

Agenda – Climate Change, Environment and Rural Affairs Committee

Meeting Venue:

For further information contact:

Video Conference via Zoom

Liz Wilkinson

Meeting date: 28 January 2021

Committee Clerk

Meeting time: 13.30

0300 200 6361

SeneddCCERA@senedd.wales

Private pre-meeting (13.30–13.45)

In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on www.senedd.tv.

Public meeting (13.45–16.00)

1 Introductions, apologies, substitutions and declarations of interest

(13.45)

2 Evidence session with the Green Recovery Task and Finish Group

(13.45–14.45)

(Pages 1 – 17)

Sir David Henshaw, Chair – Green Recovery Task and Finish Group (Natural Resources Wales)

Peter Davies – Green Recovery Task and Finish Group member (Wales Council for Voluntary Action)

Tim Peppin – Green Recovery Task and Finish Group member (Welsh Local Government Association)

Sue Pritchard – Green Recovery Task and Finish Group member (Food, Farming and Countryside Commission)



Attached Documents:

Research brief

Green Recovery: Priorities for Action Report

Break (14.45–15.00)

3 Animal health and disease prevention – evidence session 2

(15.00–16.00)

(Pages 18 – 40)

Aled Jones, Deputy President – National Farmers’ Union (NFU) Cymru

Dr Nick Fenwick, Head of Policy – Farmers’ Union Wales

Catherine McLaughlin, Chair – Responsible use of Medicines in Agriculture Alliance (RUMA)

Attached Documents:

Research brief

Paper – NFU Cymru

4 Papers to Note

4.1 Correspondence from Wales Environment Link in relation to the Welsh Government draft budget 2021–22

(Pages 41 – 48)

Attached Documents:

Paper

4.2 Correspondence from the Marine Conservation Society in relation to the Welsh Government draft budget 2021–22

(Pages 49 – 50)

Attached Documents:

Paper

- 5 Motion under Standing Order 17.42 (vi) and (ix) to resolve to exclude the public from the remainder of the meeting
(16.00)**

Private meeting (16.00–16.45)

- 6 Green Recovery Task and Finish Group – consideration of evidence received under item 2**
- 7 Animal health and disease prevention – consideration of evidence received under item 3**
- 8 Consideration of the Committee's draft report on the Supplementary Legislative Consent Memorandum on the Environment Bill**
- 9 Consideration of the Committee's draft report on the Welsh Government draft budget 2021–22**

Document is Restricted

Adroddiad gan y grŵp gorchwyl a gorffen dan arweiniad Syr David Henshaw : Adferiad Gwyrdd – Blaenoriaethau ar gyfer gweithredu

Cyhoeddwyd: 03 Rhagfyr 2020

Report from the task and finish group led by Sir David Henshaw: Green Recovery: Priorities for Action Report

Published: 03 December 2020

Agenda Item 3

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted



Dear Committee

Invitation to give evidence to the Welsh Parliament's Climate Change, Environment and Rural Affairs Committee in connection with animal health

Introduction

NFU Cymru is the voice of Welsh farming, championing, and representing farmers throughout Wales and across all agricultural sectors. Our vision is for a productive, profitable, and progressive Welsh agricultural industry, capitalising on global opportunities, contributing to the national economy, and supporting thriving rural communities.

NFU Cymru welcomes the opportunity to partake in the CCERA Committees inquiry in connection with Animal Health. Farmers across Wales strive to produce healthy animals for the food chain through ensuring good welfare and reducing disease incidence using a variety of preventative and control measures. Healthy and productive animals also have a vital role in helping achieve the NFU Cymru / NFU ambition to reach net zero agriculture across England and Wales by 2040. NFU Cymru's vision for a new domestic agricultural policy for Wales would see Welsh farmers rewarded and supported for undertaking and implementing measures delivering high animal health and welfare standards.

Welsh farmers have a positive story to tell, alongside a number of statutory requirements that ensure high standards of animal health and disease control over 7,500 beef and sheep farmers in Wales are registered under the Farm assured Welsh Livestock Scheme which stipulates health, welfare and husbandry standards above regulatory standards and includes herd or flock health plans as a requirement of the scheme. Similarly over 95% of dairy farmers are members of the Red Tractor farm assurance scheme which requires herd health plans and welfare performance records to be kept at all times.

Farmers throughout Wales very much value the relationship they have with their private vet and an increasing number of farmers are working proactively with their vet on herd health management to further improve the health status of their livestock and therefore the productivity of their farming business.

NFU Cymru is involved in a number of industry wide groups and initiatives related to Animal Health and Welfare operating in Wales and across the UK. We are pleased to be a member of the recently formed Ruminant Health and Welfare Group that has been established by industry organisations from across the UK with the key objectives of:-

- To reduce or eliminate the impact of endemic diseases with the greatest effect on productivity, climate change and reputation.

- As a country which has substantial agricultural output, to identify and tackle the greatest animal welfare challenges in ruminant production in order to secure the UK's world-leading position on animal welfare.
- To identify and prioritise diseases which can compromise the reputation of UK production including those which may impact on human health and trade status.

We have been invited to provide a written submission setting out any key issues that we would like to bring to the committee's attention, with a focus on Welsh Government's approach to disease prevention and control, and anti-microbial resistance. NFU Cymru is currently involved in a wide range of matters related to Animal Health and as such it is extremely difficult to prioritise but in this short submission we have decided to focus on areas where we feel Welsh Government have most opportunity to influence.

Bovine TB

1. Bovine TB casts a long shadow over Wales' cattle and dairy producers, and NFU Cymru's members are deeply concerned about the failure of successive Welsh Governments to implement a comprehensive TB eradication strategy in Wales.
2. A TB outbreak on farm impacts on all aspects of everyday farm management. It impacts on the marketing of animals (such as the selling of store cattle, breeding animals and calves), which gives rise to cost implications (extra feed, bedding, housing and grazing etc). The loss of adult productive cattle as a result adversely impacts on the productivity of the farm. Incidents of TB also very often lead to significant financial and emotional strain.
3. Bovine TB is a complex disease which must be tackled in the round, this includes cattle measures, biosecurity and addressing wildlife disease reservoirs. In Wales cattle keepers continue to play their part in controlling and eradicating the disease by adhering to stringent cattle movement and testing controls, the issue of diseased wildlife is essentially unaddressed.
4. In November the Welsh Government published its annual statement on the Bovine TB Eradication Programme, within this statement we learnt that there had been a 10% decrease in new TB herd incidents over the previous 12 months, credit should go to the efforts of Welsh farmers, technicians and vets, working with Welsh Government to combat this disease. Whilst the number cattle slaughtered as a result of bovine TB has also fallen, the sad fact is that in the 12 months to September 2020 10,123 cattle were slaughtered as part of Wales' TB control policy. While we acknowledge that the bovine TB picture is a complex one and there are no simple answers to ridding our country of this terrible disease, it is troubling to still see such an enormous number of animals falling victim to bovine TB in Wales. It's also a stark reminder that there is still much work to do if we are going to eradicate this disease from the Welsh herd.
5. If we are to stand any chance of eradicating this disease then a two-pronged approach which includes dealing with the disease in wildlife is vital to successful eradication. This has been shown by experiences across the globe, in the

Republic of Ireland and over the border in England. A peer-reviewed scientific report examining the effectiveness of badger culling in reducing outbreaks of TB in cattle has shown positive results in England. The Defra-commissioned report revealed an average reduction in the incidence of bovine TB of at least 40% in areas of England that have completed at least four years of culling. We also know that just across the border in Gloucestershire, the Downs Report showed a 66% decline in new TB breakdowns.

6. In October 2017 we saw the Welsh Government introduce a regionalised approach to tackling the disease in Wales. This included enhanced measures for chronic breakdown herds, where individual action plans were drawn up with disease control measures aimed at clearing up infection in cattle. In these chronic breakdown herds, Welsh Government committed that where there is evidence of infection in the local badger population, a range of options to reduce the risk of disease spread will be considered, including cage-trapping, testing and where necessary humanely killing infected badgers.
7. As a Union we are deeply frustrated that since the introduction of these individual actions plans, according to the latest figures the number of badgers removed in 2019 was just 35, in contrast to over 10,000 cattle slaughtered for TB control in the year to September 2020 alone. We know from the badger found dead survey that in some parts of Wales as many as one in five badgers are suffering from TB.
8. NFU Cymru has always agreed that where vaccination is available it has a role to play in TB eradication, but at best it can only be used to prevent, and not to cure disease.
9. Whilst cattle vaccination may have its part to play in eradicating bovine TB, it is still thought to be some time away, with Defra estimating that a licensed cattle vaccine will not be available until at least 2023, although we are pleased that field trials have been announced <https://www.nfu-cymru.org.uk/news/latest-news/nfu-cymru-responds-to-announcement-of-field-trials-of-bovine-tb-cattle-vaccine/>.
10. NFU Cymru is very much of the view that if the Welsh Government is serious about committing to the use of the most effective measures to control and eradicate bovine TB, this must encompass addressing the disease in wildlife.

Responsible Use of Animal Medicines (RUMA)

11. In the UK, antibiotic use in food producing animals has halved since 2014 and over the same period the use of highest priority critically important antibiotics for human health has reduced by 75%. This is an extremely positive achievement and testament to industry wide collaboration under the Responsible Use of Animal Medicines alliance that, as a Union, we are proud to be a part of.

12. The work of the industry in reaching the targets set by RUMA have helped to halve sales of antibiotics to treat UK farm animals and achieve the fifth-lowest usage in all European countries, with only the cold Nordic countries where the disease challenge is less, lower.
13. This is encouraging and serves to highlight the very responsible attitude by livestock producers in Wales as in the rest of the UK and is also a reflection of the high health status of our farmed livestock.
14. The UK farming industry has responded extremely well to the targets set by RUMA. The original aim of lowering overall antibiotic use, and, the highest-priority critically important antibiotics (HP-CIAs), has been achieved. The HP-CIA use is in fact down 74% compared to 2016 from an already low level. This is important, as basically it is the same antibiotics groups are used to control bacterial infection in humans as in farm animals. As we face the threat of more resistant bacteria, judicious HP- CIA antibiotic use will increase in significance.
15. New antibiotics will be developed in future, but it is likely that their use will be limited to the human population. Key to having a handle of what is happening are accurate records, so the livestock industry has its part to play. Most sectors are now capturing data on antibiotic use across 90% or more of their sector which is good.
16. Going forward we know there is more we need to do as an industry, we need to examine more closely the overall picture in terms of allocated use. A UK centralised database for ruminants is being developed by AHDB and the Farm Assured Welsh Livestock scheme here in Wales has an electronic version of the medicine record book with a separate column for antibiotics. Such electronic versions will make collation of data even easier.
17. However, this cannot be just about antibiotic use. Disease prevention is always better than cure so work must continue on disease prevention and herd and flock health planning, encouraging proactive animal health planning and building on the good relationships that already exist between farmers and their local vet practices.
18. Reliable, safe, easy to administer and cost-effective vaccines are crucial in disease prevention on many farms for a range of diseases. In the main we have them, but there are instances of market failures where the cost of development *viz a viz* potential returns to manufacturers can make the product commercially unviable. An example is the Louping ill vaccine that is not currently available and is causing issues as infected ticks become more and more of a problem for some farms. There is a case here for some Government support particularly if the diseases are zoonotic.
19. So to conclude the VMD's Veterinary Antimicrobial Resistance and Sales Surveillance (UK-VARSS 2019) report released recently shows that UK antibiotic sales for food-producing animals have halved since 2014 (when sales were

recorded at 62 mg/kg). There will be blips, as no year is the same in the need for disease treatment of farm animals. We must remember this is not a drive to zero use but for appropriate use when necessary under veterinary supervision.

20. Wales' farmers have a great story to tell when it comes to reducing when it comes to reducing therapeutic and prophylactic antibiotic usage. This is in contrast to agricultural systems in some other parts of the world, where there continues to be significant reliance on antibiotic and antimicrobial treatments, often as a means of mitigating the disease pressure created by production systems which are not permitted in this country.

Bovine Viral Diarrhoea (BVD) in Cattle

21. Gwaredu BVD is the industry led programme and the voluntary phase of a programme to eradicate Bovine viral diarrhoea. This was launched at the Royal Welsh Agricultural show in 2017 and testing started in September of that year. NFU Cymru is pleased to be a member of the steering group for this programme and has used every opportunity to promote the benefits of Cattle owners participating in this programme.
22. The key element of the programme, young stock screening of herds, will end on 31 Mar 2021. Alongside this is funding to allow the detection of persistently infected (PI) cattle on positive herds. This PI hunt funding will cease on 31 December 2022 and signals the end of European funded support for BVD eradication in Wales.
23. Circa 11,000 cattle herds are annually bTB Whole Herd Tested in Wales. Just over 8500 or 77% of cattle farms in Wales have participated. 78% of herds have screened negative indicating the cattle have not been exposed to the virus. From the herds screened positive 30546 animals have been antigen tested and 523 PI's identified representing 1.71%. Typically, between 1 and 2% of animals are removed from these herds. The project target remains to have 90% of herds in Wales tested by 31 March 2021.
24. The level of BVD seropositive herds suggests that the gains in productivity are significant (£45 per cow in beef herds and £15000/pa in dairy herds).
25. The introduction of legislation was always envisaged following the end of the voluntary testing assuming that there was evidence to demonstrate support and need within the Welsh industry. Proposals have been submitted to Welsh Government as to how this could operate and be introduced.
26. Linked to the introduction of legislation would be the setting up of Multispecies Wales at EID Cymru. This registration, identity and movement database will track movement of all farmed species including in this case cattle. Gwaredu BVD have been working with the designers to ensure that producers can readily access information on BVD status of individual animals and herds through a gated system.

Sheep Scab

27. Sheep scab is a highly contagious and insidious disease. Although the Welsh sheep sector has seen several programmes and initiatives designed to eradicate the presence of this disease over the years, these programmes have, to date, been largely unsuccessful.
28. By utilising recent research and by evaluating sheep scab programmes from other countries, the industry has developed and put forward a proposed strategy that aims to lessen the impact of many of the problems discovered in previous programmes. These include lack of engagement, inappropriate treatment and the spread of disease to contiguous premises.
29. By providing an engagement incentive in the form of free diagnosis and treatment, the proposed strategy aims to increase engagement from more reticent sheep keepers. Furthermore, by co-ordinating treatment with premises contiguous to an outbreak, the proposed strategy aims to mitigate, as far as possible, the oft-quoted issue of re-infection.
30. The strategy also aims to ensure that appropriate treatment is deployed by establishing technical expertise which will oversee the use of both OP dips and injectables. This should provide both treatment accountability and robustness.
31. The use of farmer focus groups will not only aid in identifying risky neighbouring premises but will also allow for the facilitation of wider discussions on flock health planning and biosecurity.
32. This proposed programme therefore aims to work towards sheep scab eradication by improving knowledge and awareness and by reducing the incidence of this disease in Wales prior to discussions on future legislative measures.
33. In January 2019 the Minister committed £5 million of Wales RDP funding for sheep scab eradication, we are extremely disappointed that this funding has still not been allocated to the industry, but in response to a question asked on this matter at the NFU Cymru Conference in November 2020 the Rural Affairs Minister recognised the importance of this money being made available to support the industry initiative. The Minister said that she had to delay the £5 million funding because of reprioritisation of the budget due to Covid-19 but she gave an assurance that the scheme is at the top of her priorities when looking at future budget allocations, NFU Cymru believe it vitally important that this funding is made available.
34. In the interim the Minister has announced that Welsh farmers can take advantage of free examination of skin scrape samples from sheep showing suspected clinical signs of sheep scab. The scheme is operated by the APHA and funded by the Welsh Government, running until 31st March 2021. The

initiative will aid accurate diagnosis, which is a prerequisite for appropriate treatment and successful control of sheep scab. The scheme will also encourage sheep farmers to work with their veterinary surgeon to protect their flocks from sheep scab.

Animal Welfare Issues

35. Whilst we recognise that the committee's request was in relation to Animal Health matters we feel it appropriate and relevant to touch upon two animal welfare matters that are currently a high priority for Welsh farmers.

Livestock Worrying

36. Wales is a small country with a high population density made even higher with the influx of visitors, this creates pressure on land use of which recreation is one of them. With walkers come dogs and sadly we are seeing increasing worrying of livestock particularly sheep by dogs. This creates severe welfare issues at times, and it is only a minority of dog owners that are transgressors.

37. There needs to be adequate measures in place that will allow Police Forces across Wales to have the necessary powers to deal with transgressors effectively. They rightly point out that current legislation that would allow them to do this is inadequate and needs urgent updating.

38. We would ask for the Committee's support to ensure that this can happen at Welsh Government level and that adequate resources are put in place to implement these changes.

Farm Animal transportation

39. In December 2020 Welsh Government jointly with Defra consulted on Improvements to Farm Animal Transportation.

40. If the proposals in the consultation are implemented this will cause significant disruption to the Welsh and UK food supply chain and we do not believe, either, that the proposals will deliver gains to Animal Welfare.

41. Much of the focus on the eight-week *Improvements to Animal Welfare in Transport* probe has been around the Westminster Government's intention to ban live animal exports from England and Wales for slaughter and further fattening in Europe.

42. However, built into the consultation is a series of measures for more general animal transportation, including a ban on livestock journeys above 65km (40 miles) on days where external temperatures are forecast to be below 5°C or above 30°C.

43. In both cases, journeys could only be made in special air-conditioned or heated vehicles if the temperature is outside of the required range. No such vehicles are currently available.
44. This is a proposal that has been issued without any meaningful impact assessment. The cost implications and potential for food supply chain disruption are huge and no positive animal health benefits are quantified in the consultation.
45. While transit in hot conditions could be rescheduled to night in limited cases, cold weather could mean an effective ban on moving stock to market or abattoir for significant periods of time. This would cause significant disruption to the UK supply chain.
46. A hill ewe in Wales could legitimately be living in driving snow and 50mph winds but be banned from travelling when temperatures dip below 5°C. Other significant changes include in-transit headroom, which could see two-deck transporters reduced to one in order to meet the new measurements. This could mean that most transporters would not meet the standards, and this could result in double the number of road trips to move cattle and sheep around.
47. The consultation recommends cuts in livestock transport times and using local abattoirs to reduce journeys. This would create major problems for the broiler sector where a 4-hour limit is proposed, and this includes loading and unloading times effectively reducing the journey time to a maximum of 2 hours. This totally fails to recognise consolidation in the processing plants and there is absolutely no evidence that actual journey time compromises welfare.
48. We have written to our Minister to ask that this consultation be delayed until such time as Government come forward with a comprehensive impact assessment. To reiterate Welsh farmers wish to ensure high animal welfare on farm and during transport is of huge importance, it a priority for livestock keepers but proposals should only be taken forward on the basis of sound and proven science.

UK Trade Policy

49. In concluding our short submission we all feel it appropriate to touch upon a key element of our lobbying activity throughout 2020, that being our work to ensure that our high production standards were not undermined by future UK Government trade policy.
50. Protection of our high standards of Animal Health and Welfare was a key element of this work and one of the key reasons why we wanted the UK Government to put into legislation measures to ensure that our high standards were not undermined by food being imported into the UK where those standards were not as rigorous. Over one million people signed the Union's petition in 2020 highlighting how important these standards are to the consumer. We were pleased that in November the UK Government agreed to extend the role of the Trade and Agriculture Commission and strengthened the group's remit through a new legislative underpinning, giving UK farmers a 'stronger voice in UK trade

policy'. It means the commission will produce a report on the impact on animal welfare and agriculture of each free trade deal the UK government signs after the end of the EU transition period on January 1st 2021. This report will be laid in Parliament before the start of the 21-day scrutiny period under the terms of the Constitutional Reform and Governance Act.

51. The strengthening of the Trade and Agriculture Commission's remit will mean that the group will be able to offer independent insight and expert guidance on future trading relationships with the rest of the world before any trade deals are rubberstamped. The group's reports will go before the UK Parliament and ensure MPs have the chance to properly scrutinise future trade deals going forward. This is an important amendment that we hope will help ensure that the Animal Health and Welfare standards that Welsh farmers are proud to adhere to are not undermined in future trade deals.

CCERA Committee: Response to the Draft Budget for 2021-22

January 2021

Summary

This is a high-level response to the Draft Budget, as it effects the environment, from Wales Environment Link members. The environmental NGO sector is still very much suffering from uncertainty on funding and future prospects, but we welcome the Welsh Government's direction towards a 'green recovery' as we emerge from the pandemic.

We particularly endorse the recommendations from the recently published two reports from Natural Resources Wales' Green Recovery Task and Finish Group. We would urge all Welsh Ministers – not just the Environment Minister – to embed and consider how they can fulfil these recommendations in all future decision-making.

The Draft Budget places particular emphasis on protecting public health, which WEL would strongly agree with. However, too often it seems that nature's role in protecting and creating physical and mental health is overlooked.

The pandemic has significantly emphasised inequalities in health and access to green spaces and the Welsh Government's Budget Narrative¹ acknowledges this, highlighting that people have turned to nature and placed a greater value on the benefits of our natural environment during lockdown. A report commissioned by the National Trust last year on 'Levelling Up and Building Back Better through Urban Green Infrastructure' identified the need to invest in improving green spaces to tackle public health, alongside the estimated health savings of doing so. Nature – including improved access to green spaces and more green prescribing – has a positive role to play in addressing public health priorities. The report recommends a £5.5bn capital investment, which in return would deliver approximately £200bn in physical health and wellbeing benefits.

This evidence should be heeded and all governments should be making this a priority; unlike the broad priorities suggested for the UK Shared Prosperity Fund (UKSPF) so far, which seem to be around employment, skills and regeneration, without joining it up with other key policies. The UK Government's response to the Welsh Affairs Committee's report² on this does say that: *"Investment must be fit for the future and should be aligned with the Government's clean growth and Net Zero objectives. The UKSPF will also take into account the specific needs of our rural communities and rural economies."* As highlighted in our own evidence³ to this inquiry, the fund has been a catalyst for substantial investment in Wales' natural environment. Since LIFE's inception in 1992, eighteen nature and biodiversity LIFE projects have taken place in Wales with a total value of over €65m. This is estimated to have produced nearly £250m in economic growth, and over £1bn in ecosystem services. The loss of LIFE would not only threaten Welsh nature but may also put livelihoods at risk.

¹ Welsh Government, 2020. [Draft Budget 2021-22 – Budget Narrative.](#)

² Welsh Affairs Committee, 2020. [Government Response to Committee Report: Wales and the Shared Prosperity Fund.](#)

³ Welsh Affairs Committee, 2020. [Written evidence submitted by Wales Environment Link.](#)

We also note the Welsh Government's additional funds for flood prevention, which we very much welcome, but **only if this investment is used for nature-based solutions as far as is possible**. Nature based flood defences are not only more effective but have better outcomes for nature all round, as well as being the best way of protecting people's homes from significant and irreversible damage. We also very much welcome the Budget Narrative's assertion that infrastructure should *"avoid locking-in further carbon emissions [...] alongside the impacts infrastructure has on biodiversity"*. It's important this is embedded at every level, which Planning Policy Wales has begun to do.

Outside of the Environment MEG, we also note the additional capital funding of £8m to "support the key tourism and creative sectors within our economy", which includes taking forward associated decarbonisation and biodiversity programmes. We would emphasise the need to avoid negative impacts on the environment through tourism development and WEL members hope some of this investment can go towards strengthening nature-based tourism in Wales, particularly given its prominence as a significant draw for both local and international tourists in pre-pandemic times.

We need to stop seeing nature and people's wellbeing as separate things; people's wellbeing is intrinsically linked with nature's wellbeing. The more we can align these priorities, the better the future for both us and the environment.

Increase to the Environment Main Expenditure Group (MEG)

The Environment MEG, at first look, appears to have increased dramatically – by 105% – from last year's £348m to this year's £719m. However, this is predominantly due to £242m worth of farming payments now being included, since the funding has changed from coming straight from the EU (or at least not being represented in this manner within previous Draft Budgets) to being transferred from the UK Government. **We share the Welsh Government's concerns of this not being at the level expected, but very much welcome the policy direction from Welsh Ministers to move towards a system of public goods for public money going forward.**

After taking into account the £242m for farming payments, we note that there is also a transfer of BELs from the Housing & Local Government MEG, due to the realignment of Ministerial portfolios from October 2020, with 'Landscape & Outdoor Recreation' and 'Resource Efficiency & Circular Economy' returning to the Environment MEG.

As a result, the bulk of the increase can be attributed to those two reclassifications, rather than genuine new investment in the Welsh environment. Once this is understood, as stated in the explanatory paper to the CCERA Committee⁴, there remains a modest, but welcome, net increase of £33m or 7% to the MEG. The Welsh Government lists the direction of those allocations as below.

Application of Additional Allocations (£33.222m)

- Energy – Fuel Poverty: *£1.058m*
- Energy – Welsh Government Energy Service: *£2.334m*
- Energy – Climate Change Action: *£1.608m*
- Flood – Coastal Risk Management Program (CRMP): *£3.363m*
- Biodiversity – Biodiversity, Evidence and Plant Health: *£3.55m*
- Biodiversity – Landscape and Outdoor Recreation: *£1.45m*

⁴ Welsh Government, 2021. [Welsh Government Paper: EERA MEG Proposals in Draft Budget 2021-22.](#)

- Resource Efficiency and Circular Economy: £6.624m
- EU Funded Fisheries Schemes: £2.1m
- Agriculture EU Pillar 1 Payments (BPS) top up: £6.855m
- Rural Development Plan: £4.280m

As is the norm with Welsh Government budgets, information on the specifics of these expenditure lines is regrettably limited. Given this, **we would be interested to hear more from Ministers, particularly on how the additions to biodiversity can be deployed to restore nature, in both terrestrial and marine environments.** We would particularly query if all of the funds to restore Natura 2000 sites are contained within Natural Resources Wales' (NRW) budget, or if there's additional parts within other BELs, such as the Landscape BEL (which we would also suggest should include 'Seascapes' if the purpose of this BEL is to restore nature on both land and at sea. We appreciate that the merging of marine and land policy isn't simple, but we would at a minimum like to see the marine area better represented and prioritised in budgets, rather than just sidelined to 'fisheries' BELs).

In addition, it would also be **helpful to know if any of the intended budget for Natura 2000 restoration was rolled over from last year's (potentially unspent) budget, with implementation prevented due to the pandemic.** We would also like to know if these include marine sites and strongly encourage both land and sea to be included.

The Welsh Government states that their commitment to reverse the decline of biodiversity *"is driven in a large part by NRW. NRW will be required to deliver a programme of work on the restoration of peatlands and some of our Natura 2000 sites"*. Whilst WEL would agree that NRW needs to be a key driver behind this, we hope they are supported and encouraged, both financially and via any other necessary mechanisms, to do this in a **collaborative approach with the whole public and third sector.** It is a significant concern if they are expected, or intend, to deliver a reversal in the decline of Welsh nature single-handedly.

We would also welcome a greater explanation of how these expenditures are contributing to the delivery of Nature-Based Solutions (NBS) to the Nature and Climate Crisis. This is especially important in the context of the upcoming UN Biodiversity Conference (CBD COP) for which NBS will be a primary focus.

The Budget Narrative⁵ states: *"We are allocating an additional £5m for biodiversity and the National Forest, taking the overall budget to £32m in 2021-22 allowing us to build on the projects and programmes we have in place to help meet our national and international commitments for biodiversity, tackling the nature and climate emergencies whilst ensuring that our recovery from COVID-19 is truly a green one. This includes continuing to take action to support the restoration of Natura 2000 and other protected sites, havens to our most valuable and threatened species and habitats. We will also continue investment in the restoration of our Peatlands through the National Peatland Action Programme (NPAP), delivering benefits for biodiversity whilst also helping to tackle the effects of climate change through increased carbon capture and flood prevention. Alongside this we will continue development of the National Forest to provide opportunities to enhance biodiversity through better connected and managed woodlands"*. **Whilst this increase is welcome, it is modest compared to needs** – for example, an analysis of the costs of sustainable land management in the UK⁶ for RSPB, the National Trust and The Wildlife Trusts estimated that it would cost £120m annually in Wales to

⁵ Welsh Government, 2020. [Draft Budget 2021-22 – Budget Narrative.](#)

⁶ Matt Rayment, 2019. [Report for RSPB, National Trust & Wildlife Trusts – Paying for Public Goods from Land Management – How much will it cost and how might we pay?](#)

maintain, create and adequately restore our priority habitats. This breaks down into £70m capital costs for creation and restoration, with annual maintenance costs of £50m.

The same report indicates that environmental land management more broadly in Wales costs £227m per year, which increases to £273m when advice supporting High Nature Value farming and long-term changes to land management are considered.

Ultimately, when done correctly, **investment in nature also creates jobs**, as well as the wider benefits associated with **public wellbeing, long-term resilience to climate change, access to nature and reversing the decline of endangered species and habitats**. We urge the Welsh Government to truly embed the green recovery in its budget-setting so we can tackle the nature crisis effectively.

Key points from Green Recovery Taskforce reports

Over the pandemic, WEL members have been involved with the Ministerial-commissioned Green Recovery Task & Finish Group, led by Natural Resources Wales' Sir David Henshaw. We very much endorse the two resulting reports and the impetus to develop a Green Recovery Delivery Partnership. The 'Priorities for Action' paper⁷ highlights driving forward proposals that focus on:

- *“Reducing carbon emissions and increasing resilience to the impacts of climate change*
- *Reversing the decline in biodiversity and connect people and nature*
- *Contributing to tackling unsustainable levels of production and consumption by keeping resources in use for as long as possible, avoiding all waste and moving to more sustainable alternatives.*
- *Job creation, skills development and new markets*
- *Groups, communities and places that are most vulnerable/ have been hit hardest are prioritised to address the underlying inequalities and deprivation”.*⁸

It seems that the Welsh Government are keen to move at speed with this agenda, but we need to see more focus on delivery and outcomes, rather than just plans, reports or unfulfilled recommendations. **Especially as this truly seems like the last opportunity to implement systemic change to ensure the climate crisis and nature crisis can be tackled with purpose.** We very much hope this drive is borne out through clear benefits to nature and we look forward to working within WEL and with NRW and the Delivery Partnership to keep up the momentum and their call for further ideas in the February 2021 call for proposals. We would particularly hope to see more ideas surrounding the marine environment as there appears to be a gap on this. Only 15 marine-related submissions were received from over 150; a lack of capacity to input (or a lack of relevant organisations to input at all) is a cause for concern, especially with a sea area as large as Wales'.

The second report⁹ on stabilisation highlights the worrying vulnerability of the eNGO sector and the difficulties we face in staying afloat. The National Lottery Heritage Fund £920k for capacity building¹⁰ was very welcome in this regard; with a short timescale, not all eNGOs have been able to apply but we are hopeful it will still have a positive impact. At present, this is the only significant recommendation to be carried forward so far from the two reports, but we hope the approach will guide all decisions within the Environment MEG – and others – going forward.

⁷ Natural Resources Wales, 2020. [Report: Green Recovery – Priorities for Action.](#)

⁸ Natural Resources Wales, 2020. [Press release: Priorities for action and next steps for the green recovery from Covid-19.](#)

⁹ The Funding Centre / NRW, 2020. [Report: Green Recovery – Supporting the environmental sector in Wales.](#)

¹⁰ National Lottery Heritage Fund, 2020. [Green Recovery Capacity Building Scheme.](#)

The recommendations highlight the need for eNGOs to be able to rely on some form of core funding and to be able to have central costs covered whilst submitting bids for project costs. Recommendation two also highlights that this limited funding environment can also deter collaboration as NGOs compete for small pots of funding. It also recognises “*a broad sense that key players in the sector are and have been for some time, focused on their immediate survival and unable to invest time in longer term planning*”; we very much hope that the Partnership – pulling together public, private and third sectors – will help us to plan long term and pull together for a collaborative green recovery.

How can we ensure the green recovery is resourced?

In WEL's Innovating Funding paper¹¹, we set out comprehensive suggestions on how we can develop additional streams of investment – both public and private – for taking swift action to restore and protect nature. It recommends a range of mechanisms to leverage this, such as levies or taxes, pioneering funds and Nature Bonds (already established for restoration projects in Scotland and England, as well as commonplace in many countries outside the UK), alongside a project stream – much like the Wales Infrastructure Investment Pipeline – of viable restoration projects which can be taken forward by a range of partners.

We are delighted that both the Welsh Government and NRW have recognised the need to develop such funding mechanisms as a priority in 2021 and WEL members continue to work with both to take the issue forward. **We need to be creative and willing to try new ways of working to ensure our ecosystems are prioritised enough to recover, or they will continue to decline and the opportunity to revive them will be lost. There is a range of ideas in the paper and we would implore Senedd Members to consider these in detail.**

Repurposing last year's budget

As set out in the First Supplementary Budget¹² in May 2020, £24m was returned to the Welsh Government's central reserve from the Environment Main Expenditure Group (MEG), alongside other MEG contributions. Whilst we support resources being deployed in the most effective way possible in order to respond to the pandemic flexibly, it's important to note the changes that have happened in the interim between budgets.

Most of these – such as planning for COP 26 and face-to-face stakeholder engagement on the National Forest – were straightforward returns for events that would no longer be possible. But items such as the £4m removed from the Enabling Natural Resources grant programme will mean less nature restoration schemes in the pipeline and the £900k intended for evaluating the Natura 2000 restoration scheme we would expect to be needed further down the line.

Farming subsidies

The First Supplementary Budget also contained £231m from HM Treasury for direct payments for farming subsidies. This gives an impression of a large increase when it's instead a change of presentation of figures; i.e. the Welsh Government will be allocating this from their own budget rather than from the EU's from now on. This change, however, will perhaps better demonstrate the range of mechanisms by which we can tackle the nature and climate crises. In future – as the Welsh Government continues developing an approach that embeds payments for restoring and maintaining nature and the ecosystem services this provides – we would

¹¹ Wales Environment Link, 2020. [Briefing: Innovative Funding for Welsh Nature as part of a Green Recovery.](#)

¹² Welsh Government, 2020. [Explanatory Note: First Supplementary Budget.](#)

like to see farming payments broken down into the different kinds of restorative work so we can better evaluate the total amount gone into reviving and sustaining nature.

Marine and fisheries

Despite a net increase of £33m into the Environment MEG, no additional funding has been made available for 'Marine and Fisheries', with the exclusion of a £2.1m fund allocated to EU Fisheries Funding Schemes to account for the exit from the EU. This is disappointing in the context of the Welsh Government's commitments to a Green Recovery.

While we understand and fully respect the additional pressures placed on fisheries following Brexit, **we must continue to express concerns surrounding the disproportionate focus on fisheries within the 'Marine & Fisheries' Division. This existing focal imbalance is further emphasised through the terminology used in the current BEL Action of 'Developing and managing Welsh Marine, fisheries and aquaculture including the enforcement of Welsh Fisheries', whereby no direct reference is made to the environment or biodiversity.**

While the terrestrial environment receives further breakdown of spending in certain sectors, e.g. 'Clean Energy' or 'Radioactivity and Pollution Prevention' within the Energy Division, no similar level of detail is made available for Marine & Fisheries. It would be hugely beneficial if this was revisited and would in turn ensure sufficient transparency and Ministerial accountability. We would be particularly keen to see the incorporation of a 'blue recovery' BEL.

In the CCERA scrutiny on the Draft Budget, the Minister stated¹³ that there was a lack of legal capacity to introduce new fisheries regulations. **This has potentially huge ramifications for whether we can move towards more sustainable fisheries management in Wales now that we are no longer members of the EU.** We would advocate for either a reprioritisation of legal time, or that additional budget is allocated to increase legal capacity to work on fisheries matters.

Shared Prosperity Fund and replacement of EU funds in Wales

The UK Government's Spending Review finally confirmed some details about the future Shared Prosperity Fund, with a pilot programme planned for 2021-22 to begin in April, worth around £220m for the whole of the UK to begin pilot projects. The details on this are still sparse, and promises of an increased amount to match previous levels of EU funding still uncertain. We are concerned about the amount as well as the focus for these replacement structures given reports that the funds will be accessible to a broader range of circumstances than Structural Funds.

The programme the eNGO sector will miss the most is the EU LIFE fund; it is particularly concerning that there doesn't seem to have been much consideration of its absence in UK-wide discussions. In December, the Minister confirmed at the CCERA Committee¹⁴ that discussions are ongoing with DEFRA and the other devolved nations about a potential replacement scheme. But she said these are still "very early stages" and options range between "a replacement at a UK level to one being administered by each country". Regardless of the outcome, WEL members would be very keen to hear regular updates on these discussions and for MSs to urge for this to be prioritized as a matter of urgency. Particularly given the precarious position of many eNGOs who previously relied on such funding, which may not be resilient enough to survive for an indefinite

¹³ Senedd Cymru, 2021. [Record: Transcript for session on 14/01/2021 – Scrutiny of the Welsh Government Draft Budget 2021-22 with the Minister.](#)

¹⁴ Senedd Cymru, 2020. [Record: Transcript for session on 10/12/2020 - Covid-19 and Transition from the European Union: Scrutiny session with the Welsh Government.](#)

period whilst discussions remain 'ongoing' and the pandemic prevents them from being able to find any kind of reliable alternative income stream.

An evaluation of LIFE in the UK for Natural England¹⁵ found that the programme has been particularly important in funding investment in large-scale nature restoration programmes, and found a good case and strong stakeholder demand for a future LIFE-like programme. In WEL's evidence to the Welsh Affairs Committee on the UK Shared Prosperity Fund, we advocated for nature to be an overarching principle of it, to ensure such funding strands are replaced quickly and equitably across the four nations: *"Given the urgent dual crises of climate change and our dwindling nature, **we believe increasing support for nature and reducing carbon emissions should be two of the overarching principles for investment of the Shared Prosperity Fund.** These are global problems, not just UK ones, and would be an ideal area for both UK-wide cooperation and local decision making to decide how it can most effectively be implemented on a local basis. The urgent nature of these issues, necessitating cooperation on a grand scale, would make these suitable (and likely well supported) principles, which would focus targeted action."*

It's a shame this doesn't seem to have been heeded in early indications of the scheme – with reports simply saying that more information will be forthcoming in the New Year – so if there is nothing akin to LIFE in the resulting replacement UK-wide funding structures, we would strongly urge for the Welsh Government to create one we can at least draw upon in Wales, in line with our green recovery.

¹⁵ Natural England, 2019. [Report: Evaluation of EU Life Fund in the UK.](#)

Wales Environment Link (WEL) is a network of environmental, countryside and heritage Non-Governmental Organisations in Wales. WEL is a respected intermediary body connecting the government and the environmental NGO sector. Our vision is a thriving Welsh environment for future generations.

This paper represents the consensus view of a group of WEL members working in this specialist area. Members may also produce information individually in order to raise more detailed issues that are important to their particular organisation.



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Agenda Item 4.2

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Response to the Welsh Government 2021-22 Draft Budget

January 2021

Introduction

The Marine Conservation Society (MCS) welcomes the opportunity to respond to the Welsh Government's 2021-22 draft budget.

MCS is the leading UK's leading marine charity. We work to ensure our seas are healthy, pollution free and protected. Our vision is for seas full of life where nature flourishes and people thrive. We have actively been working in Wales to improve the health of Welsh seas for the past 14 years.

Our focus for this response will be in relation to **Environment MEG** spending.

Changes to the Environment Main Expenditure Group (MEG)

While the Environment MEG has experienced an **increase of over 105% in funding**, we recognise that a significant proportion of this **reflects a change in the source of funding** due to the UK's exit from the EU. This sizeable increase equally **reflects the return of two Budget Expenditure Lines (BELs)** to the Environment MEG - 'Landscape and Outdoor Recreation' and 'Resource Efficiency and Circular Economy.'

Despite this, the Environment MEG has received a **net increase of £33m**, which has been predominantly allocated towards Energy (£5m), Resource Efficiency and Circular Economy (£6.624m) and Agriculture EU Pillar 1 Direct Payments (£6.855m). We are particularly pleased with the funding made available for 'Resource Efficiency and Circular Economy' alongside Welsh Government's commitments to the introduction of a Deposit Return Scheme (DRS), Extended Producer Responsibility (EPR) legislation and additional single-use plastic regulations.

Moving towards a Circular Economy and waste elimination

While these new allocations are warmly welcomed, the draft budget should seek to include **a more detailed break-down** on how these funds are to be administered across key measures to tackle waste and pollution; namely **the introduction of a deposit return scheme, extended producer responsibility and new single-use plastic regulations**. We are aware that the Circular Economy Fund already contributes £13m to support reuse and repair activities¹, therefore would be interested to know how this new budget allocation will respond to activities **beyond** repair and reuse in town centres.

Clarity needed around the Marine and Fisheries BEL

Despite a net increase of £33m into the Environment MEG, **no additional funding has been made available for the 'Marine and Fisheries' BEL**. This is **disappointing** in the context of the Welsh Government's commitments to a Green Recovery and the statement made by the Minister of Finance in-text of this Draft Budget that it is a Government prioritisation "to urgently respond to the Climate Emergency"².

While we understand and fully respect the additional pressures placed on Fisheries following Brexit, we must continue to express concerns surrounding the **disproportionate focus on Fisheries within the 'Marine and Fisheries' Division**. This existing imbalance is further emphasised through the terminology used in

¹ Welsh Government Press Release, November 2020, [£3.5m Circular Economy fund for public bodies to support a green recovery opens](#)

² Welsh Government, December 2020, p.ii, [2021-22 Draft Budget Narrative](#)

overarching BEL Action, *Developing and managing Welsh Marine, fisheries and aquaculture including the enforcement of Welsh Fisheries*, whereby no direct reference is made to the environment.

Furthermore, in the recent CCERA scrutiny of the draft budget, the Minister of Environment stated that there was a “lack of legal capacity” to introduce new fisheries legislation to enforce Welsh fisheries³. This not only **contradicts the overarching BEL Action** mentioned above, but also has potentially huge ramifications for whether we can move towards sustainable management of Welsh fisheries now that we are no longer EU members. **We would advocate for additional budget allocation to increase legal capacity or a redistribution in legal capacity to work on fisheries matters.**

While the terrestrial environment receives some further breakdown of spending, e.g. ‘Clean Energy’, Radioactivity and Pollution Prevention’ within the Energy division, no similar level of detail is made available for Marine and Fisheries. It would be **highly beneficial if this was revisited** and would in turn ensure sufficient **transparency and Ministerial accountability**. **We would be particularly keen to see the incorporation of a ‘blue recovery’ BEL.**

Inclusion of Marine in new Biodiversity Spending

Despite a lack of new funding for ‘Marine and Fisheries’, new allocations of £3.550m have been made available for ‘Biodiversity, Evidence and Plant Health’ and £11.416m for ‘Landscape & Outdoor Recreation’. As the **Welsh Government has repeatedly identified the marine environment as a key space for outdoor recreation and biodiversity**, we would be interested to find out how these new spending allocations can be applied to activities directly relating to the marine environment.

Within the 2021-22 draft budget, the Minister of Finance stated the allocation of “nearly £80m in additional capital funding to directly support activities that promote decarbonisation and further enhance our rich biodiversity”⁴. Further specification is required as to **how this funding will be fairly distributed between terrestrial and marine environment activities.**

Wales’ Green Recovery Commitments

In consideration of Wales’ commitment to a Green Recovery following the Covid-19 pandemic, it is surprising that **no direct reference is made to a Green Recovery** throughout the 2021-22 Draft Budget Narrative or Improvement Plan. In fact, the absence of a direct referral indicates the contrary; that a Green Recovery is **not being prioritized** in this budget.

Furthermore, it remains unclear on how the Green Recovery extends to the marine environment – a critical exclusion, considering the Welsh marine area is **a third larger** than the Welsh land area. Reference and acknowledgment of a Green **and Blue** Recovery at the least should be included in the Budget narrative and it should be made apparent how the marine environment fits into this.

Thank you for the opportunity to scrutinise the 2021-22 Draft Budget. We hope you find our feedback helpful and if you would like to discuss any points in further detail, please do get in touch.

Yours Sincerely,

C. Trotman

Clare Trotman, Policy and Advocacy Manager

Gill Bell

Gill Bell, Head of Conservation, Wales

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³ Senedd.tv, CCERA Committee meeting, Agenda #3: [Scrutiny of the Welsh Government Draft Budget 2021-22](#)

⁴ Welsh Government, December 2020, p.3, [2021-22 Draft Budget Narrative](#)