



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

**Y Pwyllgor Cynaliadwyedd
The Sustainability Committee**

**Dydd Iau, 13 Ionawr 2011
Thursday, 13 January 2011**

Cynnwys
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Welsh Government Carbon Reduction Strategy

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

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

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Lorraine Barrett	Llafur Labour
Angela Burns	Ceidwadwyr Cymreig Welsh Conservatives
Alun Davies	Llafur (yn dirprwyo ar ran Karen Sinclair) Labour (substitute for Karen Sinclair)
Irene James	Llafur Labour
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales
Joyce Watson	Llafur Labour
Kirsty Williams	Democratiaid Rhyddfrydol Cymru (Cadeirydd y Pwyllgor) Welsh Liberal Democrats (Committee Chair)
Leanne Wood	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Claire Bennett	Dirprwy Gyfarwyddwr yr Is-adran Newid yn yr Hinsawdd a Dŵr, Llywodraeth Cynulliad Cymru Deputy Director, Climate Change and Water Division, Welsh Assembly Government
Jane Davidson	Aelod Cynulliad, Llafur (Y Gweinidog dros yr Amgylchedd, Cynaliadwyedd a Thai) Assembly Member, Labour (The Minister for Environment, Sustainability and Housing)
Emma Edworthy	Economegydd Newid yn yr Hinsawdd, Llywodraeth Cynulliad Cymru Climate Change Economist, Welsh Assembly Government
Dr Andy Fraser	Pennaeth Polisi Newid yn yr Hinsawdd, Llywodraeth Cynulliad Cymru Head of Climate Change Policy, Welsh Assembly 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 1.31 p.m.
The meeting began at 1.31 p.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Kirsty Williams:** Good afternoon, and welcome. I wish all Members and our clerking team a happy new year. I remind everyone that, if there is a fire alarm, they should leave the room by the marked exits and follow the advice of the ushers and staff. Please

ensure that your pagers and mobile phones are switched off so that they do not interfere with our broadcasting equipment. I remind everyone of the availability of simultaneous translation facilities. We have received apologies from Karen Sinclair and Brynle Williams. As always, Alun Davies is substituting, although I understand, Alun, that you are to become a formal member of the committee. Today, we will be considering a number of reports that the committee intends to publish. Subject to the committee's approval, we will consider those in private session. We will then move on to a public scrutiny session with the Minister for Environment, Sustainability and Housing on her carbon reduction strategy.

1.33 p.m.

Cynnig Trefniadol Procedural Motion

[2] **Kirsty Williams:** I move that

the committee resolves to exclude the public from the discussion on items 3 and 4, in accordance with Standing Order No. 10.37.

[3] I see that the committee is in agreement. I anticipate that we will return to public session at around 2 p.m..

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 1.33 p.m.
The public part of the meeting ended at 1.33 p.m.*

*Ailymgynulliodd y pwyllgor yn gyhoeddus am 2.01 p.m.
The committee reconvened in public at 2.01 p.m.*

Strategaeth Lleihau Carbon Llywodraeth Cymru Welsh Government Carbon Reduction Strategy

[4] **Kirsty Williams:** Good afternoon, everyone. Having just finished our private session, I welcome everyone back to the public element of this afternoon's Sustainability Committee meeting. I am pleased to welcome Jane Davidson, the Minister for Environment, Sustainability and Housing to the committee once again. We are glad to have the opportunity to discuss the carbon reduction strategy with you this afternoon. As you can imagine, committee members want to raise a significant number of questions and issues with you. To start, for the record, can you introduce yourself and your team and make any introductory comments that you would like to make before we turn to questions?

[5] **The Minister for Environment, Sustainability and Housing (Jane Davidson):** I am Jane Davidson, the Minister for Environment, Sustainability and Housing, and I am responsible, on behalf of the Cabinet, for the delivery of the climate change strategy in Wales. On my left is the head of the climate change and water division, Claire Bennett, who has been before the committee on a number of occasions. On my right is Dr Andy Fraser who is responsible for climate change policy and strategy. On my far left is Emma Edworthy who is the person to whom you would want to refer any detailed statistical questions on the make-up of the data that underpin the strategy development in Wales.

[6] Thank you for the opportunity to respond to the inquiry on carbon reduction. It has been incredibly useful for us that the committee has been doing this work in parallel with the

development of the climate change strategy in Wales. The topic-based reports that you have produced have formed an important part of the evidence base that has informed both the strategy and its emission reduction delivery plan. The strategy, as you know, outlines how we intend to meet our 'One Wales' target of 3 per cent year-on-year reductions in greenhouse gas emissions and adapt to the impact of climate change. It is the culmination of three years' hard work across the Assembly Government, steered by the Climate Change Commission for Wales, which represents all parties and a wide range of sectors, is supported by key inputs from the commission's sub-groups and wider stakeholders and also informed by the expert advice of the UK Committee on Climate Change.

[7] There is still more to do, and, with each annual report on progress on the strategy, which are public documents, reporting to the Assembly, I would expect to see new actions coming forward. However, it is worth reflecting for a moment on just how far we have come over the period that the strategy has been developed. We have an area-based approach to domestic energy efficiency through Arbed, which is delivering real benefits in terms of emission reduction, tackling fuel poverty, improving the quality of the housing stock and creating jobs and business opportunities. The new all-Wales fuel poverty programme, which I will be announcing shortly, will enable us, for the first time, to offer support to hard-to-heat and off-gas grid households to make their homes more energy efficient and reduce energy costs. The primary driver is tackling fuel poverty, but the scheme is being designed to ensure that it makes a contribution to reducing greenhouse gas emissions. In land-use planning, we have taken a range of steps to actively encourage low carbon development. That includes issuing planning policy on low carbon development, removing barriers to microgeneration by enabling permitted development guidance and training for local authorities, planning professionals and members, and you are undertaking your own inquiry on planning in this committee.

[8] The devolution of building regulations means that we are now developing our proposals to put our ambitious zero-carbon aspiration into practice. We have raised the energy performance standard required of new buildings constructed using Assembly Government funding, and provided invest-to-save funding to public bodies to help them make improvements in their existing stock. With the support of European structural funds, we have enabled access to advice and support for community-scale renewable projects. I am pleased to say that support for pre-application works, which were on hold because of issues around state aids, is now, once more, available as a result of determined efforts to address that issue, which was created by the feed-in tariffs. We have developed a comprehensive approach to stimulating behaviour change, informed by evidence of which interventions are effective, which actively supports and stimulates local solutions and community responses. Our time-banking project and the pathfinder programme will enable us to test a range of models to enable communities to make emission reductions and represent real innovation in the way that we approach the issue here in Wales.

[9] These are just a few examples, but along with the response that I have provided to the committee for its final report, and the update on the headline recommendations from the previous report, they make it clear that real progress is being made. The challenge for all of us, particularly at this stage in the administration, is to provide continued momentum for effective action in this area, ensuring effective implementation of the policies and programmes to which we are already committed. The National Assembly, of course, will have an important role to play in encouraging progress in considering the annual report that the Assembly Government submits, as required by the Climate Change Act 2008.

[10] **Kirsty Williams:** Thank you, Minister, for that introduction, and for the recognition of the work that this committee has done under previous Chairs. I am glad that you recognise that it is a piece of work that has added value to the discussions.

[11] I will begin by asking about the tricky issue that always seems to come up in these debates—baseline data, and how we can usefully make some comparisons of progress. Given that the greenhouse gas inventory has just released the data for 2008, making a direct assessment of progress against your chosen target baselines will now not be possible until 2013. What is your reasoning for not choosing a baseline that can be calculated on data that are already available—that is for 2004-08?

[12] **Jane Davidson:** The definition of a target including the baseline was discussed at length with the Climate Change Commission for Wales, and was also subject to consultation as part of the climate change strategy high-level policy statement that went out in the first part of 2009. I indicated that definition in our written statement of 9 January 2009, and we discussed it in my oral statement on 20 January 2009. The commission agreed the definition that we adopted, including the baseline, back in September 2008, and we adopted the average of years rather than a single year because that would smooth out annual variation, which is inevitable in the pattern of emissions. The specific years that the baseline would cover were selected because they would represent the most up-to-date comparison with 2011. We have always acknowledged that we would not be able to measure the progress against that baseline specifically until the data for 2011 are available in 2013. However, we can compare the latest year available to an average of available baseline years, and that approach is reflected in the figures of the strategy and the previous consultation documents. It will be updated in each annual report to Plenary.

[13] **Kirsty Williams:** Given that the emissions directories are, overall, showing a gradual decrease, what effect will calculating the average emissions from 2006 to 2010 rather than from 2004 to 2008 have on the baseline value? What effect will that have on the value required to reduce emissions by 3 per cent of the baseline?

[14] **Jane Davidson:** The most up-to-date baseline does make the target more challenging, because more of the easier wins in terms of emission reductions will already have been made. It is crucial that people have confidence that we have the most up-to-date baseline against which our performance was measured. That was supported fully by all members of the Climate Change Commission for Wales, as I say. We reported back to the Assembly in the context that the consultation on the high-level statement went out at the beginning of January, which received full support in the consultation responses.

2.10 p.m.

[15] **Kirsty Williams:** Did you want to add something at this point, Alun?

[16] **Alun Davies:** As you know, I have been a member of the committee on and off over the past four years, and we have been through discussions and debates on this issue. One question that I have relates to the fact that, when I look at all these figures, there are times when I wonder how solid and reliable they are. Are you absolutely sure, Minister, that we can trust them and rely on them? I do not question your sincerity, but we started having these debates about two years ago, and there were many questions about the reliability of the figures and the knowledge base upon which they were based. Are you absolutely sure that we have now resolved those issues and that the figures that we are dealing with today are solid and reliable?

[17] **Ms Edworthy:** We are as convinced as we can be. The greenhouse gas inventory is updated regularly to reflect the latest methodology. By following that, we follow the UK, and it follows the Intergovernmental Panel on Climate Change. So, it is the most up-to-date global methodology that you could have for estimating greenhouse gas emissions. So, in that respect, yes, we are confident that they are the best data.

[18] **Jane Davidson:** That also enabled us to compare across the UK and more widely, which is crucial in this context.

[19] **Rhodri Glyn Thomas:** O ran allyriadau, mae'r ffigurau net yn anghyson iawn—maent yn mynd lan a lawr. Er enghraifft, mae'r ffigur net ar gyfer 2008 yn uwch na'r ffigur ar gyfer 2007. A yw hynny'n adlewyrchu'r hyn yr oedd Emma yn ei ddweud ynglŷn â'r methodoleg, sy'n golygu bod y ffigurau yn cael eu casglu mewn ffordd wahanol, ynteu a oes patrwm cwbl anghyson o ran allyriadau?

Rhodri Glyn Thomas: With regard to emissions, the net figures are very inconsistent—they go up and down. For example, the net figure for 2008 is higher than the figure for 2007. Does that reflect what Emma has just said regarding the methodology, which means that the figures are gathered in a different way, or is there a wholly inconsistent pattern with emissions?

[20] **Jane Davidson:** There are a couple of things to say on that. There was a small increase between 2007 and 2008 of just under 5 per cent—it was 4.7 per cent. That related to the increase in the generation of electricity, of which Wales is a net exporter, from coal-fired plants in Wales. Remember that a wide range of greenhouse gas emissions are recorded, and not just carbon dioxide. We saw a steep increase in the level of hydrofluorocarbon emissions in that year, when we saw reductions in everything else. The steep increase in those emissions was due to their increased use in refrigeration and aerosol propellants as a replacement for chlorofluorocarbons. As no HFCs are manufactured in Wales, and because they were responsible for less than 1 per cent of Wales's total greenhouse gases in 2008, we would not expect to see that again. So, some issues relate to methodological changes, and others relate to definite activity. The report also included end-user data sets, which provide estimates of emissions at the point of consumption of energy rather than at where it is produced, and we can see a general downward trend in emissions on that basis. Our share of the UK's total net greenhouse gas emissions was 7.1 per cent, representing a decline of 20.9 per cent across all greenhouse gases since 1990. However, it is difficult to compare those figures with others, such as those that are contributing to the 3 per cent target. I do not know whether Emma wants to say something about that.

[21] **Ms Edworthy:** Any methodological change that is made is backdated across all the data sets. So, if there was a methodological change last year, it was backdated to apply to all the data from, say, 2005. You can then compare one year with another consistently as you move forward.

[22] **Rhodri Glyn Thomas:** Gan fod y ffigurau sydd gennym yn dangos patrwm cwbl anghyson, sut y gallwch fod mor hyderus y gallwch ragweld y bydd gostyngiad o 3 y cant bob blwyddyn?

Rhodri Glyn Thomas: Given that the figures that we have demonstrate a wholly inconsistent pattern, how can you be so confident that you can predict a reduction of 3 per cent per annum?

[23] **Jane Davidson:** The reduction of 3 per cent per annum is the target that was set by the One Wales Government in the delivery of the climate change strategy. So, a substantial body of work, which Claire has in front of her, namely the strategy and the delivery plans, relate to how we will achieve that. We use the greenhouse gas inventory data, against which we measure those reductions.

[24] **Kirsty Williams:** Is that okay, Rhodri Glyn?

[25] **Rhodri Glyn Thomas:** It is as good as it gets.

[26] **Alun Davies:** On the target, I remember the tussle that we had at the time of 'One Wales' over a target of 3 per cent, 4 per cent or 5 per cent and so on. There was quite a debate

about that. The figures that you have given us appear to indicate that the Assembly Government has contributed 0.89 per cent to that 3 per cent target. Are you content with that proportion? I understand that the target is a Wales target—I think that that is the correct interpretation—so it would never be 100 per cent, but are you content with 30 per cent? Do you think that that is a reasonable proportion?

[27] **Jane Davidson:** In practice, there is mixed competence for emissions. The big emissions come out of big buildings, transport and industry in Wales. There is EU policy, UK policy and Welsh Assembly Government policy, there is regulation and legislation, and they all have an impact. You referred to tussles, and it would be fair to say that one of the big issues for us when the target was first set in manifestoes, and all the way through this process, was having inadequate data against which to look at the emission reductions. We commissioned additional work from the Tyndall Centre to look at what 3 per cent, 6 per cent and 9 per cent would look like in terms of emission reductions every year so that we could start to inform people about the major changes that would need to be put in place in terms of their lifestyles and about deliveries in the context of dealing with an appropriate response to the science. However, Wales could not do that alone; it would have to do it as part of a wider set of arrangements, both within the UK and in the context of Europe.

[28] The emission reduction delivery plan indicates the level of emission reductions that we anticipate will be achieved through a combination of the Assembly Government, the UK and the EU policies and programmes. It also highlights the level of emission reduction that we anticipate will arise as a result of wider action by people, communities, organisations and businesses in Wales, as they look at both specific delivery plans and quantifying the outcome of those delivery plans.

[29] So, the quantification has used Wales-specific studies to estimate the likely levels of emission reduction wherever possible. If you want more details about those, it might be worth exploring that with Emma. Where Welsh data have not been available, we have reviewed and used UK Government figures and then apportioned those to Wales using population statistics or vehicle kilometres in the case of transport. However, the critically important point is that the mixed competence makes quantification challenging and there is a significant risk of double counting. To minimise this risk and to draw on the most detailed quantification work that has been undertaken to underpin our estimates, our analysis started from the four main UK packages: the domestic energy efficiency package, which was previously called the household energy management strategy, but is now the Green Deal; the non-energy intensive business package, namely the carbon reduction commitment; the energy intensive business package, which is called the climate change agreement; and the UK transport package.

[30] We have assessed the Assembly Government policies and programmes and quantified where they could be shown to be additional to the estimate for Wales assumed in the UK packages. So, the emission reduction estimates in the delivery plan are biased towards UK Government programmes delivering a greater share of the emission reduction and those Welsh policies and programmes identified as being additional were then assessed and emission reduction levels estimated using appropriate methodologies. Those methodologies are set out in the valuation of greenhouse gas emissions for appraisal and evaluation, which provides guidance on the quantification of the greenhouse gas emissions within a cost-benefit analysis. That guidance, which is provided by the Department of Energy and Climate Change, is a supplement to the Treasury's green block, so that it all fits together in a way that can be appropriately quantified and measured.

[31] **Alun Davies:** May I ask another question, Chair?

[32] **Kirsty Williams:** Briefly, then Leanne has a question.

[33] **Alun Davies:** I think that you have convinced us on the methodology, Minister, but are you content with the contribution being made by the Assembly Government with regard to delivering the emissions reduction?

2.20 p.m.

[34] **Jane Davidson:** The issue in terms of the contribution made by the Assembly Government per se is in relation to the areas where the Assembly Government has authority.

[35] **Kirsty Williams:** We understand that you can only do what you are responsible for; the point that Alun is trying to get across is that we have identified that it only comes out at a figure of 0.89 per cent of that 3 per cent. Is that enough? Should you be more challenging in the areas where you have competency? No-one is expecting you to deliver in areas for which you are not responsible, but are you satisfied that that is an adequately challenging test for what the Assembly Government is responsible for?

[36] **Jane Davidson:** I am certainly satisfied that it is adequately challenging in the context of the information that we have available currently, but I would expect there to be—particularly if there is a successful referendum in March—an increased amount of responsibility allocated to an Assembly Government of the future, not least when there will be more effective datasets around a number of areas where the data are not there at the moment.

[37] **Alun Davies:** Why would the legislative powers in this place have such an impact on emissions?

[38] **Jane Davidson:** There are a whole range of issues, as I said at the beginning. It is a combination of working with policy, regulation and legislation, which have a very important role in this context.

[39] **Ms Bennett:** For example, the Assembly Government does not have any functions in respect of display energy certificates, energy performance certificates or the regulation and promotion of energy efficiency. We are able to promote energy efficiency through grants, loans or communication, but we cannot regulate for it. That would be an area where one could see some opportunities to make fairly significant emission reductions if those powers were available.

[40] **Jane Davidson:** As a result of the Waste (Wales) Measure 2010 and our specific commitments about recycling, we are seeing carbon reductions as a result of making the targets statutory. If we end up proscribing from landfill, we will also see emission reductions there. So, regulation and legislation have a major role to play, which future Assemblies and Assembly Governments can use to further this agenda.

[41] **Leanne Wood:** I thought that the commitment that was agreed as part of the ‘One Wales’ coalition agreement was about reducing our emissions by 3 per cent per annum in areas of devolved competence.

[42] **Kirsty Williams:** That is what we all thought.

[43] **Leanne Wood:** I understood that that would be done on a sector-by-sector basis. My understanding was that it would be more difficult to achieve in some sectors than others, so that you may have been able to achieve more than a 3 per cent reduction in household emissions, for example, but only a smaller reduction in transport emissions because we do not have the infrastructure to move people out of cars and onto trains. You have come back saying that there has been only a 0.9 per cent cut in areas of devolved competence. Am I right in my understanding of that or am I wrong on that?

[44] **Jane Davidson:** The crucial element, which we have explored in some detail at meetings of the Climate Change Commission for Wales, is the fact that it is very difficult to separate where the responsibilities lie in the context of the EU, the UK and the Assembly Government and to allocate the quantification reduction to each of those authorities in this context, because we might all have a role in the delivery of any element. However, specific targets have been set for the minimum levels of emission reduction in each of the sectors. For example, the third sector has said that communities across Wales are very keen to see their reductions being properly quantified, and they are offering a reduction of up to 0.5 per cent themselves. We will have to make sure that that is appropriately quantified, but this whole agenda is about making sure that everyone has a contribution to make so that we can ultimately measure the contributions from individual households through Arbed and others, as well as the contributions of every single organisation.

[45] **Leanne Wood:** Would it not be simpler to say, ‘Here is local government in Wales; this is how much is being produced in terms of emissions, and to cut that by 3 per cent per annum would result in this’? Have you done it by sector or have you said that these are the total emissions that Wales produces, including what comes out of coal-fired power stations, which you cannot really have any influence over, and that you are going to reduce those emissions, but that your contribution is going to be only 0.89 per cent?

[46] **Ms Bennett:** For the public sector, we have said that it will be at least 3 per cent. So, for the public sector and local government—

[47] **Leanne Wood:** Within and outwith devolved competence?

[48] **Ms Bennett:** Yes, but it is probably easier if I explain how we approached the target of 3 per cent. We had a long conversation with the commission on how to define areas of devolved competence in a way that we could actually measure. Basically, we have to use the greenhouse gas inventory as a source of information on what the emissions are. That is reported on the basis of transport, residential, agricultural and industrial emissions, and not on the basis of, say, what comes from local government. That is a really small subset. So, within that, for transport, you cannot say that 20 per cent, 50 per cent or 70 per cent is influenced by the Assembly Government and that the other bit is down to the UK or the EU. You would essentially be making up a number. So, that did not provide a way of making it transparent so that people could see how we were measuring it.

[49] The only way that we could see that would be transparent, although it then involved including the UK contribution, was to say that we would include all of the emissions from transport, the residential sector and so on, and that we would exclude large energy-using industry and energy generators—the traded sector—because of the EU emission trading scheme link, but that we would put back in the energy consumption of people in Wales, because that is something that we can do something about, which is not within the traded sector, and measure on that basis. That is the basis of what we consulted on. We really could not see another way around it without making up numbers, such as saying that our share is 20 per cent. It would not be robust. We could have tried; we could have got a consultant to try to come up with something, but it did not seem a very useful use of time, when doing it this way used the existing data and was transparent. We are clear about what our contribution is, so we can say what the UK would need to bring to the table.

[50] **Jane Davidson:** It is worth adding that the Climate Change Commission for Wales and its sub-groups have been wrestling with these issues for three years. They have looked at it on the basis of having statistically comparable data. That has had all-party and all-sector support on the commission as a robust way of ensuring that we can, with confidence, deliver to the next Assembly Government not only a strategy that has been supported on a cross-party

basis, but a delivery mechanism against which appropriate comparisons can be made. It is a critical issue in terms of using numbers, that there are numbers against which people can make comparisons and see and quantify appropriately the reductions or lack of reductions.

[51] **Leanne Wood:** May I just come back on that?

[52] **Kirsty Williams:** Please be brief, Leanne, because we need to make some progress and the Minister is against the clock as much as we are.

[53] **Leanne Wood:** We are all expecting emissions to have gone down since the banking crisis and the recession. How can you account for that without claiming them as cuts resulting from Government action?

[54] **Jane Davidson:** We made that point a few moments ago. By averaging the years between 2006 and 2010, you capture that. However, because it is likely to be slightly lower, it makes it harder in terms of the 3 per cent emission reduction each year. So, in fact, it has not made it easier for the Assembly Government. Had I chosen some random year to start, as a committee, you would rightly be challenging me on why I had chosen a particular year that did not take account of those issues. In fact, by using the years 2006 to 2010, we have a range of economic years, against which the reduction from 2011 on can be calculated.

[55] **Joyce Watson:** Can the Minister provide further details on the suite of indicators currently being developed to enable the assessment of individual policies and their contribution to the sectoral and 3 per cent targets?

[56] **Jane Davidson:** There is a comprehensive monitoring framework to track progress, because that is critical in terms of giving information to Members. So, using the approach outlined by the UK Committee on Climate Change, the indicator framework will show progress on outcomes by reporting on emissions by sector, using the data from the greenhouse gas inventory that we have been talking about, as well as progress at activity level, by reporting on the measures that illustrate the policies and programmes in place, delivering on the ground.

2.30 p.m.

[57] That is in line with the approach taken by the UK Government in reporting on the progress of the carbon budgets, which will make comparison of progress possible. The key purpose of the monitoring framework is to understand how progress in delivering policies affects changes in total sector emissions over time. Therefore, the indicator framework is a three-level process. At the top level—the outcome level, or level 1—there is absolute change in carbon dioxide equivalent emissions, consistent with the 3 per cent target definition in the specific sectors since the previous data year. That is where the greenhouse gas inventory will be used to report. Level 2 looks at indicators that link the activity level, which is level 3, to those top-level outcomes.

[58] Therefore, for example, if I take a level 3 indicator—an activity indicator—for an energy efficiency policy, it could be the number of homes that have cavity wall insulation. That would be a very clear activity indicator. A second-level indicator would be how much the demand for different forms of energy has changed as a result of the cavity wall insulation, and the expected or estimated associated change in carbon dioxide equivalent reductions as a result of undertaking the activity. It is a complex interrelated set of indicators to give us the appropriate quantification against which this can be measured, but also to look at the quality of the activity. Therefore, those level 3 activities are about monitoring the things that the Assembly Government is actively doing, or aiming to do, to reduce greenhouse gas emissions. Each of those activities will only give a partial understanding of the performance

of the overall sector emissions. Therefore, you need all three levels to give the complete indicator framework.

[59] **Kirsty Williams:** It sounds very simplistic: could you not have tried to make it more complex or incomprehensible? Listening to you talk about that, as a committee that understands some of these issues, it is almost impenetrable, Minister. Could we not have come up with a system that was slightly easier to understand? Perhaps it is just me, but it seems to me that it is absolutely incomprehensible. Surely, if we are going to get people to respond to this we have to make it as accessible as possible. If I was working in a department or another place that did not have the likes of your officials to guide me in this, I do not think that I would know what I was supposed to do with all of that or how I was to use that to help me to help you to achieve your targets.

[60] **Jane Davidson:** The challenge that you are probably facing at this stage is the challenge that the Climate Change Commission faced very early on, which is that if you are going to have a political commitment that quantifies outcomes, you must have the right statistical robust mechanisms underneath that. We are not best placed, as politicians—although sometimes we pretend that we are—to determine what the appropriate indicators are in that context. This is a complex scientific and statistical base. Essentially, if I was trying to explain it more on a political level—I am trying here to give you the absolute information that you require as a committee to look at how the statistical base is being measured—I would say that, at the top level, we need to measure outcomes; we need to measure what the delivery is, and we know that the greenhouse gas inventory will give us that each year, which is why we publish those figures each year and I make a statement to the Assembly. At the bottom level there will be a set of activities, each of which will be a contribution, and at the middle level there has to be a mechanism by which those individual activities are related to the greenhouse gas inventory. Essentially, that is my political analysis of what I have just said in more detail from a statistical perspective.

[61] **Kirsty Williams:** Do you wish to pick up on any of these issues, Angela?

[62] **Angela Burns:** Funnily enough, my question was to do with recommendation 11 of the carbon reduction report, in which we had recommended that there should be a review of indicators for local government. To be honest, I am totally baffled by some of the answers here. Have you planned or launched that review? To take up Kirsty's point, it is about ensuring that an ordinary person doing an ordinary job out there somewhere can understand what it is they need to report back to the Government for you and your officials to be able to pile into this enormous data bank.

[63] **Jane Davidson:** Before I ask Emma to comment again, I will just say that local government indicators are reviewed annually, which always gives us the opportunity to add in appropriate indicators in terms of the measurement of the areas that the Assembly Government requires. Emma, do you want to add anything?

[64] **Ms Edworthy:** Only to say that the public sector, hence local authorities, is key on our agenda in terms of looking at setting an appropriate baseline and carbon footprinting for it. So, out of the projects that we have, the public sector in particular is right at the fore in terms of the data that we are trying to collect and get right. As the Minister said, as part of the indicator consultation that goes on every year, we hope to influence things in such a way that we can get appropriate data from local authorities, without adding to their burden any more than we already do.

[65] **Angela Burns:** Have you undertaken a review since we did this report? Have their indicators—

[66] **Dr Fraser:** This year's review will be launching shortly.

[67] **Ms Bennett:** [*Inaudible.*]

[68] **Kirsty Williams:** Can you speak one at a time, please?

[69] **Ms Bennett:** The team has met with a number of local authorities to talk about the kind of data and reporting that they provide with regard to their carbon footprint. The local authorities that we spoke to identified that some of the things that they were asked to report on were a bit difficult to produce data on, and that there were other things that they were collecting for other reasons that they could report that would give us the same, or better, information. So, as part of the consultation on the annual indicator review, we are focusing on proposing a slightly different set of data requirements that are more in line with what the local authorities have indicated to us would be more straightforward for them to report on, but which would still give us the full footprint picture.

[70] The other thing to mention is that almost all of the local authorities in Wales will be subject to the carbon reduction commitment, which includes quite significant reporting requirements, in order to inform the number of allowances that they need to purchase for compliance with the scheme. So, that will lead to quite a step change, and we need to use that kind of data set, which is required to be reported as part of their statutory obligations under that legislation. So, that will be a really important additional piece of information, and we will get the first reports in over the course of this year.

[71] **Angela Burns:** I understand your desire to target the indicators to something that is sensible, but, returning to a point that Alun raised, can you assure this committee that these constantly shifting indicators, which keep being improved and altered, will still allow us to make true and decent comparisons on a year-on-year basis?

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

[73] **Lorraine Barrett:** In your paper, in response to recommendation 5 of our report, you state that you will develop a delivery plan for the climate change engagement strategy, containing key targets, milestones and evaluation points. Can you give us a timescale for the publication of the strategy and how would you see the strategy implementing a behavioural change at a local level?

[74] **Jane Davidson:** We presented the draft engagement strategy to the Climate Change Commission for Wales in December of last year. We are very much looking at effective models for intervention to address specific behaviours, which is about providing a national vision and narrative to promote action at all levels, developing the capacity for action at a local level and providing the evidence base to support action. I can give you substantially more detail on this, if you would like. Once the process is complete in terms of the discussion that is currently ongoing with those who have a role to play in engaging people on this agenda, both to gain their input and support and to capture current and future action, we will be publishing the strategy, and the intention is to publish the strategy before the election.

[75] **Alun Davies:** What are your priorities for behavioural change and within what timescale do you expect to see real impacts and outcomes from that?

2.40 p.m.

[76] **Jane Davidson:** It is important to develop that verbal and visual picture of a future Wales in five and 10 years' time. We did it in the climate change strategy for Wales and in the context of 'One Wales: One Planet' to enable people to see a positive set of outcomes that

they can contribute towards. We need to communicate those messages through a national public relations campaign, which currently includes climate change champions and challenge elements, and we want to refine those and find more effective ways of exemplifying and normalising actions, and use the opportunity of new arrangements in the context of the Sustainable Development Commission and bringing the secretariat of the Climate Change Commission into those new arrangements. How that engages with young people will be an important part of that. We will support and encourage public sector organisations. There is a significant capacity in Wales that can be shared at a local level, and we are establishing mechanisms for the exchange of that expertise as a resource. We are piloting time banking through one project on a community level and another at a national level. We have established a framework contract through which practitioners and organisations across Wales can access delivery bodies, expert advice, capacity building and evaluation to support effective programmes of action. There is a huge amount of work on this going on at the moment.

[77] **Alun Davies:** I am trying to understand what actions and behavioural changes you believe that the Assembly Government can achieve and within what time frame. Give me three examples of behavioural change that you believe that the Assembly Government can drive in Wales and when you believe that you can achieve them.

[78] **Jane Davidson:** One clear example is everyone becoming much more energy efficient in what they do. Some of that can be done through major area programmes and some of that is about individual behaviour. Another example, on the other side of that equation, is about how we encourage many more people to take up renewable energy. If we are looking at issues around sustainability and climate change reduction more generally, all the programmes that we are undertaking on waste, housing and education on sustainable development, global citizenship and other areas need to be moved towards this agenda. Now that we have 'One Wales: One Planet' and a clear climate change strategy, a whole range of tools to communicate with and engage the public in these processes needs to work in a way that the public can access. So, it is about the PR elements of delivery, on which you have a substantial amount of expertise, how we evaluate and monitor how effective those interventions are and the development and delivery of education and other initiatives to create behavioural change. So, it is about looking across about the piece both at exemplars for action at a community level, an individual level and an organisational level, but also at how we use regulation, legislation and so on in terms of delivery.

[79] **Kirsty Williams:** I think that we are not going to get any further on that.

[80] **Irene James:** The 'Climate Change Strategy for Wales: Delivery Plan for Emission reduction' states that

[81] 'emissions from heavy industry and energy generation are not included in the 3% target, although energy generation is relevant because we have included energy consumption by end user'.

[82] What is the reason for excluding heavy industry and energy generation from the 3 per cent target?

[83] **Jane Davidson:** Heavy industry and energy generation are excluded from the definition because they are subject to regulation by the EU emissions trading scheme, to which Claire has already referred, which drives emission reduction through a market-based mechanism. These are commonly called traded sector emissions. They are not meaningfully dealt with at a Wales level, because the relevant industries are part of the trading mechanism. The mechanism requires that the total emissions from all the installations must stay in the UK, but can increase or decrease at a particular site, or they could increase or decrease in

Wales as a whole, provided that the overall cap is not breached. That is not useful to us.

[84] **Kirsty Williams:** That is explanation enough.

[85] **Irene James:** Yes, that is all we want.

[86] **Jane Davidson:** I need to add something for the record, namely the importance of energy use. As Claire said, we can directly influence that, so we have apportioned the emissions resulting from electricity use by end user as part of the 3 per cent target, and the Climate Change Commission supported that.

[87] **Leanne Wood:** Does that also include electricity consumed by heavy industry?

[88] **Jane Davidson:** As the end user—[*Inaudible.*]

[89] **Kirsty Williams:** Can someone put something on record rather than discussing it among yourselves?

[90] **Ms Bennett:** I am sorry, I was just checking. We will have to write back and confirm how we apportion industry emissions. The non-traded industry end user emissions are included, but we will have to check on the traded industry end user emissions, because they are reported in the inventory, so it is just a question of which way that is done.

[91] **Leanne Wood:** How are you working with the energy generators and energy-intensive businesses to support them to reduce their emissions?

[92] **Jane Davidson:** We are using a combination of regulation and appropriate support for business. Alongside the EU emissions trading scheme, there is the climate change levy, the climate change agreements and the renewables obligation, all of which are the responsibility of the UK Government and have a major role to play. We fund the Carbon Trust in Wales as the main mechanism for providing advice and support on emission reduction. Their carbon management programmes and their loan schemes help many businesses across Wales to identify and realise cost and carbon savings by making changes to how they work. Through the Climate Change Commission for Wales and its business subgroup, we are exploring the key issues for energy-intensive businesses and what we can do to support them.

[93] **Leanne Wood:** Minister, given what you just said about the EU ETS—that although emissions for the whole of the UK are capped, it does not mean that they could not go up at one specific site, or throughout Wales—is there anything you can do if emissions consistently increase year on year for particular industries on particular sites in Wales? Do you have any powers to do anything about that, or do we just have to accept it?

[94] **Ms Bennett:** In terms of regulation, that is how the EU ETS works: markets make the reduction at the most cost-effective point. We did explore whether it might be possible to use something like the old integrated pollution, prevention and control permit, which is now part of the environmental permit that all large industries had to obtain to introduce some kind of energy efficiency requirement. However, the legal advice was that that was precluded by the directives, which basically said that you could not put something in the environmental permit to promote energy efficiency if the industry was subject to regulation by the EU ETS, because it would be double regulation. So, we looked to see whether there was any regulation on this, and there was not. It is really around encouraging the Environment Agency to talk about options when it goes into sites. Frankly, if you consider the energy bills that these sorts of business have, a bill of £5 million focuses your mind on trying to make the reductions that you can. A lot of these are major, significant investment decisions, such as the gas recovery at

the basic oxygen steelmaking plant in Port Talbot. That is an investment of between £50 million and £70 million, and it signifies a long-term decision about where you see your business in a global context. It is about supporting that kind of thinking and making Wales a supportive place for those businesses to locate—that is another role that the Assembly Government can play.

[95] **Leanne Wood:** Under this trading scheme, however, we could end up with worse emissions in 10 years' time, could we not? There is nothing that we can do about it, really.

[96] **Ms Bennett:** The only thing to bear in mind is that the overall cap reduces with every phase. We are in phase 2 at the moment, and phase 3 starts in 2012.

[97] **Leanne Wood:** That would mean that emissions overall would have to come down at the UK level, but if England stopped emitting anything, say, and decided to locate all emissions-type industry in Wales, that could happen. We would not be able to do anything about it.

[98] **Ms Bennett:** That is why it is not in the 3 per cent target.

[99] **Jane Davidson:** We cannot control that, irrespective of whether we have a change in powers and responsibilities. We still would not have control over that. However, we will have control over a number of elements of permitting regimes and others, and it would have been inappropriate, therefore, to count that, because if you took the converse view, and decided to emit everything in England and not in Wales, it would be utterly inappropriate for an Assembly Government of the future to claim those as emission reductions.

[100] **Kirsty Williams:** Are there any further questions from Members in this session? I see not. I will therefore close by saying that you will be aware that, previously, the committee was deeply concerned by the lack of preparedness and buy-in from other Assembly Government departments with regards to their role in this agenda. Could you explain what you have done to ensure that all departments are taking this more seriously than the evidence given previously to this committee would suggest?

[101] **Jane Davidson:** There are two substantial issues there. The first is that, of course, the Cabinet acts corporately in its commitment on any major Assembly Government policies. The Cabinet has acted corporately in support for 'One Wales: One Planet' and for the climate change strategy. We have set up a Cabinet sub-committee on sustainable futures, which I chair, and that agreed at its meeting back in June 2009 that each department would have a clear process demonstrating how sustainable development and climate change initiatives would be taken forward in the context of our commitment to sustainable development as a central organising principle, as well as the actions that each individual department would take as part of our sector delivery plans on climate change.

2.50 p.m.

[102] In 2010, the Cabinet committee received papers on embedding action on sustainable development and climate change from the Department for the Economy and Transport, the Department for Heritage, the Public Services and Local Government Delivery Directorate, the Health and Social Services Directorate, from the Department for Rural Affairs and from me. All of those are available to committee members: they are available publicly, because the minutes of these meetings are published as a matter of course. So, I hope that these have been made available to members of this committee, and that Cabinet members provide a continued overview and a steer on the way in which departments are embedding sustainable development as a central organising principle.

[103] At an official level, the Assembly Government has a network of sustainable development advocates led by the officials in our department. That meets quarterly to exchange views, share learning and identify best practice. We report to the Assembly through an annual report and we also have the high-level indicators against which performance is measured.

[104] **Kirsty Williams:** Let us hope that that is all reflected when your Cabinet colleagues come before this committee before we finish at the end of this term. The proof will be in their evidence. Thank you very much, Minister, for your attendance at committee this afternoon, We are very grateful to you and to your officials for answering our questions.

[105] That concludes the business for today's meeting. The next meeting of the Sustainability Committee will be on 27 January, when, as I said, we will be looking at how other Government Ministers have mainstreamed sustainability within their own portfolios. As we have just heard from the Minister, it should all be fine. Thank you very much, everyone. I declare the meeting closed.

Daeth y cyfarfod i ben am 2.52 p.m.
The meeting ended at 2.52 p.m.