



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

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

Dydd Mawrth, 19 Gorffennaf 2011
Tuesday, 19 July 2011

Cynnwys **Contents**

- 2 Ymddiheuriadau a Chyflwyniadau
Apologies and Introductions
- 3 Sesiwn Craffu gyda'r Dirprwy Weinidog Amaethyddiaeth, Bwyd, Pysgodfeydd a Rhaglenni Ewropeaidd
Scrutiny session with the Deputy Minister for Agriculture, Fisheries, Food and European Programmes

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

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

Eraill yn bresennol
Others in attendance

Alun Davies	Aelod Cynulliad, Llafur (Y Dirprwy Weinidog Amaethyddiaeth, Bwyd, Pysgodfeydd a Rhaglenni Ewropeaidd) Assembly Member, Labour (The Deputy Minister for Agriculture, Food, Fisheries and European Programmes)
Rory O'Sullivan	Cyfarwyddwr Materion Gwledig, Llywodraeth Cymru Director of Rural Affairs, Welsh Government

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

Aled Jones	Clerc Clerk
Meriel Singleton	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 11.16 a.m.
The meeting began at 11.16 a.m.

Ymddiheuriadau a Chyflwyniadau
Apologies and Introductions

Yr Arglwydd Elis-Thomas: Bore da a chroeso i'r cyfarfod o'r Pwyllgor Amgylchedd a Chynaliadwyedd yng nghanolfan y ffermwyr ifanc yn y Sioe Fawr. Diolch i Fudiad Ffermwyr Ifanc Cymru am gael defnyddio ei adeilad. Croeso arbennig i'r Dirprwy Weinidog a Rory O'Sullivan; mae'n dda iawn gennyf weld eich dau. Mae gennym ymddiheuriadau oddi wrth Vaughan Gething a Mick Antoniwi, ond nid ydym wedi cael ein

Lord Elis-Thomas: Good morning and welcome to the meeting of the Environment and Sustainability Committee at the young farmers' centre at the Royal Welsh. I thank the Wales Federation of Young Farmers' Clubs for the use of its building. I particularly welcome the Deputy Minister and Rory O'Sullivan; it is very good to see you both. We have received apologies from Vaughan Gething and Mick Antoniwi, but we have not

hysbysu am unrhyw ddirprwyon. Mae'r cyfarfod yn un dwyieithog; mae clustffonau o'ch blaen, a cheir cyfieithiad o'r Gymraeg i'r Saesneg ar sianel 1.

been notified of any substitutes. The meeting is bilingual; there are headsets in front of you and the translation from Welsh to English is on channel 1.

The augmented sound is on channel 0. I remind Members that you will not need to touch your microphones as they will be switched on and off remotely.

Yr wyf hefyd yn atgoffa pobl i ddiffodd ffonau symudol ac offer electronig. Os bydd angen i ni adael yr adeilad, cewch gyfarwyddiadau.

I also remind people to switch off mobile phones and electronic equipment. If we are required to leave the building, you will receive instructions.

Sesiwn Craffu gyda'r Dirprwy Weinidog Amaethyddiaeth, Bwyd, Pysgodfeydd a Rhaglenni Ewropeaidd
Scrutiny session with the Deputy Minister for Agriculture, Fisheries, Food and European Programmes

Yr Arglwydd Elis-Thomas: Mae'r Dirprwy Weinidog wedi paratoi papur ar ein cyfer, ac yr wyf yn ddiolchgar iawn amdano. Ddirprwy Weinidog, a hoffech wneud sylwadau pellach cyn imi agor y cwestiynu?

Lord Elis-Thomas: The Deputy Minister has provided a paper for us, for which I am very grateful. Deputy Minister, do you wish to make any further comments before I open up the meeting for questions?

Y Dirprwy Weinidog Amaethyddiaeth, Bwyd, Pysgodfeydd a Rhaglenni Ewropeaidd (Alun Davies): Hoffwn ddiolch i'r pwyllgor am y cyfle i ddod i'r fan hon i drafod blaenoriaethau'r adran a'r Llywodraeth newydd gyda chi. Yr wyf am gyflwyno Rory O'Sullivan, cyfarwyddwr yr Adran Materion Gwledig, sydd yn mynychu'r sioe am y tro olaf cyn iddo ymddeol o'i gyfrifoldebau yn y Llywodraeth. Yr wyf yma, wrth gwrs, am y tro cyntaf fel Dirprwy Weinidog ac yr wyf yn hapus o gael mynychu cyfarfod heddiw. Yr wyf hefyd yn hapus i ddod gerbron y pwyllgor i drafod polisiau a blaenoriaethau'r Llywodraeth pryd bynnag yr ydych yn mynnu fy mod yn gwneud hynny. Yr wyf yn hapus i ateb unrhyw gwestiynau sydd gan y pwyllgor ac i drafod ei flaenoriaethau.

The Deputy Minister for Agriculture, Food, Fisheries and European Programmes (Alun Davies): I wish to thank the committee for the opportunity to come here to discuss the priorities of the department and the new Government with you. I introduce Rory O'Sullivan, director of the Department for Rural Affairs, who is attending the show for the last time before he retires from his responsibilities in the Government. I am here, of course, for the first time as Deputy Minister and I am happy to be able to attend today's meeting. I am also happy to come before the committee to discuss the Government's policies and priorities whenever you insist that I do so. I am also happy to answer any questions the committee may have and to discuss its priorities.

Yr Arglwydd Elis-Thomas: Diolch yn fawr. Mae gennym gyfres o bynciau yr ydym eisiau canolbwyntio arnynt. Cychwynnwn felly gyda chwestiynau ar y polisi amaethyddol cyffredin.

Lord Elis-Thomas: Thank you. We have a series of subjects on which we wish to focus. We will therefore begin with questions on the common agricultural policy.

Rebecca, would you like to lead the questions to the Deputy Minister?

Rebecca Evans: One of the committee's first actions has been to set up a task and finish group on CAP reform, and I am sure that the Deputy Minister will find that contribution to be

very instructive and helpful. Given that the European Parliament will have equal status with the European Council in decision making on this, what discussions has the Deputy Minister had with stakeholders, including Members of the European Parliament?

Alun Davies: It is a matter for the Assembly and the committee as to how it seeks to scrutinise Government, rather than a matter for Government. So, I would not normally seek to comment on any issues about how the committee structures its inquiries. However, I will say that I very much welcome the establishment of this group to scrutinise the Government's approach to CAP reform. You will be aware that I made an oral statement to the Assembly two weeks ago that outlined the general policy approach that the Government is taking on CAP. I have had discussions with the Farmers Union of Wales and the National Farmers Union this morning on those matters, and I have also met a senior official of the European Commission's Directorate-General for Agriculture and Rural Development this morning to outline how the Welsh Government is seeking to approach the negotiations on CAP.

I will not rehearse our overall policy position as it will be well known to Members. However, I will say that we will seek to meet directly with officials in Brussels to progress these matters and, this morning, I have discussed with my officials how we will do that. We are currently looking to arrange another series of meetings—the committee will be aware that I spent some time in Brussels last month. We are looking again at spending more time in Brussels in September to discuss these matters with Commission officials. On my last visit to Brussels, I met Derek Vaughan and Jill Evans, two of the Welsh MEPs who were available at the time. I have been actively seeking to meet the other two Welsh MEPs, and I hope to do so in the near future.

In terms of how we take this forward, the position of the Welsh Government is very much in the European mainstream. When I read through the Commission's budgetary announcements that were made at the end of June, I felt that it was very much what we anticipated and expected to see, and in line with our expectations. I feel that, as a Government, we are close to the philosophical position of the Commission and the rest of the European Union's institutions, and I will be seeking to directly represent Welsh views there. I have spoken to Members of the UK Government on how that is best achieved, and the UK Government has also indicated that it is very happy for Ministers from the devolved administrations to represent the UK position during meetings of the Council of Ministers on agriculture. So, I certainly hope to be attending those meetings throughout the autumn term in particular to ensure that the Welsh view is represented there as well.

Rebecca Evans: You have pre-empted my second question, which was on whether the Commission's position reflects the Welsh Government's priorities. So, to move on, given that the fairer distribution of the pillar 2 budget has not been a negotiating priority for the UK Government, do you believe that you will be successful in your calls for fairer distribution?

Alun Davies: I hope that we will be and I anticipate that we probably will be. As I said earlier, the position of the Welsh Government is very much at the heart of the European mainstream. When I look across the European Union, I see that the UK Government is very out of step; it is, frankly, out of step with what is wanted in Wales, certainly when UK Ministers are almost telling me that they want to see the end of pillar 1 payments by 2020. They are not representing the best interests of agriculture in Wales. So, while the Welsh Government is where the European mainstream is, it is also where Welsh agriculture and Welsh farmers want us to be as well. If you look at the response across the industry and the different communities to the statement that I made in Plenary two weeks ago, you will see a broad welcome, not only for the words and the policies, and the political position, but also for the philosophical approach that lies behind it.

Llyr Huws Gruffydd: Un o'r heriau mwyaf **Llyr Huws Gruffydd:** One of the greatest

o safbwynt y trafodaethau yw'r newid y derbyniwn sy'n mynd i ddigwydd o daliadau hanesyddol i daliadau'n seiliedig ar dir. Yr ydych eisoes wedi cydnabod yn eich datganiad diweddar y bydd angen cyfnod o drawsnewid ar gyfer y newid hwnnw. Soniasoch hefyd yn eich datganiad am waith ymchwil sydd wedi'i wneud gan Lywodraeth Cymru ac yr wyf eisiau clywed ychydig yn fwy ynglŷn â hynny oherwydd, yn amlwg, mae angen gwybod beth fydd effaith y symudiad hwn ar y diwydiant—pwy fydd ar eu colled a phwy fydd ar eu hennill ac yn y blaen—er mwyn gallu gwerthuso ac edrych ar y modelau posibl a fydd yn mynd â ni o bwynt A i bwynt B. Felly, beth ydych yn rhagweld y bydd rhai o'r mesurau posibl i leihau'r effaith yn ystod y cyfnod hwnnw o drawsnewid o wneud taliadau ar sail hanesyddol i wneud taliadau ar sail tir?

Alun Davies: Yr wyf wedi bod yn trafod blaenoriaethau gyda'r undebau heddiw; modelu yw un ohonynt ac yr wyf yn deall ac yn cyd-fynd â safbwynt yr undebau. Yr oedd fy rhagflaenydd wedi stopio'r gwaith hwnnw rhag mynd yn ei flaen, fel y gwyddoch, ac, ar hyn o bryd, yr wyf yn ystyried sut y gallwn symud ymlaen ar hynny. O ran y manylion, yr ydym yn gwybod y bydd y ddeddfwriaeth yn cael ei chyhoeddi yng nghanol mis Hydref ac mae'n anodd inni symud ymlaen gyda'r manylion nes inni weld y fath o ddeddfwriaeth a fydd yn dod o'r Comisiwn. Ar hyn o bryd, yr ydym yn trafod blaenoriaethau ac egwyddorion. Felly, yr ydym yn cynnal y trafodaethau hynny ar hyn o bryd, fel y gwnaethom y bore yma, a byddwn yn parhau â'r trafodaethau hynny ym mis Medi. Mae'r rhain yn drafodaethau byw, felly. Yr wyf wedi trafod â'm swyddogion sut y byddwn yn cynnal trafodaethau gyda'r rhanddeiliaid yng Nghymru, ac, ar yr un pryd, gyda'r Comisiwn, wedi i'r ddeddfwriaeth gael ei chyhoeddi ym mis Hydref. Yr ydym yn gobeithio cyhoeddi cynigion ar hynny ym mis Medi. Ond, yn bendant, y math o waith yr ydych wedi sôn amdano, sydd heb ddigwydd ers dwy flynedd, yw'r math o waith bydd yn rhaid inni ei ddechrau pan welwn y manylion.

Yr Arglwydd Elis-Thomas: Diolch i'r Dirprwy Weinidog am ei atebion ar y polisi amaethyddol cyffredin. Byddwch yn gwybod

challenges in terms of the negotiations is the shift that we accept will happen from historic payments to area-based payments. You have already acknowledged in your recent statement that there will need to be a transition period for that shift. You also mentioned in your statement some research that has been carried out by the Welsh Government and I would like to hear a little more about that because, obviously, we will need to know what the impact of this shift will be on the industry—who will lose out and who will benefit and so on—so that we can evaluate and look at possible models that will take us from point A to point B. So, which measures do you anticipate that we will be able to implement to reduce the impact during that transition period from making historic payments to making area-based payments?

Alun Davies: I have been discussing priorities with the unions today; modelling is one of those and I understand and agree with the unions' position. My predecessor stopped that work from being taken forward, as you will know, and, at the moment, I am considering how we can progress with that work. On the details, we know that the legislation is to be published in mid October and it is difficult for us to progress on the detail until we see what sort of legislation will be produced by the Commission. At the moment, we are discussing the priorities and principles. So, we are holding those discussions at present, as we did this morning, and we will continue with those discussions in September. So, these are ongoing discussions. I have discussed with my officials how we will have discussions with stakeholders in Wales, and, at the same time, with the Commission, once the legislation has been published in October. We hope to announce proposals on that in September. However, certainly, the kind of work that you have mentioned, which has not been done for two years, is the kind of work that we will have to start once we see the details.

Lord Elis-Thomas: I thank the Deputy Minister for his responses on the common agricultural policy. You will know that we

ein bod wedi sefydlu—neu ein bod yn y broses o sefydlu—grŵp penodol i astudio'r maes hwn. Gallaf sicrhau'r gynulleidfa y byddwn yn dychwelyd at y pwnc hwn yn gyson ac yn manteisio ar garedigrwydd y Dirprwy Weinidog yn cynnig dod atom i ateb ein cwestiynau yn ôl yr angen.

have established—or are in the process of establishing—a specific group to look at this issue. I can assure the audience that we will return to this issue regularly and will take advantage of the Deputy Minister's generosity in offering to come to answer our questions when necessary.

Trof yn awr at faes yr wyf yn gwybod ei fod o ddiddordeb i'r amaethwyr sydd yma, sef Glastir.

I now turn now to an area that I know is of interest to the farmers who are here, which is Glastir.

Antoinette, would you like to lead on Glastir?

Antoinette Sandbach: My first question perhaps leads on from the last one. There is a great deal of concern about the greening of pillar 1, and there has been a common UK and Welsh position arguing against that. Given the possibility of the greening of pillar 1, how will farmers be able to sign up to Glastir when they effectively do not know what the rules will be?

Alun Davies: Thank you for that, Antoinette. My last attendance at a committee in the previous Assembly was at the Rural Development Sub-committee, when I was sat where you are sitting.

Lord Elis-Thomas: There is hope for me yet. [*Laughter.*]

Alun Davies: It would be wrong to say that I regret some of my words at that time, but the conversation that we had certainly reflects the view of the Government. We have been through a period, with the introduction of Glastir, when there has been a level of uncertainty, shall we say. A decision that I took upon my appointment was that we need to make Glastir work; you will see that I said that as a member of the Rural Development Sub-committee earlier this year.

I felt that Elin Jones was brave, in many ways, in establishing the Rees Roberts report. I know that the temptation for many politicians under fire is to stick to their guns and tough it out, but she said clearly that there were obvious, deep-rooted concerns within the industry, and she established a review group, which she appointed Rees Roberts to lead, and accepted 65 of its recommendations. We are in the process of implementing those at the moment. What I have said is that, in order to provide certainty to the industry and to individuals, I will not seek to make any substantive changes over and above that in the coming period. We know that there may well be changes as a consequence of the CAP negotiations, of the position with the changes in overall legislation; we understand that, and the points that you make are there for debate and discussion. However, today, in July 2011, we are not in a position to take a judgment on what might or might not be included in legislation in December 2012.

I will therefore not seek to make any substantive changes to the next round of Glastir. We are ensuring that people who applied in the first round are not disadvantaged by changes that have taken place since then. It is not my intention to make any substantive changes in the coming period. That, I hope, will at least give farmers some certainty as to where we are today.

Antoinette Sandbach: Deputy Minister, that gives certainty about where we are today, but not where we will be tomorrow. We know that there are issues and, in the documentation, farmers are required to sign a disclaimer that indicates they will accept whatever changes the ministry, in effect, chooses to implement. That binds them to those changes without having

any input or opportunity to affect those changes, which can effectively be imposed by your ministry.

11.30 a.m.

In the first round of applications, 15,000 expressions of interest were made, but only 2,900 farmers signed up for the scheme. In fact, there appears to have been a drop in interest in Glastir, because, in the second round of applications, only 8,000 expressions of interest have been made. Perhaps that reflects the very real concern that farmers have about the scheme when they know that there is the possibility of changes coming up. They are, in effect, being asked by your ministry to sign up to a blanket programme without knowing what the rules are.

Alun Davies: One thing that unites all of us in this room is that we do not know what will be included in the legislation in December 2012. If I could read what is going to happen tomorrow, I would be a far more successful lottery player. Let me tell you this—

Antoinette Sandbach: I am sorry to interrupt—

Lord Elis-Thomas: You are not going to interrupt the Deputy Minister. I will call you again later.

Alun Davies: Let me say this. I have been clear that I think it is only fair that people have a level of certainty. So I have given the certainty that I am able to give at this time. Giving greater certainty about what the situation will be in the next round of CAP is not within my gift. I think that most people—certainly everyone I have spoken to so far this week—understand and appreciate that. I understand the points you are seeking to make, and I appreciate them, but we cannot provide the level of certainty you are asking for far into the future. I think that everybody appreciates what we have done so far and what we cannot say going into the future. I will ask Rory to respond to your more detailed points.

Antoinette Sandbach: May I clarify my point? I am not asking you to provide certainty. Of course, you cannot do that. My point is that the documentation requires the farmers to sign up to a set of rules that permit you to change them without consultation or any opportunity—

Alun Davies: That is not the situation. Let me just say this: within any contract, we must have the right to make changes according to wider changes to the legislative framework within which we operate. That is clear. However, we have made a very clear commitment—I am surprised you have not heard about this—to consult and work with the industry on the changes that we make. As I said, I thought that my predecessor was very brave in the way she approached that. Many politicians would not have done what she did. To accept the recommendations in the way that she did was a very courageous thing to do.

We are now moving forward. The expressions of interest are at a very good level. I disagree with your view of that. I am a bit of an optimist when it comes to these things. I think that there are issues within the industry that might be deflating interest at the moment, but I think that those issues might well change in time. At the moment, the commitment to making Glastir work is well understood by the industry. It is certainly very well understood by the farming unions. I have already discussed it with them this morning. At the moment, we know where we are. I do not want to go back to a situation where I am making and unilaterally implementing changes to that framework causing the uncertainty that we have seen in the past. So, we know where we are today, we understand the overall direction of travel, because we have had the debate about CAP and the rest of it, and we are going to move forward in a process of consultation.

In answering the previous question from Rebecca Evans, I referred to setting up stakeholder groups in the autumn, when we will have detailed regulations and detailed legislation to discuss with the industry. We do not have that at the moment, but, when we do have it, we will have the discussions and debates. As I said, I will bring Rory in to answer the detailed questions.

Mr O'Sullivan: I have a couple of points to make. With regard to the discussions that we have been having directly with the Commission, it is talking about greening on an EU 27 level, but also recognising that certain regions, such as Wales, and certain member states have progressed the axis 2 agri-environment agenda far more than other member states and that it does not want to undermine with its greening proposals the progress that certain areas of the EU have already made in terms of farmers contributing to sustainable land management. This is but the opening gambit, and there is an awful lot more negotiation to come before we each reach an endgame position.

With regard to your comment about the number of applications being somewhat indicative of Glastir being poorly received by the farming community, all I would like to say is that you need to keep it in context. We started Tir Gofal in 1999, and we now have 3,000 agreements. We started Tir Cynnal in 2005, and we now have just over 4,000 agreements. So, to start off in the first round with 3,000 in that context is reasonable. We should also take into account the fact that Tir Cynnal and Tir Gofal agreements have been extended to the end of 2013, and we still have Tir Mynydd being paid, with the last payments to be made in March 2012. We have always been of the view that the introduction of Glastir is incremental and that it is from 2014-15 that we will be able to measure the true impact of ownership on the farming community.

William Powell: I thank the Deputy Minister for his earlier answers on Glastir. I probably need to declare an interest in this matter as one of the minority of Welsh farmers who are currently in the system in the first round. My question relates to the issue that has been raised with me most often in relation to Glastir since my election and that is around the circumstances of commoners' and graziers' associations. That seems to be of particular interest across Wales. I would like the Deputy Minister's assurance that he is committed to engaging fully with the representatives of graziers and commoners across Wales, because they seem to be faced with a particular bureaucratic burden if they want to participate in the scheme. Given the vital role that commons play in relation to biodiversity, food production and all sorts of things, that assurance would be valuable.

Alun Davies: I can give you that assurance. We will actively and proactively seek to engage with those groups in the way that you suggested. May I go on and make two further points? Only six commoners' and graziers' associations are currently within the schemes that we operate. We have so far received expressions of interest from over 300 in taking part in Glastir. So, the interest is there in a way that it was not in previous years. An expression of interest does not necessarily translate into active membership and participation; we accept that. What I will say is that there is a clear wish and desire to become involved in this agenda among commoners' and graziers' associations. We understand that and we will proactively seek to engage with them.

On the wider issues that you raised in relation to commons, one of the matters that I will seek to address early in this administration is the implementation of the commons legislation. The committee will be aware that that was not implemented during the previous administration, which leaves a significant gap in the statutory framework that is available to us. So, I have spoken to officials and, at the moment, we are trying to identify funding that will enable us to implement fully the commons legislation in Wales. It is my intention to do so as quickly as possible and as budgets allow. However, I hope that we will be able to make significant and quick progress on that in this administration. It is my intention that that legislation will be

implemented fully during this administration and that we will be able to make a more formal statement on the timescale available to us to achieve that; hopefully, when we return from recess.

Llyr Huws Gruffydd: Un datblygiad a fydd yn taflu cysgod dros Glastir a'r rhaglenni amaeth-amgylcheddol yw eich cyhoeddiad ynglŷn â *dual use* a goblygiadau pobl yn tynnu yn ôl o rai o'r cynlluniau hynny er mwyn amddiffyn taliadau sengl ac yn y blaen. Pa sylwadau yr ydych wedi eu gwneud i'r Undeb Ewropeaidd yn gofyn am eithriadau? Er enghraifft, caniateir eithriadau am dir sy'n cael ei gyd-ddeddfyddio o dan reolau'r Undeb Ewropeaidd. A oes modd ehangu'r rheini i diroedd o dan ddeddfau tenantiaeth yn y wlad hon? Hefyd, beth am y ffermwyr sydd wedi cytundebu am denantiaeth tir ac yn y blaen a fydd, yn ôl eich cyhoeddiad, mewn sefyllfa fregus o 2012 ymlaen?

Alun Davies: Pe baech yn darllen y cyhoeddiad a wneuthum wythnos diwethaf, buasech yn gweld fy mod yn dweud, 'Dyma'r cyfeiriad yr ydym ni'n teithio, ond mi fyddaf yn gwneud penderfyniad terfynol ym mis Hydref ar hynny'. Mae pobl yn trafod *dual use* a *dual payments* mewn termau amaethyddol. Gallech ddweud fod hynny'n ddigon teg, ond nid dyna'r penderfyniad mae'n rhaid i fi ei wneud. Mae'n rhaid i fi reoli'r risg i drethdalwyr Cymru o gael dirwy gan yr Undeb Ewropeaidd os nad ydym yn gweithredu'r gyfraith.

Fel yr ydych yn gwybod, achos yr wyf yn siŵr eich bod wedi dilyn y drafodaeth hon, nid yw gwneud hyn yn bolisi Llywodraeth Cymru. Yr ydym yn gweithredu yn y ffordd hon oherwydd bod dyletswydd arnom o dan gyfraith Ewrop; dyna pam yr ydym yn symud yn y cyfeiriad hwn, nid oherwydd ein bod am wneud. Felly, ar hyn o bryd, yr ydym yn edrych ar y cyngor cyfreithiol. Mae'r cyngor hwnnw wedi newid yn ystod y mis diwethaf, sydd yn golygu dau beth: yn gyntaf, mae'n golygu bod y datganiad a wnes wythnos diwethaf wedi ei wneud yn hwyrach na'r disgwyl; ac, yn ail, mae'n wahanol i'r hyn y buaswn wedi'i ddweud fis neu ddau yn ôl. Felly, mae'r cyngor wedi newid ac yr wyf yn dal i ystyried cyngor cyfreithiol ar hyn o bryd. Dyna pam yr wyf yn dweud mai dyma'r trywydd y dylwn ei ddilyn.

Llyr Huws Gruffydd: One development that will cast a shadow over Glastir and the agri-environment schemes is your announcement about dual use and the implications of people withdrawing from some of those schemes in order to protect single payments and so on. What representations have you made to the European Union to ask for exemptions? For example, exemptions are granted for land in common use under European Union rules. Is it possible to extend them to cover land under tenancy laws in this country? In addition, what about the farmers who have already contracted with regard to land tenancy and so on, who, according to your announcement, will be in a vulnerable position from 2012 onwards?

Alun Davies: If you were to read the statement that I made last week, you would see that I say, 'This is our direction of travel, but I will make a final decision in October on that issue'. People are discussing dual use and dual payments in agricultural terms. You might say that that is fair enough, however, that is not the decision that I have to make. I have to manage the risks to Welsh taxpayers of facing a fine from the European Union unless we act in accordance with the law.

As you will know, because I am sure that you have followed this debate, doing this is not Welsh Government policy. We are acting in this way because we have an obligation to do so under European law; that is why we are moving in this direction, not because we want to. So, at present, we are looking at the legal advice. That advice has changed over the past month, which means two things: first, it means that the statement that I made last week was made later than I had hoped to make it; and, secondly, it is different to what I would have said a month or two ago. So, the advice has changed and I am still considering legal advice at present. That is why I am saying that this is the direction of travel for us.

Os ydych wedi darllen y datganiad, fe welwch fy mod wedi defnyddio'r gair 'exceptions'. Yn amlwg, os oes ffermwyr a oedd eisoes yn gweithio o dan amodau cytundebol pan wnaethpwyd y datganiad, bydd yn rhaid inni ystyried hynny. Mae nhw mewn sefyllfa wahanol i'r rhai a fyddai wedi dod i gytundeb ar ôl y datganiad. Felly, yr wyf yn fodlon, a'r rheswm yr wyf wedi gwneud y penderfyniad yn y ffordd hon yw i ddweud wrth bobl fy mod yn credu mai dyma'r sefyllfa bresennol, dyma'r trywydd yr ydym am ei ddilyn, ac, os ydych am wneud sylwadau yn ystod y misoedd nesaf, mae gennym tan fis Hydref i'w derbyn. Yr wyf yn mawr obeithio y byddwn, erbyn mis Hydref, mewn sefyllfa i wneud penderfyniad terfynol.

If you have read the statement, you will see that I have used the word 'exceptions'. Obviously, if there are farmers who were already working under contractual arrangements when the statement was made, we will have to consider that. They are in a different situation from those who reached agreement after the statement was made. Therefore, I am content, and the reason why I have made the decision in this way is to tell people that I believe that this is the current situation, that this is the direction of travel, and, if you want to make representations to us over the next few months, we have until October to receive them. I very much hope that, by October, we will be in a position to make a final decision.

Mr O'Sullivan: I just have a point of clarification. As the Deputy Minister's statement last week made clear, we do not allow dual use under Glastir, so it is not an issue for those people who want to enter from January 2012, or indeed for those who would want to apply to start in 2013. Dual use is not permitted under Glastir.

Antoinette Sandbach: In relation to that last matter, the Deputy Minister is aware that I have written to him a number of times in relation to dual use, so I will not deal with that now. I want to ask Mr O'Sullivan a question. I know that it is an aim of the department, or certainly of the Deputy Minister, to have more integrated land management, and it would seem that the Glastir scheme is being aimed low—at less than half of Welsh farmers—if the aim is to get less than 7,000 applicants. With 15,000 expressions of interest last time around, is consideration being given to broadening out the scheme, and, for example, including unimproved areas of grassland that are already wildlife reserves and looking at maintaining payments in those areas rather than improved land having to be converted back into unimproved land?

Alun Davies: As I hoped that I had made clear, we will be reviewing Glastir presently, but not immediately. Clearly, once we have been through another round we will review how that has worked. That is clear. Any Government would do that. That does not necessarily mean that we will make fundamental changes to it; it means that we will look at the mechanics of it and how it operates. Any Government will always keep any scheme under review if there are problems; there is no issue about that. However, Antoinette, having been through the discussions—I will not describe it as a trauma—over the last year or so on this matter, people want certainty.

11.45 a.m.

The Glastir surgeries are going very well and there are a large number of expressions of interest that are being administered at the moment. We will go through those and there will be an application period before too long. I think that people will want the certainty of knowing that where they are today is where they will be in December. We can give that certainty at the moment. I know that you are trying to tempt me into an indiscretion, and you know that Oscar Wilde said 'I can resist everything except temptation', but, on this matter, please allow me some discretion when I say that we will not be making substantive changes to the scheme—period.

Lord Elis-Thomas: We do not do indiscretions here, Deputy Minister. We will now move on to some questions from William on your food strategy.

William Powell: The national food strategy is obviously critical to Wales at all sorts of levels, from the softer area around food tourism and branding down to the basic level of the importance of food security. In that context, I would like to ask the Deputy Minister when the implementation plan for the food strategy is likely to be published, and how the Welsh Government will be consulting with stakeholders on that.

Alun Davies: The food strategy was published last December and, at that time, I did not feel that there was a clear timetable for an implementation plan to sit alongside it. Since my appointment, I have made it clear to officials that I expect an implementation plan with detailed timescales to be delivered to me, and I am having those discussions with officials at the moment.

I think that we are in a very good place at the moment with the food strategy. If you think back to where we were 10 years ago, the industry was reeling from not only the impact of BSE, but also foot and mouth disease, and all the rest of it. This week, we have been discussing the opening up of export markets for lamb, in particular, with China and Canada, and later today we will be announcing an increased package of support for the marketing of Welsh lamb and for Hybu Cig Cymru's work overseas. We are looking at developing new markets for our produce, and that is all positive news for the industry. Yesterday, I took part in the launch of 10 new products that had been developed through the Food Development Centre at Coleg Menai; this is fabulous work, and we are producing world-class produce at the moment. We should be very proud of what is on display on the showground this week, and I believe that there is a market for that in Wales, across the United Kingdom, and elsewhere.

I have asked officials to start looking at how the Hybu Cig Cymru model can be used elsewhere. When all is said and done, there are three key food sectors in Wales—beef, lamb and dairy—and there are significant issues there, as you will see if you read this morning's *Western Mail*, especially regarding the future of the dairy industry. There are significant lessons that can be learned from what Hybu Cig Cymru has done in developing not only the marketing of red meat, but also in managing the totality of the supply chain in Wales, so that we can help to develop the dairy industry in its totality, add value, and increase prosperity and profitability in the industry. At the moment, we do not have that capacity in this country. We have to look at how we do that in the dairy industry, and I can assure the committee that that remains at the top of my agenda.

William Powell: I am grateful to the Deputy Minister for that answer. I will move on to a related issue: the status of the supermarket sector. Given the remit of this committee, we deal not only with issues around the impact of out-of-town supermarket developments on our hard-pressed town centres, but also, specific to the food and drink sector, the issue of the relationships that supermarkets have with producers. That is absolutely critical and, in that context, I would like to ask the Deputy Minister what discussions he has had with Cabinet colleagues and the UK Government about the draft groceries code adjudicator Bill, which is currently being considered.

Alun Davies: You will be aware that the former Rural Development Sub-committee reported on this matter in the previous Assembly, and the previous Welsh Government was involved in discussions with the UK Government on these matters. I have not taken part in discussions with the UK Government since the publication of this draft Bill, and I will be looking at different ways of taking these matters forward. We sometimes see the supermarkets being portrayed as the villains of the piece, but we also have to understand that the multiple retailers are where most people do their shopping. I have met with the major retailers in Wales and the

UK already in this role, and I will be meeting them again later this week, when we will be discussing how we can increase the shelf space available for Welsh produce. On a visit to Pembrokeshire a few weeks ago, I visited Puffin Produce Limited in Haverfordwest, which has brought together a co-operative of producers in Pembrokeshire that are now able to sell directly to the major multiple retailers across Wales. People in my constituency of Blaenau Gwent are, therefore, able to buy Pembrokeshire potatoes easily. That is creating a new market.

William Powell: They are boxing more cleverly.

Alun Davies: Those new markets are important to us. I do not want to get into a position where we are simply looking at the multiple retailers as a threat. They are also a fabulous opportunity for us to ensure that Welsh produce is available where the vast majority of the Welsh population do their weekly shop, and to ensure that Welsh produce becomes a part of that weekly shop and is not just a special purchase every now and then.

We also need to look at supply chains. In my previous answer, I mentioned Hybu Cig Cymru and lessons for the dairy industry. I understand the need to look at the supply chain and ensure that there is fairness for producers, processors and retailers, and fairness for consumers. We need that balanced approach to ensure that Welsh food is easily available to consumers in Wales and to export markets; we need to work with the supermarkets to make that happen.

Llyr Huws Gruffydd: Hoffwn ganolbwyntio ar eich sylwadau am y sector llaeth. Yr ydym yn gwybod bod trafodaethau wrthi'n digwydd ar y pecyn llaeth. Pa drafodaethau ydych wedi eu cael gyda Llywodraeth San Steffan, y Comisiwn Ewropeaidd ac eraill am y pecyn llaeth, a beth mae Llywodraeth Cymru yn ei wneud i gael gwared ar rai o'r arferion annheg yn y sector llaeth?

Llyr Huws Gruffydd: I want to pick up on your comments on the dairy sector. We know that discussions on the dairy package are ongoing. What discussions have you had with the Westminster Government, the European Commission and others on the dairy package, and what is the Welsh Government doing to eradicate some of the unfair practices in this sector?

Alun Davies: Mae swyddogion wedi bod yn trafod hynny; nid wyf wedi bod yn delio â hynny'n bersonol. Mae swyddogion wedi bod yn trafod y diwydiant llaeth gydag Adran yr Amgylchedd, Bwyd a Materion Gwledig a'r Comisiwn Ewropeaidd. Yr oeddwn yn meddwl am y sector llaeth pan atebais y cwestiwn blaenorol, pan oeddwn yn sôn am bris teg a bod yn deg i'r cynhyrchwyr, y bobl sy'n prosesu'r cynnyrch a'r bobl sy'n prynu'r nwyddau. Ar hyn o bryd, nid wyf yn credu bod y gadwyn llaeth yng Nghymru yn gweithio; mae angen inni ystyried hynny.

Alun Davies: Officials have been discussing this matter; it is not something that I have been dealing with personally. Officials have been discussing the dairy industry with the Department for Environment, Food and Rural Affairs and the European Commission. I was thinking about the dairy industry when answering the previous question, when I mentioned fair prices and being fair to producers, the people who process the produce and those who buy the goods. At the moment, I do not believe that the dairy chain in Wales works; we need to consider this.

Fodd bynnag, mae angen ystyried y diwydiant yn gyfan gwbl. Yr ydym wedi bod yn sôn—yr wyf yn gwybod bod y *Western Mail* yn trafod y mater hwn y bore yma—am y pris wrth giât y fferm. Yr wyf yn deall hynny, ond credaf fod yn rhaid inni fynd ymhellach na hynny. Gan eich bod yn dod yn wreiddiol o sir Gâr, byddwch yn gwybod bod

However, we need to consider the industry as a whole. We have been talking—and I know that the *Western Mail* discussed the matter this morning—about the price at the farm gate. I understand that, but I believe that we must go further. Given that you are originally from Carmarthenshire, you will know that the dairy industry has a special history in that

hanes arbennig gan y diwydiant llaeth yn yr ardal honno, a bod y diwydiant wedi creu gwaith ac elw sydd wedi aros yn y gymuned. Digwyddodd hynny yn sir Gâr ac ymhob man arall, yn enwedig yn ne a gorllewin Cymru. Mae angen inni, fel Llywodraeth, fynd â'r sector yn ôl at y sefyllfa honno. Yr wyf wedi cael trafodaethau diddorol gyda'r cwmnïau gwahanol yn ystod yr wythnosau diwethaf ynghylch sut y gallwn wneud hynny. Yr wyf yn edrych ymlaen at gael mwy o gyfarfodydd gyda'r diwydiant llaeth, yn Llundain ac yng Nghymru, i edrych ar sut y gallwn gryfhau'r gadwyn cyflenwi a sicrhau bod yr elw yn aros yng Nghymru.

area, and that it created employment and generated profit that remained in the community. That happened in Carmarthenshire and everywhere else, particularly in south and west Wales. We, as a Government, need to take the sector back to that situation. Over the past few weeks, I have had interesting discussions with the various companies about how this can be done. I look forward to having more meetings with the dairy industry, in London and in Wales, to consider how we can strengthen the supply chain and ensure that profits remain in Wales.

Lord Elis-Thomas: As you know, Deputy Minister, this committee is also interested in fisheries.

Alun Davies: I would expect it to be, Chair.

Lord Elis-Thomas: Julie will ask our first question on the common fisheries policy. As with the common agricultural policy, I warn you that we will return to this issue with a task and finish group.

Julie James: Good morning, Deputy Minister. As you know, the 2002 reforms of the common fisheries policy were widely regarded as unsuccessful, particularly in terms of sustainability, but also in a large number of other areas. What are your views on the European Commission's current proposals for the common fisheries policy? That is a nice open question for you. [*Laughter.*]

Alun Davies: That is a very open question, which gives me plenty of rope with which to hang myself. There are significant challenges facing the industry. We need to look hard at what we want to achieve and where we want to be in a few years' time. The policies of the Commission are complex. I am not confident at present that I have come to a settled view on what was published two weeks ago. At present, my priority is to protect and to enhance the sustainability of the Welsh inshore fleet. I have met officials and I have asked them to draft legislation that will enable us to do that in the next few months. I intend to legislate to ensure that the Welsh inshore fisheries are protected and are managed in a sustainable fashion. To that end, I will be seeking the Assembly's consent to ban vessels over 12m in the Welsh inshore fisheries over the next year. I will then seek further legislative consent to bring that ban down to 11m in order to protect the fisheries that we have. That is my intention on the legislative front in response to some of those issues.

You will also be aware that I announced, some weeks ago, that I would be carrying forward a review of the entire legislative framework governing the Welsh fisheries zone. At present, there are 200 individual pieces of legislation that govern the use of the Welsh zone. This is too complex. It is very difficult for the industry and the regulators; so, we are looking at the consolidation of that legislation. Further pieces of legislation will be brought to the Assembly when we are in a position to do so. I expect this process to take between three and four years. Therefore, it will be an ongoing process over the coming period.

One of the key issues facing the industry is certainly the issue about discards, which has dominated the headlines and the public discussion on this. I do not think that we have any disagreement with the UK Government's approach to that. However, there are issues about

quota management within the United Kingdom. The four fishing administrations are currently in discussions with the United Kingdom Government regarding how the quota management system will operate in the United Kingdom. We have not yet reached agreement on that. I am unhappy with the current proposals and what it will mean for the Welsh fisheries. I am not in a position, at the moment, to make that agreement with the UK Government. A month ago, I opened a fisheries hub in Burry Port, which will serve that part of south-west Wales, creating a co-operative approach again between people working in the industry in that part of south-west Wales. We need to develop our ability, not only to catch and land fish, but also to market fish in Wales. The structural weakness in the industry at the moment is that there is not a single fish market operating in Wales. That is a key priority for us. We will create a streamlined legislative framework within the Welsh zone; we will protect the inshore fisheries in Wales through legislation this year; and we will then seek to structure and to work with the industry to ensure that it has the structures that enable it to bring its catch to the market. At the moment, I think that the latter point is the one that troubles me most.

Julie James: Thank you very much for that, Minister. It was a very comprehensive answer to the question. My next question was to be about your priorities within the negotiations, but I think that you have set those out for us. However, I will ask you one final question: one of the other issues for fisheries is their interaction with the marine environment for tourism purposes and for conservation. How do you see the fisheries policy interacting with the marine conservation regime, and how might the two things mesh?

12.00 p.m.

Alun Davies: Rory is smiling at me, which sometimes terrifies me. In terms of our current position, I had a long conversation with the lead Minister in that area, John Griffiths. We are looking at talking about how we do that. I accept that that is a very woolly answer. The legislative review that I am currently undertaking will answer many of those questions. As I said in my previous reply, we have 200 pieces of legislation currently governing the use of the Welsh zone. That governs the relationship that you discussed. I hate to use the term ‘conflict’, but there is sometimes a conflict between the competing demands of conservation and the industry. I accept that that is there, and that the legislative framework does not always provide the means by which to resolve those conflicts. When we come to review and consolidate the legislation, we need to be clear about what we are doing. It exists within the overall European statutory framework, which will provide us with the context in which to do that.

So, at the moment, Julie, we are at the beginning of this process. There is a commitment for us to work sustainably—when I say ‘sustainably’, I mean economically and environmentally. One of the reasons why I want to protect the inshore fisheries is not only to protect the fishing industry, but to protect the stocks in the near-shore areas, within a 3 mile zone. At the moment, I am concerned that some areas of Wales are under significant threat from overfishing. I hope that, by protecting the industry, we are also protecting the environmental and ecological sustainability of the fisheries. At the moment, I think that we are going in the right direction. We have only been in office for two months, so we are very much at the beginning of this process.

Llyr Huws Gruffydd: Fel y gwyddoch, pwnc llosg diweddar yw'r gofid ynglŷn â'r gost mae nifer o ladd-dai Cymru yn mynd i orfod ei hysgwyddo yng nghyd-destun y system arolygu hylendid bwyd. Mae pobl wedi disgrifio'r system bresennol fel un sydd wedi dyddio ac sy'n anghybwys. Yr ydym hefyd yn gwybod bod modd edrych ar sut mae'r broses bresennol yn gweithio a sut i

Llyr Huws Gruffydd: As you know, one controversial issue recently is concern about the cost that many abattoirs in Wales are going to have to shoulder in the context of the food hygiene inspection system. People have described the present system as outdated and disproportionate. We also know that it is possible to look at how the current process works and how that process can be made

wneud y broses honno'n fwy cost effeithiol ac yn fwy effeithlon. Pa sylwadau yr ydych wedi'u cyflwyno i'r Asiantaeth Safonau Bwyd ynglŷn â goblygiadau'r penderfyniad i adhawlio'r costau hyn oddi wrth ladd-dai bach Cymru? Bydd elfen o *low throughput* yn cael ei heithrio, ond bydd hyn hefyd yn effeithio ar ladd-dai canolig eu maint. Gofynnaf y cwestiwn hwnnw i ddechrau.

Yr Arglwydd Elis-Thomas: Un cwestiwn ar y tro, ac un ateb ar y tro gan y Dirprwy Weinidog.

Alun Davies: Cefais gyfarfod â'r Arglwydd Rooker, cadeirydd yr Asiantaeth Safonau Bwyd, ar 15 Mehefin a soniais am y pwyntiau yr ydych wedi'u codi—yr wyf yn ceisio bod yn ddiplomyddol—

Yr Arglwydd Elis-Thomas: Mae'r Arglwydd Rooker yn olreit.

Alun Davies: Mae'n olreit, ond yr wyf yn poeni am y cyfeiriad y mae'r FSA yn mynd iddo. Mae'n amlwg bod angen inni gael sicrwydd o ran iechyd cyhoeddus—mae hynny'n gwbl sylfaenol. Efallai ein bod yn gwybod hynny yn well yng Nghymru nag mewn rhannau eraill o'r Deyrnas Unedig. Nid wyf am gyfaddawdu ynghylch hynny.

Fodd bynnag, ar hyn o bryd mae gennym reoleiddio sy'n lladd y diwydiant. Nid yw hynny'n gweithio chwaith. Mae cynigion yr FSA ar hyn o bryd yn golygu y byddwn yn gallu diogelu tua 47 o ladd-dai cymharol fach Cymru—mae hynny'n gam mawr ymlaen o lle yr oeddem y llynedd. Hoffwn weld yr FSA yn gweithio i sicrhau'r safonau angenrheidiol i ddiogelu iechyd cyhoeddus, ond yn caniatáu i'r diwydiant ffynnu. Nid ydym yno eto, ond yr wyf yn gobeithio'n fawr y byddwn yn parhau i gael cyfarfodydd gyda'r FSA i sicrhau ei bod yn parhau i symud yn y cyfeiriad cywir. Wrth ateb cwestiwn gan Bill Powell ar y diwydiant bwyd yn gynharach, soniais am y cynnyrch newydd sy'n cael ei lansio—pe na bai cynhyrchwyr yn gallu cael mynediad i ladd-dai cymharol fach yn lleol, ni fyddai hynny'n bosibl. Mae'n galluogi iddynt greu cynnyrch newydd am gost gymharol isel er mwyn creu marchnadoedd newydd.

more cost effective and efficient. What representations have you made to the FSA about the implications of its decision to reclaim these costs from small abattoirs in Wales? An element of low throughput will be exempt, but this will also affect medium-sized abattoirs. I will ask that question first.

Lord Elis-Thomas: One question at a time, and one answer at a time from the Deputy Minister.

Alun Davies: I met with Lord Rooker, chair of the Food Standards Agency, on 15 June and I mentioned the points that you have raised—I am trying to be diplomatic—

Lord Elis-Thomas: Lord Rooker is alright.

Alun Davies: He is alright, but I am worried about the direction in which the FSA is going. It is clear that we need to have certainty around public health—that is fundamental. It may be that we know that better in Wales than is the case elsewhere in the United Kingdom. I do not want to compromise on that.

However, we currently have regulation that is killing the industry. That does not work either. The FSA's current proposals mean that we can save around 47 relatively small abattoirs in Wales—that is a big step forward from where we were last year. I would like to see the FSA working to secure the necessary standards to ensure public health, but allowing the industry to thrive. We are not there yet, but I very much hope that we will continue to have meetings with the FSA to ensure that it continues to move in the right direction. In answer to an earlier question from Bill Powell on the food industry, I mentioned the new products that are being launched—if producers did not have access to relatively small local abattoirs, this would not be possible. It enables them to create new produce at a relatively low cost in order to create new markets.

Felly, os ydym yn dweud ein bod am weld y diwydiant bwyd yn parhau i dyfu ac i fod yn greadigol wrth greu cynnyrch newydd, mae'n rhaid cael y fframwaith i alluogi'r diwydiant i wneud hynny. Pe baem yn mynd yn rhy bell, byddem yn colli'r fframwaith hwnnw ac felly'n colli rhan bwysig o'r diwydiant.

Llyr Huws Gruffydd: Ychydig yn ôl, gofynnais i'r Prif Weinidog a yw'n amserol inni sôn am edrych ar y posibilrwydd o ddatganoli rhai o gyfrifoldebau'r FSA. Wrth ateb fy nghwestiwn yn y Siambr, dywedodd bod hwnnw'n fater mae'r Llywodraeth yn ei drafod, fel rhan o'i thrafodaethau ehangach ar y sector bwyd; yr ydych wedi sôn am hynny. Beth yw eich barn ar y mater hwn?

Alun Davies: Mae'r FSA yn atebol i'r Gweinidog Iechyd a Gwasanaethau Cymdeithasol, nid i mi, er bod elfennau o waith yr FSA yn ymwneud â'r cyfrifoldebau sydd wedi'u cynnwys yn fy mhortffolio i. Ar hyn o bryd, pe baem am symud i'r cyfeiriad hwnnw, byddai'n rhaid cynnal trafodaethau â Llywodraeth y Deyrnas Unedig, a byddai Gweinidog arall yn arwain y trafodaethau hynny. Felly, nid wyf yn teimlo fy mod mewn sefyllfa i gynnig ateb llawn ar hyn o bryd.

David Rees: I am conscious of the time, Deputy Minister, and so I will try to move through my questions as quickly as possible. As we all know, in any industry, issues regarding business support and bureaucracy are of major concern to individuals who run businesses. In the last Assembly, Cardiff University provided research to the Rural Development Subcommittee showing that only 59 per cent of businesses took up the financial advisory service offered by the Government. What is the Government doing to ensure that that service is provided to a wider audience?

Alun Davies: I have just come this morning from an awards ceremony where awards were being given to farmers who have been working alongside the Environment Agency and Farming Connect in order to change the way in which they farm. This is to ensure that we are not only able to deliver food production and good farming practice, but that we can also deliver on land management and other issues. You will be aware that we have awarded Farming Connect contracts in the last month. I will be reviewing the performance of Farming Connect as part of the work programme that I will put in place to inform our position on future common agricultural policy reform. My concern is that we are able to deliver the advice that the industry needs in a format that it is able to access, and advice that leads to improvements in the performance of the industry. We have new contracts in place. They will come into operation in the next two months, and they will be kept under constant review.

David Rees: I would like to expand on that point. You said that you have contracts in place, and you indicated that you will be reviewing the process and the progress made. Did you review previous progress to ensure that the contracts met industry requirements?

Therefore, if we say that we want to see the food industry continue to grow and to be creative in creating new produce, the framework has to be there to allow the industry to do that. If we were to go too far, we would lose that framework and therefore lose an important part of the industry.

Llyr Huws Gruffydd: I recently asked the First Minister whether it was time for us to consider the possibility of devolving some of the FSA's responsibilities. In answering my question in the Chamber, he said that that was an issue that the Government was discussing, as part of its wider discussions on the food sector; you have mentioned that. What is your opinion on this issue?

Alun Davies: The FSA is accountable to the Minister for Health and Social Services, not to me, although elements of the work undertaken by the FSA are related to the responsibilities included in my portfolio. At present, if we wanted to move in that direction, we would need to have discussions with the United Kingdom Government, and another Minister would be leading those discussions. Therefore, I do not feel that I am in a position to provide a full answer at present.

Mr O’Sullivan: The main point is that the farming advisory service, which is mandatory under European regulations, and Farming Connect are provided under the Wales rural development plan, where we are required to have ongoing monitoring and evaluation. It was as a consequence of the evaluations that we had undertaken that we recontracted the Farming Connect services, to make them more fit for purpose. Those contracts will run to the end of 2013. The overall monitoring and evaluation of the Wales rural development plan will help to shape the successor plan, particularly in light of those services that we will need to provide and that will be relevant to the farming community, in respect of what the new rural development regulations will allow us to do.

David Rees: I will move on to my next question, which ties in with the issue of red tape. As you are aware, the Macdonald report in England has had an impact. However, the previous Assembly undertook a review of red tape and bureaucracy. Where do we currently stand with that review?

Alun Davies: I thought that the Macdonald report was a great piece of work that moved the industry and the process of Government forward. The position that we are in in Wales is somewhat different, because the work that was done by Peredur Hughes under the previous administration also moved the situation in Wales forward considerably. The work of the previous administration meant that we were in a somewhat different situation to the position across Offa’s Dyke, so there are some elements of Macdonald that are not necessarily relevant to us. Other elements of the Macdonald report refer to non-devolved subjects, and we will pursue those issues with the United Kingdom Government.

I can tell the committee this morning that I have now appointed Gareth Williams to take forward this process in Wales. I have asked Gareth to take forward the process of reviewing how we administer and regulate the industry. I have asked him to do this because, as people might know, he comes from a business background—he does not necessarily come from a farming background—and my view is that we need to take more of a systems approach, looking at the industry, Government and the way we regulate. Members will remember my words in the Chamber two weeks ago about streamlining CAP and the simplification of CAP; that applies here as well. We cannot preach simplification abroad and practice complexity at home. So, I have said very clearly that I want to look at the whole system of how we govern and interact with the industry and how the industry interacts with us.

I want a process in Wales that will challenge not only Government and public bodies, but the industry. So, I have asked Gareth—I am very grateful to him for agreeing—to report to us initially in January 2012. I hope that that will enable us to move forward in a way that streamlines our approach to regulation and administration, cutting down the time and resource within Government that are expended on administration, and enabling the industry itself to work in a more agile way. So, I have taken a decision and made that appointment today. I will be issuing a written statement to Members later today.

Lord Elis-Thomas: We could not complete our first examination of you, Deputy Minister, without asking about the sheep industry.

Russell George: There may well be more sheep in my constituency in Montgomeryshire than in any other. Deputy Minister, can you provide us with further details on discussions that you have had on the electronic identification of sheep? To what extent do you believe it likely that the European Commission will agree to an exception on electronic identification for the UK?

Alun Davies: The discussions that we have been having have been about tolerances rather than exceptions. You will be aware that a European Commission delegation visited Wales in April or May this year and reported back to the Commission last month. How shall I characterise these discussions? Our last meeting was last Thursday, 14 July, and there was not

a great deal of movement reported from that meeting. We are in a position whereby we are in very intense and precise negotiations in a very limited space available for negotiation.

12.15 p.m.

As you will be aware, the legislation has been implemented by the European Union. So, it is now law and we have a responsibility to implement the law in Wales. We are discussing how we do that. We have been seeking negotiation spaces based on tolerances and how we implement that. The four administrations of the United Kingdom have been involved in very detailed negotiations. We have been meeting regularly, and I have asked my officials to work closely with other officials to look at how we can create new proposals that will achieve the legal objectives of implementing the law while ensuring that this is a workable solution for the industry in Wales. I am not confident that we are currently in a position to come to a positive resolution on that. Those discussions are continuing. As I said, the last meeting was held on Thursday last week. The reports that my officials gave me on that meeting indicated that not much progress has been made. So, we are still in very detailed negotiations. I will write to the committee—if it would appreciate that—with further updates during the recess, and in fuller terms, possibly, when I am in a position to do so. However, I am not currently in a position to be positive about that.

Russell George: There is also the issue of technological usage, particularly on Welsh hillsides. Can you make any comments on that?

Alun Davies: It is the same issue, is it not? It is about how we implement the law. I am aware of the position and what the technology can and cannot do. I am aware of the positive as well as the negative aspects of it. We know where we are on EID. When the Rural Development Sub-committee made its report in March 2009, we examined all of those issues. There have been changes since then in the statutory framework and in the ability of technology to deliver what is needed. However, fundamentally, the technology can only do what it can do. We are talking here about issues of cross-compliance and so forth and there are significant issues in that regard that remain unresolved.

Antoinette Sandbach: Given that there are significant issues in relation to sheep and given that, in effect, the European Union has said that it will not allow for any tolerance, as I understand it, can you confirm that you will argue against any extension of this to cattle until the issues with sheep have been resolved?

Alun Davies: We already have the British Cattle Movement Service, of course, which provides traceability for cattle, so I do not really understand where you are going on that. However, our negotiating position is very clear. I had a choice, probably about six weeks ago, as to whether I continued to argue this position or simply walked away from it. I decided that we would continue to argue the case that we and the previous administration have argued. We are doing that. I have spoken to officials and to Ministers in DEFRA about this. We agreed some time ago to take a four-administration, UK approach on this matter. That is happening. There was a meeting between the Commission and the UK permanent representative in Brussels last week, but the meeting did not resolve this issue. I wish that it had, but it did not. We will continue to attempt to seek out a position whereby we can deliver the law and practically deliver the implementation of this regulation in Wales. At present, I am not optimistic; I make that clear. However, we have argued this case consistently and we will continue to argue this case.

Lord Elis-Thomas: Diolch yn fawr iawn i'r Dirprwy Weinidog ac i Rory O'Sullivan am eu presenoldeb, ac am yr atebion. Unwaith eto, ym mhresenoldeb Rhys, hoffwn ddiolch

Lord Elis-Thomas: Thank you very much to the Deputy Minister and to Rory O'Sullivan for their attendance, and for the responses. Once again, in the presence of Rhys, I thank

yn fawr i'r ffermwyr ifanc am gael the young farmers for the use of this building.
defnyddio'r adeilad hwn.

Cynhelir cyfarfod nesaf y pwyllgor yn y The next committee meeting will be held at
Senedd yng Nghaerdydd ar 21 Medi. Serch the Senedd in Cardiff on 21 September.
hynny, os oes gennych ddiddordeb, byddwn However, if you are interested, we will be
yn cynnal seminar anffurfiol gyda holding an informal seminar with agricultural
rhanddeiliaid amaethyddol yn yr ystafell hon stakeholders in this room in approximately 10
ymhen rhyw 10 munud. Diolch yn fawr. minutes' time. Thank you.

Daeth y cyfarfod i ben am 12.20 p.m.
The meeting ended at 12.20 p.m.