



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

**Yr Is-bwyllgor Datblygu Gwledig
The Rural Development Sub-committee**

**Dydd Iau, 25 Tachwedd 2010
Thursday, 25 November 2010**

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

Aelodau'r is-bwyllgor yn bresennol
Sub-committee members in attendance

Angela Burns	Ceidwadwyr Cymreig (yn diprwyo ar ran Andrew R.T. Davies) Welsh Conservatives (substitute for Andrew R.T. Davies)
Alun Davies	Llafur (yn dirprwyo ar ran Joyce Watson) Labour (substitute for Joyce Watson)
Rhodri Glyn Thomas	Plaid Cymru (Cadeirydd yr Is-bwyllgor) The Party of Wales (Sub-committee Chair)
Kirsty Williams	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Elin Jones	Aelod Cynulliad, Plaid Cymru, y Gweinidog dros Faterion Gwledig Assembly Member, Plaid Cymru, the Minister for Rural Affairs
Dean Metcalfe	Adran Materion Gwledig a Threftadaeth, Llywodraeth Cynulliad Cymru Department for Rural Affairs and Heritage, Welsh Assembly Government
Rory O'Sullivan	Adran Materion Gwledig a Threftadaeth, Llywodraeth Cynulliad Cymru Department for Rural Affairs and Heritage, Welsh Assembly Government

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

Ryan Bishop	Dirprwy Glerc Deputy Clerk
Meriel Singleton	Clerc Clerk

Dechreuodd y cyfarfod am 11.02 a.m.
The meeting began at 11.02 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Rhodri Glyn Thomas:** Croeso i'r Gweinidog a'i swyddogion i'r cyfarfod. Yr ydym yn parhau o dan yr un canllawiau a oedd yn berthnasol i'r pwyllgor blaenorol. Os ydych wedi troi ymlaen unrhyw offer electronig, fe'ch atgoffaf i'w diffodd nawr gan eu bod yn effeithio ar y sain. Yr wyf wedi derbyn ymddiheuriadau oddi wrth Brynle Williams a Joyce Watson; mae Alun Davies ac Angela Burns yn dirprwyo ar eu rhan heddiw.

Rhodri Glyn Thomas: I welcome the Minister and her officials to the meeting. We continue under the same guidelines as applied to the previous committee. If you have turned on any electronic equipment, I remind you to turn them off now, because they affect the sound. I have received apologies from Brynle Williams and Joyce Watson; Alun Davies and Angela Burns are substituting for them today.

11.03 a.m.

Craffu ar y Gyllideb Ddrafft Scrutiny of the Draft Budget

[2] **Rhodri Glyn Thomas:** Weinidog, gofynnaf i chi gyflwyno eich swyddogion a gwneud sylwadau rhagarweiniol i'r sesiwn hon. Yna, bydd cyfle i'r Aelodau ofyn cwestiynau.

Rhodri Glyn Thomas: Minister, I invite you to introduce your officials and make some introductory remarks to this session. After that, Members will have an opportunity to ask questions.

[3] **Y Gweinidog dros Faterion Gwledig (Elin Jones):** Diolch, Gadeirydd. Yr wyf yma fel Gweinidog, Rory O'Sullivan yw cyfarwyddwr yr Adran Materion Gwledig a Threftadaeth, ac mae Dean Metcalfe yma i drafod agweddau ar gyllid yr adran. Diolch am y cyfle i ddod gerbron yr is-bwyllgor. Yr ydych wedi cael cyfle i weld manylion y gyllideb yn awr. Yn wahanol i gyllidebau yr wyf wedi'u cyflwyno yn y gorffennol, mae toriadau yn y gyllideb hon. Mae toriadau i rai agweddau ar ein gwaith ac, mewn un achos, mae cynllun cyfan wedi'i dorri, am resymau y gallaf drafod os byddwch am imi wneud. Yr wyf wedi rhoi blaenoriaeth amlwg i rai o swyddogaethau pwysig yr adran, sef cyflawni'r cynllun datblygu gwledig yn llawn, gwaredu TB a'r cynllun mynediad ar gyfer pobl ifanc a gyflwynais y llynedd. Felly, yr wyf wedi edrych i roi elfen o warchodaeth yn y gyllideb i sicrhau bod digon o gyllid i gyflawni'r tair elfen hynny yn llawn.

The Minister for Rural Affairs (Elin Jones): Thank you, Chair. I am here as Minister, Rory O'Sullivan is the director of the Department for Rural Affairs and Heritage, and Dean Metcalfe is here to discuss aspects of the department's finance. Thank you for the opportunity to appear before the sub-committee. You have had an opportunity to see the details of the budget now. Unlike budgets that I have made in the past, there are cuts in this budget. There are cuts to some aspects of our work and, in one case, a whole scheme has been cut, for reasons that I can discuss if you want me to. I have given a high priority to some of the department's important functions, namely full implementation of the rural development plan, the eradication of TB and the entrants scheme for young people that I introduced last year. So, I have looked to offer some protection in the budget to ensure that there are sufficient funds to deliver those three elements in full.

[4] **Rhodri Glyn Thomas:** Yr ydych wedi sôn am eich blaenoriaethau, ac yn amlwg yr oedd y blaenoriaethau hynny yn llywio'r penderfyniadau a gymerwyd gennych. Yr oeddech hefyd yn sôn bod cwtogi wedi bod ar eich cyllideb a'ch bod wedi gorfod penderfynu lleihau gwariant mewn rhai adrannau. A allwch amlinellu lle y bydd y toriadau hynny a pha effaith y byddant yn eu cael ar weithgaredd eich adran?

Rhodri Glyn Thomas: You have talked about your priorities, and clearly those priorities have steered the decisions that you have taken. You also mentioned that your budget has been cut and that you had to take the decision to reduce expenditure in certain sections. Can you outline where those cuts will fall and what effect they will have on your department's activities?

[5] **Elin Jones:** Efallai y dylwn gyfeirio gyntaf at y cynllun gwella lles anifeiliaid anwes. I atgoffa'r is-bwyllgor, yr oedd yn gynllun tair blynedd ac mae wedi rhedeg am dair blynedd. Yr oedd y cynllun yn rhoi cefnogaeth ac arian wedi ei glustnodi yn uniongyrchol i awdurdodau lleol i'w cynorthwyo i gyflwyno Deddf Lles

Elin Jones: Perhaps my first reference should be to the companion animal welfare enhancement scheme. To refresh the sub-committee's memory, it was a three-year scheme and it has run for those three years. The scheme provided direct support and ring-fenced funding to local authorities, to assist them to implement the Animal Welfare Act

Anifeiliaid 2006. Yr oedd gwaith yr oedd ar awdurdodau lleol angen ei wneud i ddiwallu gofynion y ddeddfwriaeth honno, ac mae gwaith ychwanegol wedi digwydd mewn gwahanol ardaloedd i edrych ar ble y gellid datblygu polisi ar les anifeiliaid. Sgîl-effaith i'r gwaith a oedd yn digwydd yn y gorllewin ar fagu cŵn bach yw y byddaf yn mynd â thipyn o'r gwaith hwnnw ymlaen drwy gyflwyno deddfwriaeth newydd. Felly, byddwn yn ymgymryd â'r gwaith hwnnw fel Llywodraeth.

[6] Mae elfen o gwtogi wedi digwydd ar agweddau o'r gyllideb sy'n cefnogi hyrwyddo a marchnata bwyd. Ein bwriad yw wynebu'r cwtogiad hwnnw drwy leihau gweithgaredd—nid yw'n gwtogiad sylweddol iawn, ond bydd yn golygu llai o arian i'r gwaith marchnata y mae'r adran yn ymgymryd ag ef. Bydd yn rhaid inni wneud y gwaith hwnnw yn fwy effeithiol. Dyna ystyr hyn.

[7] O ran y cwtogi ar gyllideb y Comisiwn Coedwigaeth, mae'r broses o ariannu'r comisiwn yn wahanol i hynny ar gyfer y rhan fwyaf o'r cyrff y mae'r Llywodraeth yn eu cefnogi, oherwydd ei fod yn gorff masnachol yn ogystal â bod yn gorff Llywodraeth gan ei fod yn gwerthu'r coed sy'n tyfu ar dir y Llywodraeth. Fodd bynnag, mae cwtogiad o ryw £600,000 yn y flwyddyn gyntaf i arian refeniw'r Comisiwn Coedwigaeth. Wedi dweud hynny, un o argymhellion adroddiad Swyddfa Archwilio Cymru ar y Comisiwn Coedwigaeth oedd bod angen mwy o hyblygrwydd masnachol arno. Un o broblemau sylfaenol y comisiwn, gan ei fod yn gweithredu o fewn cyfundrefn blwyddyn ariannol y Llywodraeth, yw ei fod yn gorfod gwerthu'r coed i gyd cyn diwedd y flwyddyn ariannol, ac mae hynny'n effeithio ambell waith ar y pris a geir yn y farchnad. Nid yw bob amser yn cael cymaint ag y gallai oherwydd bod yn rhaid iddo werthu o fewn y flwyddyn ariannol. Mae'r hyblygrwydd hwnnw wedi dod i mewn yn awr ac yr ydym yn caniatáu iddo gario hyd at £2.5 miliwn drosodd. Eleni, bydd y comisiwn yn gallu cario arian ymlaen i'r flwyddyn nesaf, sy'n golygu mai newidiadau bach y bydd angen iddo ei wneud yn y flwyddyn nesaf o ran effaith y toriad hwnnw o £600,000.

2006. There was work that local authorities needed to do to meet the requirements of that legislation and additional work took place in various parts of Wales to look at where policy on animal welfare could be developed. One of the consequences of the work that took place in west Wales on puppy farming is that I will take some of that work forward by introducing new legislation. Therefore, we are undertaking that work as a Government.

Some cuts have been made to parts of the budget that support food promotion and marketing. We will seek to face that cut by a reduction in activities—it is not a particularly substantial cut, but it will mean less funding for the promotional work that the department undertakes. We will have to do that work more effectively. That is what it boils down to.

Turning to the cut to the Forestry Commission's budget, the process of funding the commission is different to that of the majority of Government-sponsored organisations, because it is a commercial entity in addition to being a Government organisation, as it sells the timber that is grown on Government land. However, there is a cut of around £600,000 in the first year to the Forestry Commission's revenue funding. Having said that, one of the recommendations in the Wales Audit Office's report on the Forestry Commission was that it needs greater commercial flexibility. One of the commission's fundamental problems was that, because it operates within the governmental financial year, it had to sell all of the timber before the end of the financial year, which sometimes had an impact on the price that it could get in the market. It was not getting the highest price possible, because it had to sell within the financial year. We have introduced some flexibility into that and we are allowing it to carry over up to £2.5 million. This year, the commission will be in a position to carry money over to next year, which means that it will need to make minor alterations next year in terms of the effect of that cut of £600,000.

[8] **Rhodri Glyn Thomas:** Cyfeiriasoch yn eich ateb at y diwydiant magu cŵn, ac yr ydych yn cynnal proses ymgynghori ar hynny ar hyn o bryd. O fewn y broses honno, caiff argymhellion eu cyflwyno a fydd yn gofyn am fuddsoddi helaeth i reoleiddio'r diwydiant. A yw'r arian hwnnw ar gael yn eich cyllideb o ystyried y toriadau yr ydych wedi eu hamlinellu?

Rhodri Glyn Thomas: In your reply, you referred to the dog breeding industry, and you are undertaking a consultation process on that at present. Within that process, recommendations will be proposed that will require substantial investment in regulation for the industry. Is that funding available in your budget, bearing in mind the cuts that you have outlined?

11.10 a.m.

[9] **Elin Jones:** Y sefyllfa yw bod y rheoleiddio o ran trwyddedu lleoedd ar gyfer magu cŵn yn gyfrifoldeb ar awdurdodau lleol drwy safonau masnach.

Elin Jones: The situation is that the regulation with regard to licensing dog-breeding premises is a responsibility of local authorities through trading standards.

[10] **Rhodri Glyn Thomas:** Mae'r arolygwyr yn cael eu hariannu gan Lywodraeth Cymru yn ôl yr hyn yr wyf yn ei ddeall.

Rhodri Glyn Thomas: The inspectors are funded by the Welsh Government from what I understand.

[11] **Elin Jones:** Ni fedraf ateb hynny ar hyn o bryd. Os yw hynny'n wir, mae'n dod o'r gyllideb lles anifeiliaid, ond nid yw'r manylion hynny gennyf. Yr ydym ar hyn o bryd yn mynd drwy broses ymgynghori ar y ddeddfwriaeth yr wyf wedi ei chynnig. Gan ddibynnu ar yr hyn yr wyf yn ei benderfynu ar ddiwedd yr ymgynghoriad hwnnw, bydd rhaid inni asesu'r goblygiadau ariannol. Nid yw'n golygu fy mod yn gorfod chwilio am gyllideb ychwanegol yn y gyllideb—nid yw fy swyddogion wedi sôn wrthyf am hynny. Felly, yr wyf yn hyderus o ran y cynigion presennol nad oes goblygiadau newydd, ond fe ddaw hynny'n amlwg yn ystod yr ymgynghoriad ar y ddeddfwriaeth, ac nid wyf wedi gwneud penderfyniad terfynol arno eto.

Elin Jones: I cannot answer that at the moment. If that is the case, then it would come from the animal welfare budget, but I do not have those details. We are currently engaged in a consultation process on the legislation that I have proposed. Depending on what I decide at the end of that consultation, we will have to assess the financial implications. It does not mean that I have had to search for extra funding in the budget—my officials have not informed me of that. I am therefore confident with regard to the current proposals that there are no new implications, but that will become apparent during the consultation on the legislation, and I have not made a final decision on it yet.

[12] **Rhodri Glyn Thomas:** Mae hynny'n dda i'w glywed, Weinidog.

Rhodri Glyn Thomas: That is good to hear, Minister.

[13] **Angela Burns:** Good morning, Minister. As we are talking about revenue, I wish to ask for clarification on the TB eradication programme. Given that TB among cattle is increasing throughout Wales, how does that tie in with the fact that the sums allocated to the bovine TB eradication programme will be reduced over time? We may have a trial, so how will that tie in? The sums allocated show a downward slide, whereas TB among cattle is increasing, so I would have thought that the costs would have continued to rise?

[14] **Elin Jones:** There are two aspects to the TB budget. The first is the compensation budget, which has flatlined at £11.6 million. We continually overspend on that budget, although we have met that overspend in previous years from areas of underspend in my budget. It has been brought to your attention that we predict an overspend in that budget in the next financial year. It is a demand-led budget, because it depends on how many animals

are taken from farms because of TB. I have an agreement with the Minister for Business and Budget so that, if we are unable to fund such an overspend from my budget, she will look to provide it from her reserves.

[15] In terms of the declining programme budget, when I first became Minister, I allocated a budget of £27 million over three years, and that is now coming to an end. The budget to do the necessary work on TB eradication is reflected in the budget that is available, and that runs at around £10 million per year. The important thing to remember in that regard is that, in the last calendar year and this calendar year, we have undertaken the work on annually testing all cattle herds in Wales. During the next calendar year, we will be making a policy decision on the appropriate testing regime for the whole of Wales, involving animal testing, pre-movement testing and whether there needs to be an element of regionalisation in that. That may require less of a budget for that testing. However, as you say, no final decision has been taken by me as Minister, because we are consulting on badger removal in north Pembrokeshire. That work is currently factored into this budget, but it may well be that it cannot be undertaken, either because I do not take the decision to proceed or, as happened this year, the decision is challenged and defeated in court. The money that had been allocated this year to be spent on that work in north Pembrokeshire has been taken up by TB compensation, which usually hovers up a lot of any underspend; in that particular case, other than the work that we had contracted for, none of the culling work took place.

[16] **Angela Burns:** I apologise unreservedly, Chair, to Kirsty Williams, because I have just realised that she has questions to ask on TB.

[17] **Rhodri Glyn Thomas:** I am sure that Kirsty will find other avenues to pursue in her questions.

[18] **Angela Burns:** As I have opened up that little topic, I will ask one more question on TB. Why would a consistent overspend not be incorporated into the budgeting process? It would not be normal practice to leave consistently unchanged a budget line that comes in at a different level year after year, would it not? You would normally adjust the level to reflect the reality of the situation.

[19] **Elin Jones:** You can imagine that I have this conversation year after year with the Minister for Business and Budget. There is something slightly unusual about this budget, because it is so completely out of our control, as a Government, in the short term; in the longer term, the aspiration is to bring it under control, because we are investing in TB eradication as a policy. However, in the short term, as it is every year, it is a wholly demand-led budget, and one large herd of pedigree cattle, dairy or otherwise, can significantly change the impact of that budget. As long as I am confident that the Minister for Business and Budget understands, as she does, that this is a demand-led budget, and that we have no ability to decide on what the spend on TB eradication is likely to be, this is the way that we as a Government have decided is best to deal with it. As I said, we have dealt with aspects of the overspend in the last few years by looking to underspend within my budget; to a large extent, that has been possible due to our ability to look at the way that the rural development plan works. As we come to the end of that plan, especially with the introduction of Glastir, which I am sure that we will come back to, there is less flexibility or money for us to look for any underspend in that aspect of work.

[20] I should also point out that we have made significant inroads into eradicating any inefficiencies within TB compensation payments. We have tightened our own controls as a Government and the work that we do on animal health and evaluation to ensure that we are adequately reflecting the value of those animals. The Wales Audit Office pointed out, several years ago, the overpayment of compensation, and we are confident that we have put measures in place that mean that we now have a far tighter system of compensation in Wales.

[21] **Angela Burns:** Chair, you may wish to address this issue with the Minister for Business and Budget. I take the Minister for Rural Affairs' point, but there are other areas of Government spending, such as on the NHS Redress (Wales) Measure 2008, where officials are asked to try to predict far more accurately what the spend might be, whereas the Minister does not know how much it might be in this case. Obviously, you have a baseline figure and empirical evidence to support it, yet that is not being allowed to be reflected in this budget. That seems crazy.

11.20 a.m.

[22] **Alun Davies:** I agree with you, although it is not unknown to take this approach for the next year. From a technical, financial point of view, I can understand where you are coming from. However, from our point of view, that way of working is bad for democratic scrutiny and accountability. We have read through your budget and seen the money allocated to different expenditure areas, and we are working on the basis of those being your political priorities. If you are—I will not say 'secretly'—but if you are assuming that you will not spend all that money in those areas, and you will squirrel some of it away elsewhere, that changes the political priorities of the department. That makes it difficult for us to scrutinise where the department is placing its emphasis. While I understand what you are doing from a financial point of view, from a political point of view, and from the point of view of scrutiny and accountability, I would suggest that it is a poor way of working. You are not the first Minister to work in that way. When I was a member of the Finance Committee, a number of Ministers would appear before us and talk about finding money from here and there, and that is not a bad thing financially, but democratically, it is terrible. We need to be able to scrutinise the spending priorities of your department in real terms and not as a paper exercise.

[23] **Elin Jones:** I understand the point that you make. I assume, in agreeing the budget for the next financial year, that spending on these areas of work will be close to 100 per cent. However, this is not an exact science. During the financial year, there are various issues beyond our control, and some within our control, that change spending within the budget. Every department, including my own, has to have a degree of flexibility in the budget to meet overspends or underspends in-year. In my department, we have an obvious area of work that overspends. You are right to say that we have projected figures on TB compensation, and I guess that, in theory, we could look to have that reflected in this budget. However, as a Government, we have decided that, for the purposes of the budget and, in practice, for the management of TB compensation, as long as I have an understanding with the Minister for Business and Budget that, if there is no capacity to fund all or part of the TB compensation, it is met from central reserves, that gives me the confidence to allocate the rest of my budget to the capacity that I want. If it does not happen that way during the financial year, and there is an underspend, it can go to meet the TB compensation.

[24] **Alun Davies:** It does not seem to be—[*Inaudible.*]—to do it. There is a difference between flexibility, which I think you need—no-one would argue with that—and almost planning an underspend in particular areas in order to offset an overspend somewhere else. That is different. That is changing the political priorities of the department.

[25] **Elin Jones:** I am not planning an underspend. That is not what I said, and hopefully I have not been interpreted as having said that. I am planning to spend all the money allocated in all the various budget heads that we have here. However, sometimes, there are issues beyond our control, or within our control, that mean that spend on a particular part is not 100 per cent. Then it is right for that to be used towards meeting overspend on TB compensation.

[26] **Rhodri Glyn Thomas:** The point has been made. Obviously, we will have to respond to the budget, and that point can be raised in our response.

[27] **Kirsty Williams:** I want to turn to the issue of capital expenditure. Could you outline what actions you have taken to identify the capital priorities in your department that have gone to inform your decisions on allocations?

[28] **Elin Jones:** As you can see, my budget on capital is quite small. I am sure that, as members of other committees, you deal with capital budgets that are significantly greater. However, the percentage reduction in the capital budget is significant. The major element of work on capital is within the rural development plan, and is primarily on the farm-capital element of our agri-environment schemes. Therefore, given that we are coming towards the end of management periods for Tir Gofal, which has had quite a large capital outlay, particularly for management agreements in earlier years, and are nearing the introduction of Glastir, and the targeted element of Glastir in 2013 in particular, the important thing for us was to ensure that we had enough capital spend for the introduction of Glastir. We are confident that we have enough. Rory, do you want to say anything on capital and the rural development plan?

[29] **Mr O'Sullivan:** I just want to reinforce the Minister's point that we are confident we can accommodate what is projected for the three years from next April onwards in the RDP.

[30] **Kirsty Williams:** I am sure that you are, given the number of people who will potentially be drawing down capital under your plan. On the Glastir budget, could you identify where you have allocations for the independent review that you have set up? Could you explain how you will manage resources within this particular line going forward, given where we are with Glastir and the concern that this money could potentially end up being spent somewhere else? Also, given your commitment to carry out that review and to perhaps do something slightly different that would encourage people to come forward, can you assure us that the money will be there in the longer term?

[31] **Elin Jones:** I published the number of first-round Glastir applications in a written statement earlier this week, and accepted that I needed to review the on-farm practical implementation issues that may have arisen during our experience of this year. I want that to be a reasonably short and sharp exercise. It will happen within this financial year and it will not have a significant budgetary requirement.

[32] On Glastir more generally, and in response to your second question, as I said in your debate last week, the figures on the first-round applications for Glastir are close to 3,000, and may end up slightly over 3,000, but not hugely so. I now need to do some analysis on the content of those applications. I do not yet know the types of farms and farmers who have applied for the scheme, such as whether they are currently in agri-environment schemes or not. I will be making a statement next month on that, and also, as you said, on what that means for Glastir's budgetary requirement. Even though I now know the number of applications, what affects the budget is not the number of applications, but the hectares involved, and some very small farms and some very large farms may have applied. We do not have a handle on that yet, because we are still scanning in all the detail on the applications.

[33] Of course, I will need to reflect on what that means for the budget that we have available. I want to be spending as much as possible of this part of the budget on the axis 2, agri-environment and less-favoured-area work. We are also committed to be paying 60 per cent and 30 per cent of Tir Mynydd funding during that year. So, we have some work to do. I know that that is not the fullest response to what you require from me today, but I do not have all the information to give you a clearer picture of what the current round of applications means and the work that we need to ramp up in the next few weeks and months on the targeted element of Glastir for those who have made their round 1 applications.

11.30 a.m.

[34] In that, we have to provide information for farmers as to what is available and whether they want to take that opportunity. Also, both the woodland creation scheme and the agricultural carbon reduction and efficiency scheme are capital budgets. The woodland scheme has a maintenance budget as well.

[35] **Rhodri Glyn Thomas:** Wedi toriad y Nadolig, byddwn yn cael cyfle i edrych ar rai o'r adroddiadau yr ydym wedi'u paratoi a pha gynnydd a fu o ran yr adroddiadau hynny. Gwnaethom ymchwiliad byr i Glastir ac yr wyf yn awyddus—os yw'r Gweinidog yn barod i neilltuo amser i ddod yn ôl at yr is-bwyllgor—i ni edrych ar Glastir eto yn y flwyddyn newydd, ar ôl i'r Gweinidog gael cyfle i asesu'r ceisiadau sydd wedi dod i law. Ceisiwn drefnu hynny yn y flwyddyn newydd.

Rhodri Glyn Thomas: After the Christmas recess, we will have an opportunity to look at some of the reports that we have prepared and what progress has been made in relation to them. We conducted a short inquiry into Glastir and I am eager—if the Minister is willing to schedule time to come back to the sub-committee—for us to look at Glastir again in the new year, after the Minister has had an opportunity to assess the applications that have been submitted. We will try to arrange that in the new year.

[36] Angela, gwn fod yn rhaid i chi fynd cyn bo hir. A oes gennych gwestiynau i'r Gweinidog cyn i chi fynd?

Angela, I know that you have to go soon. Do you have any questions to the Minister before you go?

[37] **Angela Burns:** The questions that I was going to ask were all part of the questions that Alun and Kirsty have asked. The only thing that I wanted to satisfy myself on is that, despite the changes that you have made in your budget this year in terms of cutting out capital or revenue, do you still feel that you are able to meet your strategic objectives? Also—I might have missed this at the beginning of the meeting, so please forgive me if I did—are you able to identify one, two or three key strategic objectives for your portfolio, and demonstrate how the money that you have will be able to support those as a matter of priority?

[38] **Rhodri Glyn Thomas:** A oes modd i chi ailadrodd y rheini'n gyflym?

Rhodri Glyn Thomas: Can you repeat those quickly?

[39] **Elin Jones:** Yes. At the start, I outlined the key areas of work for me within the budget. They are political and practical priorities, and I have sought to ensure that all the activity that needs to take place in relation to them can take place with the budget that has been made available. It is a priority to fully implement the rural development plan so that we are in a position where all the schemes within it are able to continue, and that we meet the requirements of the European Commission in terms of its element of the funding, so that we are fully implementing the rural development plan and not risking any decommitment of European funds towards the end of the programme. We need to get that right and I am confident that we can do it with this budget. Secondly, TB eradication is a political priority of this Government and I think that it is supported across the parties at the Assembly. That needs to continue; we have to get rid of this disease. We have to invest in a budget to eradicate TB and we need to reduce the TB compensation budget in time because of our efforts in eradicating it. My final priority is the young entrants support scheme, which has been a success in its first year. I want to see it developing and strengthening as a scheme, so that we are able to ensure that we have younger people taking over the management or running of farming businesses in Wales.

[40] **Angela Burns:** Therefore, in order to support those three key objectives and, given that you have less money to play with, both in capital and revenue terms, are there any single schemes or projects or proposals that you have had to either ditch or radically trim in order to

ensure that the money goes to fulfil those three priorities?

[41] **Elin Jones:** The companion animal welfare enhancement scheme has gone completely, but that was only ever intended as a three-year scheme to assist with the introduction of the Animal Welfare Act 2006, although I am sure that there will be some people who will be disappointed that the scheme has gone. It was direct funding to local authorities to meet the requirements of the Act. Also, there is a reduction in the food promotion budget. It is not a significant reduction, and we can continue our efforts on food promotion. We have had some good success on food promotion, not only as a Government, but as an Assembly, over a 10-year period. We are confident that we can carry that on with this level of budget.

[42] **Angela Burns:** Therefore, it is business as normal in a lot of things.

[43] **Rhodri Glyn Thomas:** Hoffwn ofyn dau gwestiwn cyflym iawn ichi, a gobeithiaf gael dau ateb cryno iawn. Soniodd y Gweinidog â chyfrifoldeb am yr amgylchedd am y cydweithio sydd rhyngoch o ran rheoli'r amgylchedd yng Nghymru. I ba raddau yr ydych wedi adlewyrchu hynny yn eich cyllideb ac a oes newidiadau i'r modd y mae'r amgylchedd yn cael ei reoli? Er enghraifft, gallai corff newydd ddatblygu o ran hynny. A ydyw hynny hefyd wedi'i gynnwys o fewn eich cyllideb?

Rhodri Glyn Thomas: I wish to ask you two brief questions, and I hope to have two concise answers. The Minister with responsibility for the environment spoke about how you collaborate on the management of the environment in Wales. To what extent have you reflected that in your budget and are there any changes to the way that the environment is being managed? For example, a new body could be developed in relation to that. Has that also been included within your budget?

[44] **Elin Jones:** Credaf fod dwy agwedd ar y gwaith yr wyf i a'r Gweinidog dros yr amgylchedd yn ymddiddori ynddynt, sy'n amlwg yn y gyllideb hon, sef y gwaith ar Glastir a chynlluniau amaeth-amgylcheddol, a'r angen i gyflwyno cynlluniau fydd yn sicrhau ein bod yn lleihau effaith amaethyddiaeth a rheolaeth tir ar newid hinsawdd ac a fydd yn ein caniatu i reoli dŵr yn well. Ein ffermwyr ni yw'r bobl sydd â'r adnoddau—hynny yw, y tir—i alluogi hynny i ddigwydd. Felly, mae Glastir yn amlwg yn rhywbeth sydd o ddiddordeb i'r Gweinidog dros yr amgylchedd hefyd.

Elin Jones: I believe that there are two aspects of the work in which the Minister for environment and I have a shared interest, which is apparent in this budget, namely the work on Glastir and agri-environment schemes, and the need to introduce schemes that will ensure that we reduce the impact of agriculture and land management on climate change and that will allow us to improve our water management. It is our farmers who have the resources—that is, the land—to enable that to happen. Therefore, Glastir is obviously something that is also of interest to the Minister for environment.

[45] O ran y Comisiwn Coedwigaeth a'r ffaith bod adolygiad ar y gweill gennyf i a'r Gweinidog dros yr amgylchedd ar y posibilrwydd o integreiddio gwaith y Comisiwn Coedwigaeth, Cyngor Cefn Gwlad Cymru ac Asiantaeth yr Amgylchedd, nid yw hynny wedi'i adlewyrchu ar hyn o bryd yn y gyllideb mewn unrhyw ffordd gan nad oes penderfyniad polisi wedi digwydd ar hynny hyd yn hyn. O gymryd y penderfyniad polisi hwnnw, beth bynnag y bo, bydd yn rhaid sicrhau bod y penderfyniad hwnnw'n gywir o ran sicrhau gwell effeithlonrwydd a

On the Forestry Commission and the fact that a joint review is being carried out by the Minister for the environment and me on the possibility of integrating the work of the Forestry Commission, the Countryside Council for Wales and the Environment Agency, that is not currently reflected in the budget in any way as no policy decisions have been made to date. In taking that policy decision, whatever it might be, it will be necessary to ensure that it is the correct one in terms of ensuring better efficiency and better management. Also, there are financial

rheolaeth. Hefyd, ceir goblygiadau ariannol y bydd yn rhaid i ni eu hystyried cyn ystyried a oes unrhyw werth i integreiddio rhai o'r cyrff hyn ai peidio. Er yr ymddengys y byddai symud o dri chorff i un, er enghraifft, yn arbed arian mewn rhyw ffordd, nid yw hynny bob amser yn wir, fel y gŵyr pawb o amgylch y bwrdd hwn.

[46] **Rhodri Glyn Thomas:** Yn sydyn iawn, o ran yr ail gwestiwn, a ydyw cyfleoedd cyfartal wedi'u hadlewyrchu yn eich cyllideb o gwbl?

[47] **Elin Jones:** Mae'n siŵr y gallech ddweud nad yw'r ffaith ein bod yn cynnig cynllun ar gyfer mynediad i ffermwyr ifainc yn unig yn adlewyrchiad arbennig o dda ar gyfleoedd cyfartal gan nad yw'r rheiny sydd dros 40 oed yn gymwys ar gyfer y cynllun hwnnw. Serch hynny, yr ydym wedi ymgymryd â'r gwaith o asesu'r cynlluniau hyn. Mae cynlluniau o fewn y cynllun datblygu gwledig, yn enwedig o ochr y cynlluniau o dan echel 3 a 4, sydd yn rhoi cefnogaeth i sicrhau bod cyfle cyfartal i bobl, yn enwedig y rheiny sydd yn byw mewn ardaloedd gwledig pellennig, i gael mynediad at wasanaethau drwy gynlluniau trafndiaeth gwledig, er enghraifft.

[48] I do not know whether you wish to say something, Rory, about the processes involved.

[49] **Mr O'Sullivan:** As part of the decisions that the Minister reaches about her priorities, and where reductions are being made, we are required to look at the equality impact. The Minister has mentioned specifically the young entrants and the rural development plan. The budgets there have been protected. We work with the Wales Rural Observatory on migrant workers, but, again, that funding has been protected. We do not believe that the reductions in terms of companionship animals and the Forestry Commission adversely impact on protected or vulnerable groups. Potentially, reducing the funding for food promotion might impact on companies that employ workers from predominantly ethnic-minority populations, but we will be keeping a close eye on that.

11.40 a.m.

[50] **Kirsty Williams:** I now turn to the issues about the invest-to-save fund and the efficiency and innovation board. Have you, Minister, made any bids to those funds? If so, have they been successful? If so, what savings can we hope to accrue from that investment?

[51] **Elin Jones:** The area of work that I am discussing with the Minister for Business and Budget, and which the officials are pursuing, is an invest-to-save project around the online applications and payments issue for all single farm and other agricultural payments. Although we are just scoping the work at this point, the online processing of applications and data is an obvious area of work for the Government and the industry to move towards. I go back to the

implications that we will need to consider before taking a decision as to whether there is any value in integrating some of these bodies or not. Although it would seem that moving from three bodies to one, for example, would save money in some way, that is not always the case, as everyone around this table will know.

Rhodri Glyn Thomas: Just quickly, with regard to the second question, have equal opportunities been reflected in your budget at all?

Elin Jones: I am sure that you could say that the fact that we offer a scheme that is restricted to young entrants is not a particularly positive reflection of equal opportunities as anyone over 40 does not qualify for the scheme. However, we have undertaken the work of assessing these schemes. There are schemes within the rural development plan, particularly in terms of the axis 3 and 4 schemes, that provide support to ensure equality of opportunity, particularly for those living in deep rural areas, so that they can access services through rural transport schemes, for example.

points that we made earlier on Glastir, about us having to analyse the data and to scan in the applications in order to provide that analysis. I would probably be in a position to share the full analysis with you today, if we had had a full online application process for Glastir. There are obvious benefits to Government, and to farmers, eventually, in moving to an online process, but it requires a degree of forward investment that might be significant. We need to scope what it means for investment in IT systems and in a possible reduction in the numbers of staff that we would need to process that work. We would need to look at the implications. Having said that, although it is an aspiration that we want to move towards, if all the figures add up, it cannot happen overnight. Even if Government could get it right from our side, there is also the issue of ensuring that farmers have the capacity on-farm to deal with that, or that there is a support structure that helps farmers who do not have IT capacity so that they can meet this requirement as well. So, it is not something that can happen overnight.

[52] **Kirsty Williams:** Have you been allocated that money, or are you still in the process of putting a case to the Minister?

[53] **Mr O'Sullivan:** It would be the latter. We have to wait until we have completed the scoping study and are confident that we can take it forward. We will be bidding internally, but the Minister, as part of her discussions with the Minister for Business and Budget, has raised this particular issue, so that she and her officials are well aware that, when a bid comes forward, we will be seeking the necessary investment.

[54] **Kirsty Williams:** It is very interesting to hear that you are doing the scoping before making the bid. We heard from another Minister, at a different committee meeting this morning, who was doing the scoping after receiving the money. It is reassuring that this scoping is happening before money is allocated to the department. It seems to me that that is the right way to proceed, as opposed to what we heard from others earlier today.

[55] **Alun Davies:** That answers far more than you intended.

[56] **Kirsty Williams:** Indeed.

[57] **Alun Davies:** I am worried, Minister, about the food and drink industry. In terms of the SPA, or spending programme area, that you have for the food, fish and drink industry, we had that rather unhappy debate last month in the Chamber, where the Government's response to this sub-committee's report on the drinks industry, in that case, was not entirely endorsed by the Assembly, shall we say. Certainly, it was the most disappointing response that this sub-committee has had to a report in the last three years. At the same time, there are additional responsibilities for this SPA from the Marine and Coastal Access Act 2009 and we are seeing a reduction of expenditure on the promotion and, I assume, the development of food and drink from Wales. I think that you assured us that you would look again at the work that your department does in supporting the industry, as we discussed last month. Are you confident that this budget will enable you to do that?

[58] **Elin Jones:** If I recall the painful experience of the debate in the Chamber, then some of the criticisms on my response as a Minister were on issues that had a budgetary implication, and others were on issues on which I had not agreed with the sub-committee and which would not have had a budgetary implication, as they were more policy orientated. I have reflected on that debate sufficiently to want to pursue some of those issues again. I have committed to doing that with the cross-party group initially, and it may be that you will want to return to this as a sub-committee at some point. I will make two points. First, there is less money for the promotion of Welsh food over the next three years, but the budget is still significant. Secondly, we also have to remember—and it is not reflected in the budget that you see before you—that much of the work done by the food department and others is done by Assembly Government officials working with businesses. This budget does not include the

complement of staff that Rory has within his department and the pressures on the central administration budget. A number of the recommendations in the report would require significant staff effort. As well as being responsible for the revenue budget here, I also have to be able to ensure that, in accepting any recommendation from a committee, I have the staff resource at my disposal to undertake that work. That was a factor in my response to that report.

[59] **Alun Davies:** As we discussed earlier, the budget reflects the political priorities of your department and your work. The food, fish and drink industry is a critical area of economic activity for Wales, and it would be interesting for the sub-committee to understand why, as a Minister, you did not seek to protect this budget.

[60] **Elin Jones:** There are two elements here. With regard to the fishing industry, the European fisheries fund is part of this budget. We have a programme of support for the fishing industry that we need to deliver as part of the European fisheries fund, just as we need to deliver on the rural development plan. I did not allude to this earlier, but we are confident that we have protected the match funding that is required from us to ensure that the European fisheries fund can be taken up fully in Wales. With regard to food and drink, it is important to remember that the food promotion budget has seen a degree of reduction, and I have had to do that because there is a reduction in the budget that is available to me, but—

[61] **Alun Davies:** You have the ability to protect areas of your budget and take political decisions. You can say that an area is important, and you can protect that area and make cuts elsewhere. Those are the political decisions that you have to take as a Minister. I am interested to hear your rationale for those.

11.50 a.m.

[62] **Elin Jones:** I was about to come to the areas that I have protected, or given a degree of protection to. In the relation to the food industry, I draw your attention to the rural development plan and the mechanisms that we have to support investment in the food industry and in food businesses within that. The biggest of those is the processing and marketing grant. I would draw your attention to the fact that, because of the high demand for the processing and marketing grant and budgetary pressure, we have had to suspend new applications, but, given that I have now protected the rural development plan budget, we will look again at that grant. As a number of you will know, small and medium-sized food businesses throughout Wales are able to develop quite significantly with the support of that grant.

[63] **Rhodri Glyn Thomas:** Diolch yn fawr, Weinidog. Mae eich sylwadau ar yr adroddiad yn galonogol. Yr oedd siom cyffredinol am yr ymateb i'r adroddiad yn y Siambr. Mae'n bosibl y dychwelwn at y mater hwn yn y flwyddyn newydd pan fydd y Gweinidog wedi cael cyfle i edrych ar y cymhorthdal prosesu a marchnata a gweld a oes opsiynau o ran hynny.

Rhodri Glyn Thomas: Thank you, Minister. Your comments on the report are encouraging. There was general disappointment about the response to the report in the Chamber. We may return to this particular issue in the new year when the Minister will have had an opportunity to look at the processing and marketing grant and to see whether there are options in that regard.

[64] Mae'n rhaid inni ddod â'r cyfarfod hwn i ben. Yr ydym yn ddiolchgar ichi a'ch swyddogion am eich presenoldeb y bore yma a'ch parodrwydd i ateb cwestiynau. Bydd cyfarfod nesaf yr Is-bwyllgor Datblygu Gwledig ddydd Iau, 2 Rhagfyr am 11 a.m.

We must bring the meeting to a close. We are grateful to you and your officials for your attendance this morning and your willingness to answer questions. The next meeting of the Rural Development Sub-committee will take place on Thursday, 2 December at 11 a.m.

yma yn y Senedd ym mae Caerdydd.

here in the Senedd in Cardiff bay.

Daeth y cyfarfod i ben am 11.51 a.m.
The meeting ended at 11.51 a.m.