364] **Mick Bates:** Woking council.

[365] **Alun Ffred Jones:** It seems that some authorities in England have forged ahead and

have created a climate in which they seem to be far ahead of the game in carbon reduction. I know that you cannot look back, but what can the Welsh Assembly Government do to promote this kind of thinking among Welsh local authorities?

[366] **Jocelyn Davies:** I suppose that I could say to you that a local authority, if it wanted to do so, could take the same approach. I am not aware that any local authority in Wales has done that. We have influence in terms of development plans, and we have set a requirement, with local authorities, that on major developments, they have to reduce the predicted carbon dioxide emissions by a minimum of 10 per cent above the current baseline required by building regulations. Any local authority could do it, if it so desired. If you have any influence with a local authority, you could perhaps try your arm.

[367] **Alun Ffred Jones:** There is no need to take that attitude, is there? [*Laughter.*]

[368] **Jocelyn Davies:** Let us make it clear that once building regulations are devolved, the matter will be entirely in our control.

[369] **Alun Ffred Jones:** There are all sorts of other issues on which the Government cannot instruct local authorities, such as the combined heat and power schemes, which give us a way forward in Wales. As Wales is a comparatively small country with 22 different authorities, do you think that it is incumbent on the Government to give a lead here, even if it cannot instruct authorities?

12.00 p.m.

[370] **Jocelyn Davies:** I have responsibility for housing, and you are talking about planning issues. I am sure that the Minister who is responsible for planning will be very keen to take up your ideas. We have influence in terms of developments that are built on land that used to be owned by the Assembly, for example. However, I think that you should take up the general planning issues with the Minister with responsibility for planning.

[371] **Mick Bates:** I would like to point out the fact that when we took evidence on this issue from the Welsh Local Government Association, it clearly stated that it wanted more leadership from the Government. In response to that demand, can you comment on the areas on which you feel that the Government should take a greater lead in reducing residential carbon emissions?

[372] **Jocelyn Davies:** Jane Davidson is responsible for this policy area. She is a very competent Minister, and if she can give a lead, I can assure you that she will. Local government might regret the fact that it has asked for a lead in that direction. [*Laughter.*]

[373] **Mick Bates:** I think that it is something that we will print on the wall.

[374] **Jocelyn Davies:** Perhaps we could take that quote from the verbatim record so that we can use it if we need to.

[375] **Mick Bates:** Yes. I will move on to new and existing buildings. Brynle Williams has some questions on this, although the first one on devolving building regulations has been answered.

[376] **Brynle Williams:** I wish to welcome you to the meeting, Deputy First Minister— [*Interruption.*] Sorry, I meant to say Deputy Minister.

[377] **Jocelyn Davies:** Is that a prediction, Brynle?

- [378] **Brynle Williams:** Well, you never know. It may happen some day. [*Laughter.*]
- [379] Does the Government have sufficient resources to deal with the devolving of building regulations?
- [380] **Jocelyn Davies:** The Cabinet has discussed this issue. It is perfectly aware that there will be resource implications, and it is pursuing this.
- [381] **Brynle Williams:** Is there a cut-off date for devolving building regulations to ensure that the aspiration for new buildings to be zero carbon will be met by 2011?
- [382] **Jocelyn Davies:** The sooner that we have control over building regulations, the sooner we can set about achieving that target. The longer the process goes on, the shorter the timetable will be. So, the sooner they are devolved, the better.
- [383] **David Millar:** Do you realistically expect to achieve this aspiration, given the current state of play?
- [384] **Jocelyn Davies:** It is an aspiration that we are pursuing. It is out in the public domain and everyone is aware of it. The important thing is that there is clarity that this is an aspiration that we are pursuing with the revenue that we have available.
- [385] **Mick Bates:** We look forward to that happening as soon as possible.
- [386] **Leanne Wood:** On the code for sustainable homes, a number of the witnesses who have presented to the committee have questioned the rationale behind not applying a code for sustainable homes in Wales. Why is that the case?
- [387] **Jocelyn Davies:** I think that it was in February that we were encouraging housing associations to build to the Ecohomes 'excellent' standard. François may want to come in on this, but I know that a submission on the code is due very shortly—perhaps before you finish this review, but certainly before Christmas.
- [388] **Mr Samuel:** As the Deputy Minister said, the Building Research Establishment environmental assessment method or Ecohomes 'excellent' standard is the standard that we expect housing association developments and developments on land disposals to work to. We have been comparing the two systems. The code for sustainable homes was developed by the Department of Communities and Local Government as a policy for England. There are benefits and disbenefits to both systems, but the Minister for Environment, Sustainability and Housing has asked us for some early advice because she believes that giving clarity, which the Deputy Minister has just mentioned, is important. Key to that is which way we go. Do we go with the code or with Ecohomes?
- [389] **Leanne Wood:** Is the definition of zero carbon building in Wales the same as that in the code for sustainable homes?
- [390] **Mr Samuel:** Yes, the working definition is the same. You will be aware that there is a bit of discussion and debate about zero carbon—
- [391] **Leanne Wood:** Just a bit. [*Laughter.*]
- [392] **Jocelyn Davies:** I made a note because I thought that that would be your first question, so shall I read out my note, Chair?
- [393] **Mick Bates:** I would appreciate that very much.

[394] **Jocelyn Davies:** It depends on whom you speak to. The note that I have says that a zero carbon home is one that has zero net emissions of carbon dioxide from all energy use in the home, so that, over the year, there are no net carbon emissions from the use of the building. Is that helpful?

[395] **Mick Bates:** I think that we will find that very helpful, but I wonder whether you could give me a definition of carbon neutral, given that it appears to me that that definition is about a home being carbon neutral.

[396] **Mr Samuel:** Carbon neutral is not something that has featured in our considerations at the moment, but that has a wider definition. It might include issues such as offsetting, which does not currently feature in the working definition that we are looking at. It has a broader definition, but you will be aware, Mick, that there seems to be an awful lot up for grabs in this. However, the working definition that we have is the code.

[397] **Mick Bates:** I would like to put on the record that I do not want to get bogged down in the definition, but it helps people to know where they are going if they understand the terms that they are using. I want to achieve the aspirations of carbon zero building, but there is some confusion about what 'carbon neutral' means, particularly with regard to the controversy over offsetting where people use energy and then simply get an African state to grow a forest. There is considerable controversy about that.

[398] **Brynle Williams:** I should have asked you this earlier, Minister. There seems to be some confusion with regard to planning permission for microgenerators. Have steps been taken to clarify the law relating to planning permission and microgeneration?

[399] **Jocelyn Davies:** This is another planning issue, and I know that the planning Minister is coming to the committee soon, so you may prefer to put that question to her.

[400] **Mick Bates:** As I said earlier, if Members have queries such as that, we should write after the meeting to clarify those issues because it would help further scrutiny.

[401] **Leanne Wood:** On low-carbon building techniques, some of the witnesses who have given evidence have commented on the skills shortage. What plans does the Welsh Assembly Government have to tackle the skills shortage?

[402] **Jocelyn Davies:** We now have a Deputy Minister for Skills—John Griffiths. To be honest, there is a question mark over whether the construction industry will step up to this. However, once there is clarity, the uncertainty is taken away, and it knows exactly what is expected of it, the private sector will soon adapt, because it is the only show in town. I am pretty certain that if the construction industry is required to do certain things it will do them. It will need a great deal of help in terms of training and so on. However, taking the example of Merton, which you mentioned earlier, if there is a will to do it, it can be done, and once something is mandatory, it happens. I am pretty certain that the private sector will adapt; it will have to.

[403] **Mick Bates:** We are coming to the issue of the private sector now.

[404] **Lorraine Barrett:** Some witnesses emphasised the fact that developers feel that building zero carbon homes—whatever that might mean—puts them at a competitive disadvantage, but obviously there is the flip side to that because people will save money once they move into those homes. What plans does the Welsh Assembly Government have to encourage developers to build zero carbon private housing?

[405] **Jocelyn Davies:** It is so important for us to pursue devolution of this power, because if we went for a voluntary code I do not think that this would happen. However, I think that it will once it is mandatory. There may be the issue of extra costs, but, as you mentioned, those homes would then be cheaper to run. There will be a level playing field sooner or later, and it is important to establish that. It will then become the norm.

12.10 p.m.

[406] **Lorraine Barrett:** You might have found some of the presentations that we had interesting. It was quite the reverse for some of those people. The developers wanted to be the first in the field and were offering all sorts of deals and saying, 'We have just built this mini village. Look what we can do.'. Others would follow. It had that competitive edge, so it might be worth your looking at that.

[407] **Jocelyn Davies:** That might add value to the house and it might be reflected in the price, more than the extra cost of what they are doing. It might become highly valued.

[408] **Lorraine Barrett:** We do not want house prices to go up any more though, do we?

[409] **Jocelyn Davies:** No, but there will be a level playing field at some point. Perhaps we should expect the cost of the land to go down in order to make that okay. François might want to comment on that. I would rather he told you what he thinks, because his writing is terrible. [*Laughter.*] He is passing me a note—

[410] **Mr Samuel:** That is a shopping list. [*Laughter.*]

[411] It is right that developers are starting to see an advantage here, and product differentiation is coming into play. Things like the home information pack, raising awareness and giving assessments of energy performance will help consumers better relate to energy efficiency so that it moves up their agenda.

[412] **Mick Bates:** On product differentiation, it appears that, very often, builders, are not negative, but are not very quick at taking up new building techniques, which could reduce the carbon embedded in a building. When you use the term 'product differentiation', are you referring to an improvement in building techniques and materials?

[413] **Mr Samuel:** I was referring to the house as a product that is being sold—the difference between the product that David McLean and Redrow, for example, are selling.

[414] **Mick Bates:** So, Deputy Minister, is there a major difference in the products that these companies build? Are some building homes that emit much more carbon than others?

[415] **Mr Samuel:** We are starting to see some voluntary action, albeit on a small scale. I was just trying to suggest that we are starting to see the beginnings of developers seeing a value in offering a higher standard.

[416] **Jocelyn Davies:** I do not know about the technicalities of it but, as a general rule, I believe that the idea that you build as cheaply as possible will be a thing of the past because once we can control the standard, it will not be a matter of building as cheaply as possible; that will be the standard. I take your point, Chair, that housebuilders often work in isolation, and there definitely needs to be an engagement with them. However, as I said, some of them are willing and the rest will come on board, I am sure. I do not want to be negative about it because once there is certainty and clarity, I am certain that they will come on board, and why would they not? If we say to them, 'Yes, there are extra costs and it is going to be difficult, but there will be a considerable amount of house building going on for the foreseeable future',

they will see that there is a gain for them.

[417] **Brynle Williams:** I would hope that, with house development, we are looking far more, especially with powers being devolved to us, to combined heat and power and to utilising industry waste heat, and what have you, in housing. Technically today it is quite possible. I visited a plant the other day where all the waste heat from the sugar beet factory went to one of the biggest mushroom growing enterprises. I had seen it 40 years ago in Denmark, where straw was being used in projects to heat housing. I hope that simple things such as those can be brought into this and adapted for it.

[418] **Jocelyn Davies:** Maybe Wales could lead the way on new projects and new technologies.

[419] **Mick Bates:** We certainly hope so. There is a big economic driver for us in this, as well.

[420] **Lesley Griffiths:** Deputy Minister, many houses are deemed to be hard to heat, and several of our witnesses have suggested that those hard-to-heat houses should be compulsorily purchased and replaced with new zero carbon housing. Can you clarify what the Welsh Assembly Government is doing to tackle the problem of the high proportion of hard-to-heat homes, particularly in the private sector?

[421] **Jocelyn Davies:** The majority of those homes are in the private sector, and owner occupation rates stand at over 70 per cent. When we talk about raising standards and building regulations, they will apply only to new homes being built. I am in no position to say to you that we should be compulsorily purchasing and demolishing however many homes you are talking about; it would be a huge number and the cost would be considerable. You know of the home energy efficiency scheme, which does not fall under my portfolio but under Jane Davidson's. Do you want to say something about that, François? Are you writing that note to yourself or to me?

[422] **Mr Samuel:** Sorry, I am not doing very well here. [*Laughter.*]

[423] **Jocelyn Davies:** Do you want to say something about HEES?

[424] **Mr Samuel:** Yes, just briefly. There is significant investment through the Welsh Assembly Government—and the Minister has already mentioned HEES—via the utility companies, and the replacement of the energy efficiency commitment, as well as a number of other sources. That is the effort that has been put into targeting and improving the homes that will not get replaced.

[425] **Jocelyn Davies:** You often see old buildings that have been converted, because communities want to keep the old building. We will have to think about this, but I cannot see us embarking on a huge process of demolishing and rebuilding homes that are hard to heat. In addition, technologies may improve; at the moment, it is difficult to add on improvements to old buildings. I do not think that I can give you that assurance, Lesley.

[426] **Mr Quinn:** There is also often a heavy energy efficiency element in the renewal areas programme, so work is going on with existing stock, but not compulsory purchase.

[427] **Mick Bates:** As background, Minister, it was the Centre for Alternative Technology that raised the issue of the investment required to refurbish hard-to-heat homes. There was also a report some years ago, called '40% House', from Dr Brenda Boardman of the University of Oxford, in which she argued strongly that it was so expensive to refurbish hard-to-heat homes that demolition should be an option to be considered against investment, where

that is possible and practical. However, I do not think that many people would like their home to be compulsorily purchased in order to demolish it, simply because it was hard to heat.

[428] **Jocelyn Davies:** There are difficult issues, because a lot of these homes are in the private sector, and so how far does government go in interfering with people's private homes? You can have incentives and so on, but that option may be a bit heavy handed.

[429] **Mick Bates:** Let us move on to the Home Energy Conservation Act 1995.

[430] **Darren Millar:** You have talked about domestic energy reduction, and targets have been set for local authorities on the delivery of domestic reductions in carbon emissions. Many local authorities have full-time home energy conservation advisers, but the evidence that we have received seems to indicate that the vast majority of local authorities will fail to meet the targets set. Several reasons were outlined for that, one of which was that not all local authorities employ a full-time adviser. What are you doing about that? Are you taking some action on that? Will you impose a requirement to employ someone on authorities? What are your plans?

[431] **Jocelyn Davies:** In general terms—given that this also comes under Jane Davidson's portfolio—in those local authorities that have employed one of those officers, you will probably find that things are moving along well, and that they provide value for money.

[432] **Mr Samuel:** I would point you towards the Wales Audit Office report on HECA, which has been published but has not yet been considered by the—

[433] **Jocelyn Davies:** Will that come before the Audit Committee or to another committee?

12.20 p.m.

[434] **Mr Samuel:** It will be coming, but no date has been set for it, which points to the issues that you raised. One of the reasons for that poor progress was precisely why we introduced the policy agreements that ran for a couple of years, and which the Wales Audit Office acknowledged did produce some action. However, it will be for the Assembly Government to respond to the issues that the Wales Audit Office has raised as part of the Audit Committee's considerations.

[435] **Darren Millar:** It is important that there is a robust response. The home energy efficiency scheme in capital terms has been cut over the next three years, which is concerning. On the targets, another problem identified was the lack of consistency in the measurement of baselines and of progress. In the private sector, it is impossible to monitor what measures individual householders are taking to insulate their properties better, to install microgeneration technology and all those types of things. There is the potential for you to say that this is the responsibility of Jane Davidson, but can you help us to establish what work you are doing to ensure consistency in measuring these things by local authorities?

[436] **Mr Samuel:** It will be for the Audit Committee to scrutinise the Wales Audit Office report. However, the history of HECA, with which I was involved for some time, was that we attempted to help local authorities by providing software to enable them to measure on a comparable basis. However, as you identified, the degree of resources put in by individual authorities has meant that the amount of information and the degree of analysis varies dramatically. So, it was always recognised as an issue, and it will be for the Assembly Government to decide how it wants to continue with this issue now that it has been highlighted by the Wales Audit Office. Historically, we recognised it, and we put actions in place aimed at trying to help authorities. However, it is ultimately a matter of self-

determination how much effort they put into it.

[437] **Darren Millar:** Is it because of a lack of compulsion for them to engage, perhaps?

[438] **Mr Samuel:** All that I would say is look at what the Home Energy Conservation Act 1995 requires. It requires local authorities to identify improvements that can be made, but, to my memory, it does not impose a requirement on them to achieve those targets. Perhaps that is at the bottom of all of this.

[439] **Jocelyn Davies:** Local authorities will learn from best practice and from each other. We are trying to be as positive as we possibly can about these things, because it is very difficult for a local authority to change the behaviour of people living within its area.

[440] **Darren Millar:** There will always be a huge problem of being able to identify what measures individual householders in the private sector have taken to improve the efficiency of their homes. It is almost an impossible task.

[441] **Jocelyn Davies:** Yes, and it could be that some people will make improvements but will use the same amount of energy; they will just be warmer and more comfortable. Making improvements does not necessarily mean that people use less energy, especially in those hard-to-heat homes that we talked about earlier. It just might be that the people living in the house are comfortable at last, and so making comparisons between local authorities is not always fair. As I said, we are trying to be as positive as we possibly can.

[442] **Mick Bates:** Returning to the data, when you look at policies, Deputy Minister, is there a particular reference tool that you use to say that investment in any particular action, such as loft insulation, double glazing or a particular form of heating, gives you the biggest carbon reduction?

[443] **Mr Samuel:** The Energy Savings Trust and the Building Research Establishment are our main sources of data when we look at improvements and their impact. Those are sources that are also used by Government.

[444] **Mick Bates:** Does that information relate to the carbon reduction achieved by the installation of extra insulation in lofts?

[445] **Mr Samuel:** There are data that give you a model, or a theoretical model, as performance will vary over the life of the insulation, if you like.

[446] **Mr Quinn:** It is very much the kind of data that we will be looking at in addressing the 3 per cent commitment, particularly in the domestic sector. It is difficult to take the figures and to add them together, because they trade off against each other, and people take decisions in response to them. So, it is complicated, but it is what we will have to do. It is the kind of material that we will bring to the climate change commission for its discussions.

[447] **Mick Bates:** Thank you. I fear that that the Deputy Minister has another meeting at this point, and will need time to get there. I thank you for your response, Minister, and for those of your colleagues. There are other issues that I will write to you about.

[448] **Jocelyn Davies:** Thank you.

[449] **Mick Bates:** I will just say to members of the committee that the issues paper prepared by Virginia, which I hope you have all looked at, is our guidance as to where to go with our recommendations. I will write to the Minister as soon as possible on the last series of questions, so that we can complete the scrutiny of the Minister on the questions that we want

to ask. The issues paper is absolutely excellent, and I recommend it. It will be on the website after today, and I would love to get more people to comment on it, especially those who have responded to our consultation already. The paper is absolutely brilliant in bringing everything together, and I did not think that that was possible, given the complexity of the issues.

[450] **Lorraine Barrett:** When you write to the Minister on the questions we have not been able to reach, could you emphasise Nos. 15 and 16 on what the Welsh Assembly Government can do to take the lead—and the Welsh Local Government Association said that it was looking for leadership from the Assembly Government—on providing advice, education and support for consumers, residents, and people living in Wales, to encourage them and help them to reduce their emissions? The Government should take the lead in rolling out a programme of education or information.

[451] **Leanne Wood:** I agree with that, but did the Minister not refer to that in the budget scrutiny session, when she talked about awareness raising? Her official referred to a radio campaign. I presume that it would be Jane Davidson's responsibility rather than Jocelyn's as Deputy Minister for Housing, but I do not know.

[452] **Mick Bates:** There are two issues for me on that. One is the principle of raising awareness in order to achieve reductions in energy use and so carbon. The other is the question of responsibilities. On the first point, I believe that we should include that in both letters.

[453] **Leanne Wood:** Yes, and they can tell us who is responsible.

[454] **Mick Bates:** So, that emphasis on awareness raising and the dedication of a large proportion of the budget to that will be included. However, on the other issue, after this morning's session, I can see that we need more clarity on precisely how to proceed. We will have to make a point to the Business Committee about how the scrutiny of the budget is undertaken in future. I found out today that the Assembly Parliamentary Service has agreed that housing would fall within the remit of the Communities and Culture Committee specifically, so we need to clarify those issues. We could possibly be smarter and couch those questions in sustainability and carbon reduction terms, so that we ask how much of the budget is dedicated to achieving that. However, we need further clarity. Are there any further comments?

[455] **Lorraine Barrett:** I agree with that, and I think that other committees are also finding that this is a relatively new way of working, and are raising questions about how budget scrutiny will be dealt with next time. However, there was also that problem with the different papers, was there not? That was pretty bad, because we had had a late paper stating that it included the revised figures, but I do not think that the officials had it, and that made the whole discussion a bit difficult.

[456] **Mick Bates:** That has emerged clearly this morning, and has done previously in the scrutiny of the rural affairs budget. We need more clarity on the budget lines.

[457] **Darren Millar:** May I say for the record, Chair, that I was disappointed that we had to cut short our session with the Minister for Environment, Sustainability and Housing? We did not have enough time today. I appreciate that we were keeping the Deputy Minister waiting, and that was not acceptable, but we should have been given sufficient time to scrutinise the budget properly. It is an incredibly important part of our duty as a committee, and I regret that we were not able to reach all of the questions that many of us wanted to ask.

12.30 p.m.

[458] **Mick Bates:** Darren, I take on board your comments. I feel deeply that we cannot take every Member's point when we are pressed for time, but I think that there is a clear answer to that, in as much as if there are burning issues, if you let the clerk, Virginia, know about them, we can include them in our response to the budget scrutiny this morning. Of course, individuals may also write in as well. I take on board your point, but this morning was a case where, as you understand, there was a Minister waiting and she had to go to a meeting. I think that the whole issue needs to be revisited so that we have a whole meeting on the budget round in future. We can allocate two hours to it, even if we only take an hour. I think that your point was well made. I can see general agreement to the suggestion, provided that we are disciplined and that once we have received an answer, we do not repeat the question over and over again.

[459] **Lorraine Barrett:** It is difficult to timetable and to know how long a particular item will take and it all depends on Ministers' availability. However, looking at today's agenda, I suppose that it would have been easier had we had the Minister in at the beginning, and then, if we had not used all the time, we could have dealt with the issues that did not require anyone to be in front of us—we could have just carried on with that. However, it is not always easy and it depends on other people's diaries.

[460] **Mick Bates:** May I just remind you that the original schedule drawn up by Virginia was for the Deputy Minister for Housing to appear last week. Unfortunately, she was not able to do that. Had that been the case, this morning would have been very different. So, there were pressures. However, I understand the points made, as does everyone.

[461] **Lorraine Barrett:** It is not a criticism. I know that it is a nightmare to try to manage it all.

[462] **Mick Bates:** It is just something for the future. There being no further points, I declare the meeting closed and look forward to seeing you on Thursday, 22 November.

*Daeth y cyfarfod i ben am 12.31 p.m.
The meeting ended at 12.31 p.m.*