

Cynulliad Cenedlaethol Cymru | National Assembly for Wales
Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig | Climate
Change, Environment and Rural Affairs Committee
Ymchwiliad Bioamrywiaeth | Biodiversity Inquiry
BIO 06
Ymateb gan : Dŵr Cymru
Evidence from : Welsh Water

Thank you for the opportunity to submit evidence to the Committee's enquiry into biodiversity in context of a Public Goods scheme.

These comments are from Dŵr Cymru Welsh Water, the statutory water and sewerage undertaker that supplies over three million people in Wales and some adjoining parts of England. We are owned by Glas Cymru, a single purpose, not-for-shareholder Company. We provide essential public services to our customers by supplying their drinking water and then carrying away and dealing with their wastewater in a sustainable manner - a service which protects our environment and the biodiversity it supports. Our services are also essential to the sustainable economic development of Wales.

We have set out our responses in answer to the questions raised in the consultation and hope you find them useful. Please do not hesitate to contact us should you have any questions.

Director of Environment

How could the Welsh Government's proposed Public Goods scheme, set out in *Brexit and Our Land*, be applied to restore biodiversity?

1. We think there is great opportunity for a Public Goods scheme to deliver environmental benefits and thus play a part in reducing the current decline of biodiversity in Wales.
2. Dŵr Cymru relies on Wales' aquatic environment in relevant catchments. It is the source of our drinking water supplies and is the ultimate route for the return of our treated waste water. Our company – and, in turn, our customers who depend on the essential services we provide – therefore have a direct interest in its protection. The links between poor land management and poor water quality are well understood and well evidenced. Natural Resources Wales (NRW) monitoring shows that 59% of Wales' waterbodies are still not achieving good status under the EU's Water Framework Directive (WFD). NRW has identified agriculture and rural land management forestry sectors as contributing to 35% of these failures.
3. Against this background, we believe that the case for encouraging Welsh land managers to reduce their impact on the water environment is particularly compelling.
4. A high quality water environment is able to support a healthy variety of flora and fauna, so biodiversity would be a major beneficiary if, for example, levels of agricultural nutrients and pesticides were reduced, or their impacts mitigated. Thus, if improvements to the aquatic environment can be facilitated through a Public Goods Scheme so that more waterbodies achieve the 'Good Ecological Status' required by the Directive, there will be a clear and measurable restoration in biodiversity.
5. We believe that the key to restoration of biodiversity is to address the quality and connectivity of habitats upon which biodiversity depends. For this reason, our response to the Welsh Government's 'Brexit and our land' consultation suggested that the 'Resilient habitats and ecosystems' category should be universally available to all land managers. There is however a need to consider spatial targeting of Public Goods for some actions to protect and enhance biodiversity. Some public goods would only be worth funding if all (or at least most) land managers in a catchment were on board. Examples of

this would include efforts to eradicate invasive non-native species, or reducing nutrients and pesticide levels in water.

6. NRW's Area Statements (required by the Environment (Wales) Act 2016) which are currently in production may provide a useful signpost to the public goods that are of most relevance in particular locations. When considering mechanisms for delivery, there should be a move away from the 'one size fits all' approach of previous agri-environment schemes. To achieve biodiversity gain there needs to be a bespoke and coordinated approach from land managers, regulators and statutory bodies such as National Parks at a local and regional level. Central to this approach will be the need for trained advisors and project officers to deliver expert advice on scheme design and give feedback (before and) during scheme delivery. For a Public Goods scheme to be successful there should be a focus on achieving the best outcomes for both land managers and biodiversity, with funding targeted towards 'active' land managers who are capable of meeting the basic regulatory requirements of the scheme.

[How could the various existing Welsh Government policies and legislation for biodiversity restoration be applied in the design and implementation of the proposed Public Goods scheme?](#)

7. We think that the existing Welsh Government policies and legislation for biodiversity such as the Nature Recovery Plan for Wales and the biodiversity duty in the Environment (Wales) Act are generally fit for purpose. The biodiversity and resilience of ecosystems duty upon public authorities, many of whom may be land managers, to maintain and enhance biodiversity in the exercise of their functions is particularly relevant.
8. Dŵr Cymru published our statutory Biodiversity Plan, 'Making time for nature' in July 2017. Our Plan describes how our business interacts with nature. It highlights what we are already doing across the business to support nature and biodiversity and we will report upon progress by the end of 2019.
9. Clearly, any Public Goods scheme should follow the principles of sustainable management of natural resources set out in section 4 of the Environment (Wales) Act 2016

10. We do have some concerns on how other policies and legislation may impact upon the efficacy of a Public Goods scheme. Foremost amongst these concerns is the importance of 'additionality' within the proposals. We applaud the Welsh Government's proposal to introduce a criteria requiring that land managers meet basic regulatory requirements before they are eligible for any public funding. This essential requirement for a 'regulatory floor' should apply for any assistance under the Land Management Programme, not just the Public Goods strand.
11. Such funding schemes must not pay polluters not to pollute. They should reward land management practices which support the outcomes we are seeking such as 'Good Ecological Status' under the Water Framework Directive. A regulatory floor must be enforced if a scheme is to be credible, (which will need adequate resourcing) and must also support the development of market based ecosystem services. These could then supplement and enhance any payments under a 'public goods for public benefit' approach. We would urge Government to not just consider how the publicly funded elements of such a scheme could work, but how they could facilitate other sectors such as those interested in water, tourism and flooding to work with Government and supplement this whole process. We believe that a co-created scheme would also align with the five ways of working outlined in the Well-being of Future Generations (Wales) Act 2015.
12. Before the Programme is introduced, we would therefore like to see the introduction of the system of "basic measures" that the Welsh Government proposed in its 2017 consultation paper, "Taking Forward Wales' Sustainable Management of Natural Resources" and explored in chapter 7 of 'Brexit and our land'. Eligibility for support under the Land Management Programme should also require compliance with the relevant basic measures.
13. To make this approach more attractive, we suggest that there may be benefit in farmers who meet all the relevant requirements being eligible for a modest level of Public Goods support.
14. Care will also need to be taken to avoid unintended consequences. In particular, it is important to guard against incentivising activities under the economic resilience scheme that undermine investment in public goods. For example, improving productivity could result in intensification, posing

additional risks to water quality from increased use of pesticides and nutrient loading. There are similar risks from diversification. Explicitly applying additionality – complying with basic environmental requirements – to the Economic Resilience element, rather than just underpinning the Public Goods arm, would go some way toward mitigating these risks.

What lessons can be learned from the Glastir and Monitoring and Evaluation Programme (GMEP) to ensure effective monitoring and evaluation of schemes to support the restoration of biodiversity. How should the new Environment and Rural Affairs Monitoring and Modelling Programme (ERAMMP) be designed and implemented effectively for this purpose?

15. Although we have limited direct experience of Glastir we believe that monitoring will need to be an essential component of any Public Goods scheme.
16. Monitoring of the primary outputs for resilient habitats and ecosystems can be relatively simple. Quantifying the number of trees planted or area of grassland under management is straightforward, but calculating the biodiversity benefit arising is much harder; especially given the long timescales and inherent difficulty in measuring ecology.
17. This thought highlights the need for high quality information and advice in planning for biodiversity gain. The location, and connectivity of sites selected for biodiversity gain is critical to their likely success and the selection of such sites will require expert advice at an early stage. Establishing a baseline before any Public Goods are delivered is important in this regard – target options and priorities need to be correct and evaluation of any success requires a clear picture of the starting position.
18. Again, we hope that the Area Statements being prepared by Natural Resources Wales will be helpful in selecting appropriate sites; but we would also recommend the recent report by RSPB and the Sustainable Places Research Institute “Biodiversity and the area-based approach in Wales”¹ as a useful guide to spatial planning for biodiversity.

¹ <http://orca.cf.ac.uk/113208/>