

# Y Pwyllgor Amgylchedd a Chynaliadwyedd

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Lleoliad:

**Ystafell Bwyllgora 3 – y Senedd**

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Dyddiad:

**Dydd Iau, 13 Tachwedd 2014**

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Amser:

**09.30**

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Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



I gael rhagor o wybodaeth, cysylltwch â:

**Alun Davidson**

Clerc y Pwyllgor

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## Agenda

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### 1 Cyflwyniad, ymddiheuriadau a dirprwyon

### 2 Ymchwiliad i gynhyrchu organig a labelu cynhyrchion organig: Sesiwn dystiolaeth 1 (9.30–10.15) (Tudalennau 1 – 30)

Rachel Lewis–Davies, Cynghorydd Amgylchedd a Materion Gwledig, NFU Cymru

Haydn Evans, Cynrychiolydd Grwp Materion Organig, NFU Cymru

Rhian Nowell–Phillips, Dirprwy Gyfarwyddwr Polisi Amaethyddol, Undeb Amaethwyr Cymru

Keri Davies, Grwp Organig Cymru

E&S(4)–27–14 Papur 1: NFU Cymru

E&S(4)–27–14 Papur 2: Undeb Amaethwyr Cymru

### 3 Ymchwiliad i gynhyrchu organig a labelu cynhyrchion organig: Sesiwn dystiolaeth 2 (10.15–11.00) (Tudalennau 31 – 38)

Chris Atkinson, Pennaeth Safonau, Cymdeithas y Pridd  
Stephen Clarkson, Rheolwr Ardystio a Chydymffurfio, Ffermwyr a Thyfwyr Organig  
Huw Edwards, Uwch-Arolygydd, Ffederasiwn Bwyd Organig

E&S(4)-27-14 Papur 3: Cymdeithas y Pridd

E&S(4)-27-14 Papur 4: Ffermwyr a Thyfwyr Organig

**Egwyl (11:00 – 11:10)**

#### **4 Ymchwiliad i gynhyrchu organig a labelu cynhyrchion organig: Sesiwn dystiolaeth 3 (11.10–11.55) (Tudalennau 39 – 60)**

Nic Lampkin, Cyfarwyddwr Gweithredol, Y Ganolfan Ymchwil Organig  
Tony Little, Swyddog Prosiect, Canolfan Organig Cymru

E&S(4)-27-14 Papur 5: Y Ganolfan Ymchwil Organig

E&S(4)-27-14 Papur 6: Canolfan Organig Cymru

#### **5 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer eitemau 6, 9 a 10**

#### **6 Ymchwiliad i ailgylchu yng Nghymru: Trafod y prif faterion (11:55–12:10) (Tudalennau 61 – 69)**

E&S(4)-27-14 Papur 7

**Egwyl (12:10–13:00)**

#### **7 Ymchwiliad i effeithlonrwydd ynni a thlodi tanwydd yng Nghymru: Tystiolaeth gan gwmnïau ynni (13.00–14.00) (Tudalennau 70 – 106)**

Dr Gareth Wood, Pennaeth Casgliadau, SSE  
Stuart Margerrison, Cyfarwyddwr Gosodiadau Busnes, Nwy Prydain  
John Mason, Rheolwr Polisi a Rheoleiddio, EDF Energy  
Claire Doherty, Rheolwr Polisi a Chyswllt â'r Diwydiant, Scottish Power

E&S(4)-27-14 Papur 8: SSE

E&S(4)-27-14 Papur 9: Nwy Prydain

E&S(4)-27-14 Papur 10: EDF Energy

E&S(4)-27-14 Papur 11: Scottish Power

## **8 Papurau i'w nodi**

**Ymchwiliad i ailgylchu yng Nghymru: Llythyr gan y Gweinidog Cyfoeth Naturiol**  
(Tudalennau 107 – 111)

E&S(4)-27-14 Papur 12

**Gorchymyn Deddf Llywodraeth Cymru 2006 (Diwygio) 2015: Llythyr gan y Gweinidog**  
**Cyfoeth Naturiol** (Tudalennau 112 – 118)

E&S(4)-27-14 Papur 13

**Deiseb P-04-575 – Galw i Mewn Pob Cais Cynllunio ar Gyfer Cloddio Glo Brig: Llythyr**  
**gan Gadeirydd y Pwyllgor Deisebau** (Tudalennau 119 – 126)

E&S(4)-27-14 Papur 14

**Llythyr gan y Gweinidog Cyfoeth Naturiol mewn perthynas â Barn Resymedig y**  
**Comisiwn Ewropeaidd ar Storio Gwastraff Mercwri Metelaidd** (Tudalennau 127 – 128)

E&S(4)-27-14 Papur 15

**9 Bil Llesiant Cenedlaethau'r Dyfodol (Cymru): Trafod casgliadau drafft**  
**(14.00–15.00)**

**10 Y wybodaeth ddiweddaraf am faterion Ewropeaidd: Prif goflenni**  
**deddfwriaethol yr UE** (Tudalennau 129 – 144)

E&S(4)-27-14 Papur 16

## Eitem 2

Mae cyfyngiadau ar y ddogfen hon

To: Environment & Sustainability  
Committee

Date: 24 October 2014

Ref:

Circulation:

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### NFU Cymru response to Environment & Sustainability Committee Inquiry - Organic Production and Labelling of Organic Products

1. NFU Cymru welcomes the opportunity to respond to the Environment & Sustainability Committee Inquiry into Organic Production and Labelling of Organic Products. We have serious concerns about the legislative proposals for the new organic regulation and organic action plan which, we believe, will have negative consequences for organic farmers in Wales.

#### **The impacts of proposals on the organic sector in Wales**

2. NFU Cymru has a number of concerns with proposals. These include:
  - The ban of mixed farms;
  - The ban on the use of conventional seed and plant reproductive material;
  - Changes to the origin of animal feeds;
  - Ending the possibility of using non-organic animals for breeding purposes;
  - The ban on dehorning;
  - The plans to introduce residue thresholds;
  - Abandoning the requirement to have yearly controls;
  - The use of delegated acts to define essential aspects of the regulation including authorised plant protection products.
3. Under proposals, farmers will no longer be able to grow both organic and conventional produce and the whole farm business will have to be 100% organic before any produce can be marketed as such. We believe this rule will discourage new entrants to the organic sector as operating a mixed holding and converting gradually enables farmers to remain commercially viable during the challenging period of conversion.
4. Statistics show that presently approximately 25% of organic farms in the UK also produce conventional produce so proposals will potentially force out a significant number of existing organic farmers who currently operate mixed holdings. We would highlight that both parts of mixed farms are inspected by UK organic certification bodies so we can be confident that mixed holdings do not increase the risk of fraud.

5. No figures have been provided by the Commission on the proportion of farms across the EU who currently operate mixed holdings (organic and conventional). We believe that the full impact of this proposal on the organic sector has, therefore, not been fully considered.
6. Proposals to ban the use of conventional seed and plant reproductive material mean that organic farmers will have to use 100% organic seed. Proposals assume that sufficient organic seed will be available in the varieties that organic farmers want. This is not the case and there is a need to recognise that as organic seeds are more susceptible to disease, supply is limited as few seed producers risk producing them.
7. At present it is possible to use untreated conventional seed and this activity is overseen by the certification bodies. Disabling organic farmers from doing this could potentially result in no crops being planted, in seasons where disease is an acute problem. We would highlight that issues over organic seed supply will be exacerbated by the new proposals to ban mixed holdings as seed producers are typically mixed to offset risk.
8. Setting a higher obligation to source 90% of animal feed for herbivores and 60% for pigs and poultry from the holding itself or the region is of concern to NFU Cymru. The current levels are set at 60% and 20% respectively. We would highlight that proposals do not take into account the consequences of adverse weather conditions, nor do they recognise that certain regions, including many areas of Wales, are not suited to the growing of protein crops.
9. We would also highlight that the proposals do not make it clear what is meant by the local region and, we understand, that Member States currently use different interpretations.
10. NFU Cymru would highlight that there has been significant progress towards sourcing 100% of organic inputs in recent years and we believe many organic producers in Wales would like to grow more or source more feed locally. However, this is often not possible given farming practicalities and these obligations, therefore, appear unachievable. They also challenge standards of nutrition and animal health and welfare, especially in areas where it is not possible to grow quality protein crops or in areas affected by poor harvest through flooding or drought for example.
11. Ending the possibility to use non-organic animals for breeding purposes present organic producers with similar supply problems to those experienced with sourcing organic seed. Current rules allow for producers to source a small proportion of non-organic animals for breeding purposes.
12. NFU Cymru believes proposals will have particularly severe impacts in Wales where livestock production systems predominate. Poultry producers will also be unable to introduce less than 3 days non-organically reared poultry. The proposal will lead to a dramatic fall in the supply of genetic material available to organic holdings and we understand that proposals may impact on organic producers being able to utilise common grazing over the summer months.
13. The proposed ban on dehorning cattle is of concern to NFU Cymru. Dehorning is currently allowed in the UK and is carried out with great care and under conditions that respect animal welfare. It is an effective method of preventing livestock harming themselves, each other and those who work on or visit farms. A ban would compromise animal welfare, worker and public safety as well as deter organic producers from using certain breeds. We seek clarification from the Commission as to whether this includes banning the practice of de-budding also.
14. Clarification is also needed on other practices such as tail docking, spur removal etc and whether such practices will be permissible under the new regulation.
15. Proposals seek to introduce residue thresholds meaning that where organic products exceed a certain residue threshold of a prohibited substance they lose their certification and subsequent premium price.
16. NFU Cymru would highlight that there are a range of reasons to explain the presence of residues of plant protection products including drift from neighbouring fields, substances

remaining in the soil, presence in storage installations, during transport or at the processing line. Organic farmers could, therefore, be significantly out of pocket for issues that are outside their control.

17. Given that organic farming in Wales is limited to approximately 8% of land area, the risk of plant protection residues being detected cannot be ruled out, despite the best efforts of organic farmers.
18. NFU Cymru believes that the current regulatory system for testing and investigating the presence of non-authorized residues is a thorough approach that does not accept the presence of any unauthorised substances. Where unauthorised substances are found, at whatever level, an investigation is carried out to find the cause.
19. NFU Cymru would highlight that, at present, organic certification is an assurance against the use of unauthorised pesticides. We do not believe the presence of non-authorized products or substances in organic systems should be threshold targeted.
20. NFU Cymru recognises that an annual inspection regime offers a number of significant benefits, not least maintaining a level of consumer confidence. We also accept that, in reality, even if the Regulation did not specify the need for annual inspections, the major retailers would demand this. Annual inspections can help to maintain a regular link between certification bodies and producers which is not only important in facilitating effective knowledge exchange but is also vital for organic farmers to show consumers that they meet the organic standards.
21. NFU Cymru believes there may be opportunities within the inspection regime to adopt an 'earned recognition approach' whereby those producers that run low risk operations and regularly update their records online get recognition for this through the adjustment of risk category and less frequent inspections as a result.
22. NFU Cymru is concerned that the current legislative proposal does not provide a clear picture of how the regulation will be implemented leading to considerable uncertainty for organic producers.
23. A case in point is Article 19 – Authorisation of products and substances used in organic production. The list of authorised plant protection products and list of fertilisers, soil conditioners and nutrients are currently unknown as the proposal seeks to deal with this via delegated act. It is our view that this part of the regulation should not be dealt with by delegated act.

## Recommendations for changes to the legal proposals published

24. NFU Cymru would recommend the following changes to the legal proposals published by the Commission for the new organic regulation:
  - Mixed farming, correctly defined and monitored, should continue to be allowed under the new Regulation.
  - The current derogation, which allows the sector to use conventional seed especially during times of limited supply should be maintained. The development of the organic seed market should be supported and this could be achieved through charging a levy on sales, paid by those purchasing non-organic seed into the sector.
  - As it is not presently feasible to increase levels of locally sourced feed to 90% for herbivores and 60% for pigs and poultry in Wales, the current levels of 60% and 20% respectively should be retained.
  - The possibility to bring a proportion of non-organic animals for breeding purposes onto a farm must be retained

- The practice of dehorning and de-budding should continue to be permissible under the new regulation
- NFU Cymru is not in favour of the introduction of residue thresholds for non-authorized products or substances
- The requirement for yearly controls through annual inspection should be retained so consumer confidence in organic produce can be maintained and consideration should be given to less frequent inspections based on the concept of 'earned recognition'.

## Future organic production in the EU

25. NFU Cymru would highlight that during the last decade demand for organic produce from EU consumers has quadrupled while land under organic production has only doubled, imports from outside the EU have been required to make up the shortfall.
26. Globally, the organic market has seen growth of 25% in the past three years with a significant increase in spend on organic products by the under 35's age group
27. In this context, NFU Cymru believes that there are opportunities in Wales to achieve a viable, profitable market for Welsh organic produce, however, the development of the sector must be market-led and a premium for organic produce must be realised in the market place in order to offset the increased cost of production.
28. In Wales, organic producers have been hindered by a period of uncertainty which has led to a lack of confidence in the sector. Some 20% of farmers surveyed by the Organic Centre Wales in 2013 indicated their intention to cease farming organically. Levels of uncertainty have subsided in the short-term following the introduction of the Glastir Organic Scheme recently which has offered the sector a degree of stability. However, the new legislative proposals put forward by the Commission can only serve to escalate levels of uncertainty and undermine confidence in the sector going forward.
29. NFU Cymru has expressed concern with respect to the requirements for the preparation of an Organic Business Plan to support the application to Glastir Organics. We would also highlight that, given the current Farming Connect programme is under review and coming to an end at 31st March 2015, the expectation to complete business plans by the end of 2015 may not be possible. With the new programme still in the early stages of development, we would ask what provision has been considered to support farmers in the preparation of business plans through this period of transition, should they wish to access this type of advice.
30. We would further highlight that given the current review of Farming Connect, NFU Cymru strongly believes that farmers should be permitted, in fact encouraged, to formulate their own business plan without the need to involve a consultant if they so wish. This requires Welsh Government to supply very clear guidance and a template of what the requirements are and also an acknowledgement of the value of engaging farmers fully in the business planning process.
31. We also note that other areas of RDP support such as Sustainable Production Grant will be conditional on submission of a business plan. The situation whereby farmers have to complete multiple business plans to access various aspects of RDP funding is onerous, time consuming and inefficient. We note that the business planning requirements for Glastir Organics are currently under consideration and we wonder what consideration there has been of designing this so that it meets the range of other requirements and demands.
32. Overall, NFU Cymru believes the legislative proposals will lead to increases in costs of production and challenge the ability of organic farmers to continue to farm organically. Conventional producers are also likely to be discouraged from joining the sector. The outcome is likely to be a sharp and sustained decline in organic production which runs contrary to the aims of the Commission which is primarily focussed on helping to grow organic production and consumption levels across the EU.



33. We note the invitation to submit oral evidence to the Committee on Thursday 13<sup>th</sup> November. NFU Cymru look forward to giving evidence at this event.

National Assembly for Wales

Environment and Sustainability Committee

ORG 01

Inquiry into Organic Production and Labelling of Organic Products.

Response from The Farmers' Union of Wales

# **NATIONAL ASSEMBLY FOR WALES' ENVIRONMENT AND SUSTAINABILITY COMMITTEE INQUIRY INTO THE ORGANIC PRODUCTION AND LABELLING OF ORGANIC PRODUCTS**

Response from the Farmers' Union of Wales

October 2014

**NATIONAL ASSEMBLY FOR WALES'  
ENVIRONMENT AND SUSTAINABILITY COMMITTEE INQUIRY INTO THE ORGANIC  
PRODUCTION AND LABELLING OF ORGANIC PRODUCTS**

**Introduction**

1. The Farmers Union of Wales welcomes this opportunity to contribute to the Environment and Sustainability Committees inquiry into the Organic Production and Labelling of Organic Products with particular reference to the potential impacts of the proposals on Organic production in Wales.
2. The FUW fully supports the principle of Organic farming as a method of producing sustainable management systems and added value to farming enterprises, although the downward pressure on farm gate prices over recent years has inevitably had an impact on the number of holdings remaining in organic production.
3. At the outset it should be said that the Union is not opposed to the review of the current regulatory framework governing organic production across Europe as it believes that it is important that the regulations are kept up to date and reflect any changes at a global, European and domestic level so that they remain fit for purpose.
4. The FUW believes that whilst the current proposals are focussed on consumer protection and the integrity of the sector, there is a need to ensure that any agreement reflects the practical realities of production at farm level and do not add unnecessary barriers to those currently managing the land organically or those considering the conversion process.

**Overview**

5. All food that is sold as organic must adhere to a range of European and National standards which are subject to regular inspections by approved bodies. Certification of the holding is also a condition for Organic Farming support in Wales.
6. The most recent European regulations for organic food came into force in January 2009: Council Regulation (EC) 834/2007 on organic food and the Commission Regulation (EC) 889/2008 lay down detailed rules for organic production, set out the objectives and principles of organic production, and outlines the inputs and practices that can be used in Organic farming.
7. In March 2014, the EU Commission published its proposals for a Regulation of the European Parliament and of the Council on organic production and labelling of organic

products, which seeks to tighten up organic standards through the removal of derogations and exemptions allowed under the current regulation.

8. The adoption of a more principled approach is driven by the Commission's belief that it will deliver better consumer confidence, improved producer confidence through efficiency measure to improve the functioning of the internal market and to help remove the obstacles to farmers wishing to convert to organic production.

9. As part of the Union's internal consultation on the new proposals, it is clear that there is significant concern within Wales, that the proposals could have a negative impact on organic production, given the emphasis on livestock production within the sector.

10. Over 80% of organic farms in Wales are predominantly livestock based and ending all the derogations and exception rules which currently exist, could create real problems for organic livestock producers, particularly, where feed stocks may be scarce or seed for home grown organic feed unavailable.

11. Members also believed that despite the Commission's assertion that the new regulation would simplify the production rules; in reality it is likely to place an unnecessary bureaucratic burden on farmers either seeking to convert or remain organic if the system is too process-driven.

12. The FUW is also concerned that the current application window for the Welsh Governments Glastir Organic Scheme, means that farmers will have to sign up and commit to agreements without knowing exactly what the EU legislation will require of them. For those currently managing conventional and an organic products in tandem, due to economic necessity, this could be a material consideration in whether to commit to a Glastir agreement or not.

13. Given the UK Government's concerns about the regulatory proposals and the uncertainty about whether proposals such as forcing farmers to convert their entire holding at the same time, or requiring organic farmers to increase production of more organic seed and feed within an unrealistic time frame, the FUW is concerned that some farmers might be holding back from the current scheme due to the uncertainties emanating from Europe.

14. The Union is also concerned that the tight deadline for applying for the organic scheme in Wales, coupled with the requirement that it has to be an online application means that there is considerable pressure on Union staff who are submitting applications on behalf of members who lack computer confidence or suffer from poor broadband coverage.

15. As outlined in the EU Policy Update (EU2014.01) Wales had been in the forefront of organic conversion and production since the development of the first Organic Action Plan, which was prepared as part of the Agri-food Partnership Working Group for organic production. The Action Plan set an ambitious target for 10% of the Welsh agricultural sector to be organic by 2005.

16. As highlighted by the Update document, organic production reached its peak in terms of land managed organically or in conversion to organic management at the end of

2010, which was during the second Organic Action Plan period and it is worth noting that the number of organic producers and land under conversion in Wales has declined significantly since the Organic Strategy Group was disbanded in 2010.

17. Whilst the FUW accepts there are a number of factors which have contributed to the decline in organic production, the reduction in the premiums associated with organic production when supermarkets introduced 'budget' organic lines, the global recession and growth of the 'buy' local campaign, it also believes that the lack of a co-coordinated strategy for the organic sector has also played a role in the downturn in producer confidence.

18. Another factor cited by members who are no longer under organic management was the change to organic feed rules implemented in 2008 for organic ruminants which barred the feeding of non-organic feeds from 1 January 2008 and a gradual reduction for non-ruminants at a maximum of 10% between January 2008-December 31 2009 and 5% 1<sup>st</sup> January 2010 to 31<sup>st</sup> December 2011

19. The Union is aware of industry concerns about the proposed requirement for all feed to be 100% organic which is of particular concern to pig and poultry producers.

20. Whilst organic pig and poultry production is not a significant sector in Wales, it can provide an important niche for some producers and so the Union supports the industry call for producers to be able to provide stock with nutritionally balanced diets.

21. An issue of potential concern to organic ruminant producers in Wales is the proposal which could see a percentage of feed used being produced from the holding or 'region'. Obviously, from a Wales point of view, as the topography and geography does not lend itself to arable production, this proposal could have a significant impact on organic livestock production in the future.

22. As outlined previously, the current proposals are generating some concern amongst those who might be considering organic conversion and the principle of the Commission's support for Delegated Acts which would give it the power to set detailed rules without consultation, should be challenged.

23. During its internal consultation the FUW received support for a more pragmatic approach to inspections, although some expressed the view that the current regime helped ensure that the integrity of organic production remained transparent and demonstrable.

## **Conclusion**

24. The Union believes that whilst the review of the legislative framework is to be welcomed, there are several proposed actions which could undermine the growth of the organic sector in Wales.

25. The Union believes that the withdrawal of current derogations should be opposed due to the impacts it could have in Wales.

Concern has been expressed that a requirement to source 100% organic seeds for example would restrict organic producers from using new varieties as they are developed.

26. Removing the ability to run organic and conventional holdings in tandem could also act as a barrier to conversion as farmers may be happy to start the conversion process on part of the holding whilst maintaining some conventional production to diversify market returns.

27. The proposal to require animal feed to be sourced from the farm or 'region' could be a problem for organic farmers in Wales, given the lack of suitable organic land. This will of course be dependant on what is defined as a 'region' within the regulations.

28. The Union believes that given the uncertainties associated with the European Regulation, Welsh Government should consider the potential impacts of some of the proposals on farms having to commit to the Glastir Organic Scheme before the Regulations are agreed and to consider a potential 'opt out' mechanism if the new Regulations and Delegated Acts disadvantage farmers in Wales.

29. Consideration should also be given to producing an updated organic Action Plan to help devise a strategic way forward for the organic sector in Wales.

Inquiry into Organic Production and Labelling of Organic Products  
Response from Soil Association

**Soil Association submission to Environment and Sustainability Committee Inquiry  
into 'organic production and labelling of organic products'.**

**October 2014**

**Introduction**

- 1 Soil Association welcomes the opportunity to respond to the Environment & Sustainability Committee Inquiry into Organic Production and Labelling of Organic Products. We are pleased to contribute our views on how the legislative proposal for a new EU Organic Regulation and Action Plan will affect Wales. We note that there may be an opportunity to submit oral evidence to the Committee on 13<sup>th</sup> November and would be happy to send a representative.

**Summary**

- 2 We welcome many of the stated aims of the legislative proposal put forward by the EU Commission including those related to continued growth of the organic sector and for this to be supported by a regulation based on organic principles and in line with consumer expectations. The proposal contains a number of new and innovative elements and features and we welcome these. However, many other aspects of the proposal give rise to significant reservations as to whether it is adequate to achieve these aims without substantial amendment.
- 3 A detailed assessment of the likely impact of the proposal on organic operators – farmers and those supplying farm inputs and all those involved in the organic value chain - is problematic as many of the detailed rules which define day to day practice are not yet stated. It is foreseen that these will be decided at a later date through 'delegated acts'.
- 4 Assessment of impact is also difficult because the Impact Assessment provided by the Commission to support their proposal is inadequate. In many instances there is little more than assertion to support the analysis and intended outcomes. The Impact Assessment is meant to be informed by an independent evaluation of the EU Organic Legislation that was led by the Thünen Institute; however, in places the independent evaluation does not appear to support the conclusions of the Commission.
- 5 We also note that the independent evaluation was not asked to examine the underlying problems behind areas of the legislation that the Commission is now seeking to 'improve' and that this represents a significant missed opportunity to utilise leading expert and stakeholder input that could have helped to avoid inappropriate and inadequate aspects of the legislative proposal
- 6 The revision of the organic legislation is taking place at the same time as revision of Regulation (EC) 882/2004 on 'Official Controls'. It is planned that many aspects of how organic inspection and certification are carried out will be contained in this new legislation. As the text for new 882/2004 is not available this adds yet another element of uncertainty as to what the impact of all of these changes will be on certified businesses in Wales.
- 7 The Commission states that many of the proposals are driven by a desire to simplify rules for organic production and to increase integrity and growth of the sector. This is manifested most frequently in their proposal for a new Organic Regulation by little more than removal of all exception rules either immediately or in a very short time frame. We consider that this approach is inadequate and runs counter to the stated desire to grow the sector. The cause of this deficiency is in our opinion a failure to

analyse and learn from the current situation and a poor analysis in the Impact Assessment of how the sector will react to the new legislation.

- 8 Our preference would be to use a comprehensive analysis of current structural and technical challenges to inform the drafting of intelligent transitional rules which wherever possible should use market oriented solutions based around transparency, accountability and sector engagement to further support and reward the development of organic inputs and practices
- 9 We welcome the publication of the EU Organic Action plan, but we note that this document has no legislative force or associated budget. Many of the actions are aspirational or relate to topics that that will probably have little direct impact on Wales.
- 10 We have limited our comments to those provisions of the proposal that we anticipate will have the most significant impact on Wales, but it should be noted that this root and branch review contains many uncertainties and elements which mean that it is difficult to foresee or predict the consequences for organic production in Wales and further afield.

### **The impacts of proposals on the organic sector in Wales**

- 11 We consider that the following elements of the proposals for a new EU Organic Regulation should be amended or withdrawn in order to avoid negative impact on the organic sector in Wales:

The prohibition of 'mixed' farms – those holdings with units not managed under organic production rules;

The prohibition on the use of conventional seed and plant reproductive material when organic seed and plant reproductive material is not available;

Ending the possibility of the restricted use of non-organic animals for breeding purposes;

Unclear provisions to improve animal welfare;

Unclear proposals to introduce mandatory decertification thresholds for prohibited substances;

The use of delegated acts to define essential aspects of the regulation.

#### **Mixed farms**

- 12 The Commission has proposed that it should no longer be possible to certify mixed farms under any circumstances – including those farms carrying out research. We understand that this provision could affect more than 25% of farms in the UK and have no reason to believe that Wales would not be significantly affected by this proposal.
- 13 We consider that the current legislation, that was recently strengthened to increase the emphasis on 'risk based' assessment frequency, is sufficient to ensure integrity and protect the interests of consumers. Under current arrangements Organic Control Bodies must be aware of, take account of risk and inspect non-organic activities that businesses and individuals are associated with.
- 14 We are concerned that the proposal will:
  - a. inhibit farms from converting or dissuade existing mixed holdings from retaining their organic certification,
  - b. inhibit research farms from undertaking work on organic production
  - c. inhibit those involved in highly specialised aspects of production e.g. pullets and seed, from registering or taking on organic land because of the need to maintain separate holdings.



- d. not increase the integrity of organic certification. Separation of farms into organic non-organic holdings on paper may appear attractive as a way of preventing deliberate or inadvertent misidentification of organic and non-organic products, however, the proposal fails to understand real world business structures and will prevent Organic Control Bodies from gaining insight into the extent to which companies or individuals are involved in non-organic production or trading in non-organic products, which is where the real risk of fraud lies.

#### Seed and plant reproductive material

- 15 The proposal foresees that there can be a rapid end to the use of non-organic seed – potentially by the end of 2021. We support all measures to increase the supply and availability of organic seed, but our analysis is that the proposal and the exultations in the Action Plan (which do not even rank as ‘actions’) are insufficient to support the development of supply.
- 16 Our experience in working with Defra and the seed industry to run the UK organic seed database and seed working groups is that there is already good knowledge available as to how to strengthen the derogation regime to improve and underpin the availability of organic seed for all major crops. This would involve restricting the grounds on which derogations can be given and the use of national lists of species or varieties for which seed supply is known to be adequate.

#### Breeding animals.

- 17 Organic livestock production has been regulated through common rules at EU level only since 2000. The proposal fails to take account of the fact that this represents little opportunity to develop dedicated breeds or strains for organic production and to ensure that there is sufficient genetic diversity to support breeding programmes for organic livestock.
- 18 For poultry the situation is even more acute and complicated by the fact that detailed rules for pullet production and parent flocks are still being or have yet to be developed.
- 19 We feel that this provision could have a strong impact in Wales where organic livestock production is important.
- 20 Our recommendation is to retain the current rules and to develop clearer provision for organic poultry and parent flocks

#### Animal Welfare

- 21 The Commission has chosen to address the subject of animal welfare solely through removing exceptional rules which currently allow limited use of tethering and some use of ‘mutilations’ such as preventing the growth of or removal of horns in cattle and tail docking of sheep. While we agree that these are important and legitimate areas for consideration we feel that this is very superficial and narrow focus for addressing this important subject.
- 22 The approach adopted by the Commission appears to be illogical and inconsistent as it would prohibit practices which are currently carried out by farmers for reasons of safety and welfare e.g. removal of horns (including disbudding) from cattle and tail docking of sheep, while allowing the continued castration of pigs which is done mainly for reasons of product quality which have already largely been addressed by all pig producers in the UK where any castration of pigs is not widely practiced.
- 23 We consider that transition from the use of practices such as dehorning is challenging as it requires significant adaptation of resources (housing, handling and feeding facilities) and management practice. There appears to have been little consideration of practical implications e.g. running a mixed herd of horned and non-horned cattle. A proper impact assessment, clear transitional rules and strong supporting measures through the Action Plan and CAP would be required to underpin the proposals.

#### Decertification threshold for non-permitted substances

- 24 Organic food production is based on a process which minimised the use of external inputs and heavily restricts the use of plant protection products. Organic certification checks the integrity of this process and verifies that the system of farming meets the expectation of consumers in that it is free from the deliberate use and adequately guards against contamination by prohibited substances.
- 25 Under the current legislation any evidence, which could include, but is not limited to pesticide residue detection, that a product might not have been produced in compliance with the organic production rules must be investigated by the producer and their Organic Control Body to determine whether the product can be placed on the market as organic.
- 26 The Commission now proposes to replace the current 'process' based approach with a 'product based' approach based on pesticide residue thresholds and requiring decertification of product exceeding the threshold regardless of the source or cause of contamination.
- 27 The approach advocated by the Commission appears to go against the 'polluter pays principle' by making organic farmers wholly liable for pollution or contamination by products which they have not used.
- 28 The decertification threshold is not detailed in the proposal, but it is suggested that the levels contained in the 'Baby Food Directive' should be applied.
- 29 The Commission states that Member States will be able to set aside RDP money to compensate farmer who suffer contamination through no fault of their own, though there is no requirement to do this.
- 30 We support all measures designed to eliminate pesticide contamination of organic products, but we consider this proposal to be ill conceived. It is not clear from the impact assessment carried out by the Commission that such contamination is a major problem in products originating in Europe or that the current approach used by Organic Control Bodies is inadequate to meet the expectations of consumers in Wales. Furthermore, it is not clear what thresholds will be applied (to be decided through 'delegated acts'), what sampling methodologies should be applied, how concentration factors (e.g. when products are dried) should be accounted for and how liability and responsibility for contamination and subsequent financial loss can be established.
- 31 We recommend that the proposal should be withdrawn.

#### Delegated acts

- 32 Many of the detailed production rules and lists of permitted substances and materials are missing from the proposal. This is because the Commission has determined that these are areas of the legislation that might need to be changed from time to time. The Commission states that under the Treaty of Lisbon it is appropriate that these elements will be decided by the Commission through 'delegated acts'.
- 33 This situation makes an evaluation of the proposal as a whole difficult.
- 34 Our evaluation is that the use of 'delegated acts' should be limited to as few areas of the proposal as possible. This is because the current lack of detail and perception of nothing being fixed adds to a feeling of uncertainty amongst farmers and food businesses as to what is required to achieve organic certification.
- 35 The organic market in the UK has recently been through difficult times and those businesses in Wales that have retained organic status or that are considering conversion need an environment in which they can plan with confidence.
- 36 We recommend that the Commission should be challenged to show that there is a clear treaty and legal basis for all areas that are currently foreseen as being determined through 'delegated acts'

Ends

## **Response of Organic Farmers & Growers (OF&G) to the National Assembly for Wales “Inquiry into the organic production and labelling of organic products”**



October 2014

### **About Organic Farmers & Growers Ltd**

Organic Farmers & Growers (OF&G) provides inspection and certification services to the organic sector across the United Kingdom of Great Britain and Northern Ireland, as well as to the Channel Islands and the Isle of Man.

The company has its headquarters in Shrewsbury, Shropshire, and has been providing its services to the food and farming sector for more than 20 years. It was the first body accredited by the UK government to carry out inspection and certification in the sector, in 1992. OF&G began as a marketing cooperative for members' livestock and produce in 1973, before moving solely into certification services. In this time the organisation has made it part of its role, at the behest of licensees, to represent their interests with regard to policy and practice in, and related to, the sector.

### **1. Executive Summary of the Response**

- 1.1 OF&G is supportive of a review of organic regulations, with a view to alterations and improvements where they are warranted.
- 1.2 The organisation believes that changes for the sake of change should be avoided.
- 1.3 There is concern at OF&G that many of the proposals currently tabled have not been tested for their real world outcomes and pose a distinct and significant risk to the sector.
- 1.4 It is OF&Gs' belief that much of the current plan is based on a now ageing survey, carried out at the beginning of 2013, of consumers and stakeholders which was criticised even at the time it was done for the flaws in its reasoning and often overly broad line of questioning.
- 1.5 OF&G has serious concerns that making changes to the regulation that are simply onerous and unrealistic without added benefit would risk stifling the early signs of recovery in the sector, to the detriment of both consumers and businesses.
- 1.6 Particular concerns relate to Articles 7, 25, 2 and 24 (jointly) and 26 of the newly proposed regulation.
- 1.7 OF&G has publicly said that without major revision/changes to the current proposal it cannot give its support. OF&Gs position has been to see continued improvements to the current regulation known as the 'Improved Status Quo' option for the purposes of this consultation.

### **2. Full Response**

- 2.1 Organic Farmers & Growers is, and always has been, supportive of continuous improvement in the organic regulation. The robustness of the laws governing

organic food and farming should match the expectation of consumers and protect their trust that it is a system which provides benefits to the environment and welfare of animals which are not to be found in other systems to the same extent.

- 2.2 There are practical realities to meeting the principles of organic standards which are acknowledged in the legislation currently in force.
- 2.3 A review of the organic regulation that attempts to address some of the issues which most concern consumers is laudable and should be supported. OF&Gs' position is that this should be a process of managed, continual improvement which is based on realistic timescales to allow the sector to adjust without financial impediments or shocks to the continuity of supply of, or price of, raw materials.
- 2.4 The most prominent areas of concern for OF&G are outlined below. Some are broad concerns about a lack of clarity in the proposals as they stand. Others are quite specific where there are proposals which would be clearly detrimental to areas of the sector.
- 2.5 An overarching change between the existing regulation and the new proposals is in their construction. Our understanding is that changes to the Lisbon Treaty allows for many of the provisions of the proposed regulation to be enforced or applied through 'Delegated' and 'Implementing' Acts. The details of these Acts have not yet been revealed by the Commission, which leaves significant grey areas in how new regulations would be enacted. They also appear to provide for quite open-ended interpretation of how organic regulations should be understood and applied on an on-going basis.
- 2.6 It would be our concern therefore, which we understand to be widely shared among sector stakeholders, that too much important information has been left in the hands of those who would apply these Acts. We further understand that matters delegated to these Acts are able to be amended by the Commission without a requirement for such amendments to be scrutinised by (or even notified to) the Regulatory Committee on Organic Production (formerly known as the Standing Committee on Organic Farming) and that if no objections are made to proposed changes in a set timeframe, they are automatically enacted.
- 2.7 Article 7 (a) of the current proposals states that entire holdings shall be managed as organic. We understand this provision to have been introduced following audits of some member states by the Food and Veterinary Office in which some concerns were raised about adequate separation of organic and non-organic operations on combined sites. With regard to the UK, we are very clear that this would be a damaging and backward step. Under the current regulation, where there is organic and non-organic production on the same holding certifiers are obliged to inspect both. This allows for a clear view of the separation measures in use and makes any weak points immediately obvious. The proposed change to this regime would, as it stands, not allow for this level of control, potentially making fraudulent activity possible between holdings which are not linked for the purposes of certification, but may be connected through business, family or logistical relationships.
- 2.8 Article 7 (d) states that organic operators, other than those within the exception, must have in place an environmental management system. Whilst a number of operators will be exempt from this requirement the detail of the management system will be published by the Commission as a delegated act. We do not currently have the detail of these environmental management systems and are

concerned that this will create unnecessary work and expense for operators who may already have robust and fully acceptable plans in place but ones that do not match those required within the delegated Act.

- 2.9 Further, the ability to maintain both organic and non-organic operations on the same holding provides a degree of financial safety net for some producers. They can avoid committing all of their operation to one sector or the other, while still maintaining perfectly acceptable separation of the two, as our experience of the sector has demonstrated over the course of more than two decades. The ability to maintain a mixed holding can be the deciding factor for a producer to remain in organic production or not. 25 per cent of OF&G operators run a mix of organic and non-organic production. All holdings certified by OF&G are properly managed and OF&G is fully confident that separation of organic and non-organic is fully compliant with the regulation as it stands.
- 2.10 Article 25 of the proposals states that operators will not be allowed to be dual certified (i.e. inspected and certified by two or more control bodies concurrently). Demands of the supply chain sometimes results in a need for operators to hold certification from, most commonly, two control bodies for the same group of products. OF&G has a number of licensees who are currently dual certified. The way this proposal would be implemented is currently unclear. We cannot ascertain currently, for instance, whether this would be applied through vertically integrated supply chains. We would certainly not see dual certification as an area of concern, though an unclear application of a blanket ban could create major disturbances in the supply chain and a distortion of the certification provision if one part of the chain (often the retailer) is able to dictate the choice of control body to those through the chain.
- 2.11 Articles 2 and 24 deal with the scope of organic certification. As it stands this provision appears to suggest that retailers will no longer be exempt from the regulation if they are only selling pre-packaged products. However, if this is to be the case, the extent to which they would be subject to certification is unclear. Possibilities are that they would require full inspection and certification or that a regime of 'light touch' evaluation, as is currently the case with storage facilities, would be appropriate. In either case, we hold serious concerns that a variety of retailers would take a view that certification becomes a barrier to their ability to stock organic produce. This would be particularly relevant to smaller retailers and significantly reduce the opportunity for smaller producers to sell organic products locally.
- 2.12 Article 26 of the new proposals relates to the principle of 'group certification'. While OF&G agrees with the concept of making certification more simple and more cost-effective through collaboration and collective working across smaller organisations, it has yet to be demonstrated how this could be applied in a practical way which would not threaten the integrity of the inspection and certification regime. Having examined the practicalities of group certification on a number of occasions through the years (due to a genuine desire to make it a workable route to the organic market for smaller farmers and growers) we have not been able to marry the need for inspection of each operator, for the sake of integrity, with the need to reduce costs for those involved. Inspection is a fixed cost, based on the time input and experience of the inspector and the need for inspectors to be trained and monitored. Even a single holding with multiple crops being grown in a, for example, 5Ha area would prove complicated to inspect, extending the time requirement and therefore the cost of the service.

The provisions of the proposed regulation in this area do not sit well with us at all.

- 2.13 Turning to Article 20, for the first time the current proposal introduces contamination thresholds for non-permitted products. If these thresholds are exceeded that product can no longer be marketed as organic. Whilst at first glance this may look to be a positive step, this approach is a fundamental shift in the way organic production and certification has worked. Having a threshold level effectively says that it is acceptable to have some level of prohibited products in organic food and moves away from the core principles of organic production.
- 2.14 Organic production is a method of producing food that avoids the use of artificial chemicals and fertilisers within the production system and restricts the use of additives and processing aids within the processing of organic food.
- 2.15 OF&G also has serious concern regarding the apparent removal of the requirement for an annual inspection of all operators. This is not specifically dealt with in these proposals, but emerges from the wording of parallel legislation called the Official Controls Regulation (a move to take the governance of control bodies out of the organic regulations themselves). Inspection would become based on risk. We are not against risk based inspections but we do not have all of the detail of what is proposed and without that we are not comfortable with this potentially significant change. As with most of these things, the devil is in the detail.
- 2.16 Under Article 40, the allowance for introducing non-organic plant reproduction material (seeds) and non-organic nulliparous breeding animals has been removed from the text of the Annexes, meaning that only organic seeds and breeding animals can be introduced onto an organic farm. Article 40 provides for a transitional measure to the end of December 2021. As we stand at present there are not enough organic seed and breeding animals to be able to develop the sector. A second concern for seed is that the regulation does not specify at what point the need for parent stock to be organic ends, meaning it would be extremely difficult to develop new varieties for the sector to use.
- 2.17 Now considering Annex 2.1.2 (d) and 2.4.3 (a). Under current proposals there is a need for feed to be produced in the region. For ruminants this is 90% of the total annual dry matter intake and for pigs/poultry this is 60% of the annual dry matter intake. This is a significant increase from the existing regulation (ruminants 60% and pigs/poultry 20%). The UK is approximately 45% self sufficient in feed grains and a significant increase in demand will reduce this self sufficiency even further. We have been told that the Commission is minded not to define a region and will leave that to member states. Whilst this means we can theoretically define the region as widely as possible, it is not a situation we wish to be in, particularly should such a decision be challenged at a later date.

Inquiry into Organic Production and Labelling of Organic Products  
Response from Organic Research Centre

## Written evidence from the Organic Research Centre to the National Assembly for Wales Inquiry into organic production and labelling of organic products

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### 1 About the Organic Research Centre

1. The Organic Research Centre is operated by the Progressive Farming Trust Ltd., a registered charity established in 1980 to support research, development and knowledge transfer activities to enable the development of sustainable food and farming systems based on organic/ agroecological approaches. The work of the Organic Research Centre currently covers plant breeding, crop and livestock production systems, agroforestry, environmental impact and sustainability assessment of farming systems, and economic and policy evaluations. Further information on ORC activities can be found at: [www.organicresearchcentre.com](http://www.organicresearchcentre.com).
2. ORC was a founding partner in the formation of Organic Centre Wales in 2000 with Welsh Government funding and continues to operate OCV in partnership with IBERS (Aberystwyth University) and ADAS. ORC is currently contracted, on behalf of the OCV partnership, to provide policy and other advice to Welsh Government with respect to the development of the Glastir Organic scheme and the dissemination of related information on-line and through shows and events.
3. ORC has also been involved in international partnerships contracted by the European Commission to evaluate the policy support for organic farming in Europe and the regulations for organic farming in Europe, both of which may be relevant to this Inquiry.

### 2 The wider benefits of organic farming

4. While the market for organic food and the regulations that underpin it are sometime seem as the primary objective, they were developed as a mean to support the implementation and financial viability of sustainable practice which deliver significant societal benefits.
5. Research carried out across Europe over the last 30 years, particularly in central and northern European countries with higher proportions of organic land management than in the UK, has shown that organic farming offers significant environmental and other benefits, including:
  - Increased **biodiversity**, within fields as well as on field margins, benefiting habitats as well as a wide range of soil, plant, insect, amphibians, bird and wild mammal species, primarily as a consequence of reduced fertilizer and pesticide inputs, and reduced stocking rates
  - Improved **soil conservation and biological activity**, due to better ground cover with vegetation, organic matter additions and maintenance, and impact of biological processes on soil structure and aggregate stability
  - Improved **water quality**, particularly with respect to pesticide residues and eutrophication from nitrate and phosphate loss. There is also some evidence for improved **soil water**

**infiltration**, reducing water flow rates into river systems and potentially contributing to flood alleviation.

- Reduced **non-renewable resource use**, in particular fossil energy used in fertiliser and pesticide manufacture, but also phosphate and other major mined nutrients
- Reduced **greenhouse gas emissions**, through restoration of soil carbon in rotational systems, reduced nitrogen and fossil energy use, with reduced NO<sub>x</sub> and CO<sub>2</sub> emissions balancing, in some cases, higher CH<sub>4</sub> emissions due to reduced productivity of livestock.
- Higher **pollinator** presence, through the use of (flowering) legume species in the fertility building phase of rotations and flowering refuges encouraging pollinators
- Enhanced **agricultural landscapes** – through smaller fields, diversity of enterprises, and species cultivated (including integration of perennial shrubs and trees)

6. Organic farming achieves this through its reliance on:

- a range of biological processes, such as nitrogen fixation through legumes/rhizobia,
- species diversity, both cropped and uncropped
- ecosystem management practices such as refuges to encourage beneficial insects,
- organic manuring, from livestock, green manures and crop residues, providing energy as well as nutrients to maintain the soil ecosystem,
- avoidance of high solubility nutrient sources, which can result in excess crop uptake
- good husbandry practices such as crop rotations and clean grazing systems, and
- mechanical cultivations

to reduce or avoid the use non-renewable energy, fertilizer, pesticide and pharmaceutical inputs.

7. The environmental impacts of organic farming may be a result:

- **directly** from organic practices/ organic regulation requirements, e.g. more biodiversity due to restrictions on biocide use, or
- **indirectly**, e.g. more farmland birds due to more overwintering stubbles due to more spring cereals sown due to need to alternate sowing periods to control weeds due to non-use of herbicides.

8. Impacts will also vary according to:

- the type (e.g. horticulture, dairy, mixed cropping and livestock ) and
- intensity (e.g. more intensive lowland or less intensive hill/mountain) of the organic farming system, as well as on
- the skills and experience of individual producers.

9. Therefore, while it is possible to make a case in general terms for organic farming delivering environmental benefits, it is not possible to guarantee that each organic farm delivers the same basket of specific benefits.

10. The practices used do also impact on aspects of **food quality**, often positively (e.g. fewer residues found on organic food, higher content of some valuable nutritional components) but in some cases also negatively. However, the debate is still on going with respect to the relevance of this for human health – frequent organic consumers tend also to modify their



diets and other behaviours. Some studies have shown reduced pesticide residue levels in human hair and urine samples of organic consumers, but the significance of this is unclear.

11. While the lower yields and stocking rates associated with organic production (typical of conventional systems in the 1970s) are relevant, many of the benefits described are still valid on a per unit food produced as well as per hectare basis. Despite the lower yields, which are more marked in countries with high intensity conventional systems, and taking account of issues relating to whole system productivity, utilization of crops, food waste and diet, organic farming through conserving soil, water, biodiversity and non-renewable resources still has a contribution to make to **global food security**.
12. Specialist markets and agri-environmental policy support help to ensure that the **profitability** of organic farms remains similar to, and in some cases higher, than that of comparable conventional farms, as shown by the analysis of Farm Business Survey data.
13. It is important that the EU regulations designed to underpin the market for organic products also support the delivery of the underlying organic principles, best practices and public good delivery.

### **3 The current regulatory framework for organic farming in Europe**

14. The organic sector in Europe has grown substantially in the last 30 years, both in land area and retail sales. At the end of 2012, 11.2 million ha of land were certified on 320,000 holdings, with a retail sales value of €22.8 billion, representing 41% of global organic sales.
15. During this period the EC introduced two consecutive regulations governing the production, labelling and inspection of organic food and farming. In 1992, an EU-wide definition of organic farming was introduced with the Council Regulation (EEC) 2092/91. This provided the basis for consumer trust and for policy support, and has helped protect organic farmers against false and misleading organic claims. After many amendments this first regulation was replaced in 2009 by the current Council Regulation (EC) 834/2007 and its implementing rules.
16. Under the EU organic regulations past and present, all food products sold as organic (or biological/ecological as synonyms) must by law follow certain standards (both European and national), and have to be regularly inspected and certified by approved certification bodies. Certification of the holding is also a condition of eligibility for the organic farming support schemes throughout the UK as in the rest of Europe.
17. Currently, two Regulations together set out the legal basis for organic production in the EU: **Council Regulation (EC) 834/2007** on organic food sets out objectives and principles of organic production as well as basic requirements for plant and livestock production, aquaculture, compound feed, the preparation of products (i.e. processing), and criteria for the approval of substances. The **Commission Regulation (EC) 889/2008** lays down more detail on the implementation for crop and livestock production incl. aquaculture, seaweed and yeast production, processed products, wine, packaging, transport and storage, labelling, and inspection, and Annexes listing permitted inputs.
18. The **scope** of the EU regulations covers all operators along the whole organic food supply chain; only catering and some parts of retail are exempt, the former can be covered by national regulations. Private standard owners, but not governments or government agencies, can have stricter rules.
19. **Defra** has the legislative function of the Competent Authority for the whole of the UK, responsible for implementing the EU regulations in the UK. Defra has issued Guidance

Documents on European Organic Standards to assist producers, processors and importers with the implications of the new regime for UK producers<sup>1</sup>. Defra is assisted by the UK Accreditation Service (UKAS) in licensing the UK organic certification (control) bodies and for overseeing their inspection activities<sup>2</sup>. Currently eight certification bodies are accredited to operate in the UK; the three main ones operating in Wales are: Organic Farmers and Growers Ltd. (OF&G), Quality Welsh Food Certification (QWFC) and Soil Association Certification Ltd. (SA Cert).

20. The three main objectives of organic farming set out in Article 3 of EC Reg 834/2007 can be summarised as:

- establish a sustainable management system for agriculture methods
- aim at producing products of high quality; and
- aim at producing a wide variety of foods and other agricultural products that respond to consumers' demand for goods produced by the use of processes that do not harm the environment, human health, plant health or animal health and welfare.

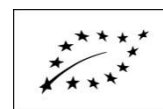
21. *Organic farming principles* are defined in Article 4 of EC Reg 834/2007. These principles are legally binding and should be considered together with the implementing rules. The three main principles can be summarised as:

- the appropriate design and management of biological processes based on ecological systems using natural resources, living organism and mechanical methods
- the restriction of the use of external inputs;
- the strict limitation of the use of chemically synthesised inputs to exceptional cases.

22. The principles also foresee the potential for the adaptation of the rules under certain specified conditions in light of local conditions, stages of development and specific husbandry practices but there have been very few exceptions granted under these rules. In addition, specific principles are defined for farming, processing of organic food and processing of organic feed.

23. The use of GMOs in organic products is prohibited. To determine whether an input is GM free, the operator can rely on the labels in line with the Directive 2001/18/EC.

24. On pre-packaged goods the use of the new EU logo (Euroleaf) became mandatory in July 2012. The label also has to show an indication of the place of origin of the raw materials and the code number of the control body that carried out the most recent inspection of the product (GB Organic Certification XX). Only products containing more than 95% organic ingredients can be labelled as organic; products with lower organic content can declare the organic origin of raw materials on the ingredient list, but must still be produced under the control of an approved certification body to do this. The name, initials or logo of the certifier can be used in addition.



25. The *use of permitted inputs* is regulated in the relevant sections for crops, livestock and processing with lists of permitted inputs in the Annexes of Regulation (EC) 889/2009. Agricultural raw materials should mainly come from organic origin, with some exceptions.

26. The *control system* requires an annual verification of each operator, carried out by an organic control/certification body leading to certification. The control system is linked to the European Regulation on control systems for food (EC/882/2007) which is currently under review. It is at present not clear whether this will result in changes to the organic control system in the near

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<sup>1</sup> [www.defra.gov.uk/foodfarm/growing/organic/standards/pdf/guidance-document-jan2010.pdf](http://www.defra.gov.uk/foodfarm/growing/organic/standards/pdf/guidance-document-jan2010.pdf)

<sup>2</sup> Up-to-date list of certification bodies at [www.gov.uk/organic-certification-and-standards](http://www.gov.uk/organic-certification-and-standards)

future. All UK certification bodies have to be accredited by UKAS<sup>3</sup> in accordance with the requirements for bodies operating product certification systems (EN 45011 or ISO 65). Irish Certification Bodies currently operating in the UK are accredited in Ireland and use IE control body numbers.

27. Some *certification bodies* in the UK operate their *own standards*, which may include higher specifications than those required by the EU Regulations, particularly with regard to livestock husbandry, environmental requirements, and to the use of certain inputs. Regular updates to such standards are distributed to licensees in the form of newsletters. Some control bodies have or are aiming to develop standards in new areas currently not regulated in detail by the EU, such as catering, pullet rearing and transplant production.

## 4 The external evaluation of the current regulations

28. In 2012, the European Commission contracted an external ex-post evaluation of the existing regulation to run alongside an internal ex-ante impact assessment of the new one. ORC (represented by Dr Susanne Padel) was part of the international evaluation team that under this evaluation). Here we summarise some of the key conclusions.<sup>4</sup>

### 4.1 Scope of the external evaluation

29. The scope of the external evaluation was to explore the adequacy of the current rules for organic production, controls, labelling and trade with third countries, with respect to achieving the objectives as they are stated in the in Articles 1 and 3 of the Regulation. These are to provide a basis for sustainable development of organic production, while ensuring the effective functioning of the internal market, guaranteeing fair competition, and ensuring consumer confidence and protecting consumer interests. Furthermore, organic production shall establish a sustainable management system for agriculture, aimed at respecting nature's systems and cycles, contributing to high levels of biodiversity, protecting natural resources, producing products of high quality and a wide variety of foods and other agricultural products that respond to consumers' demand.
30. The EC specified eight evaluation questions (EQs) that the team had to address. Key conclusions summarised in this evidence relate to production and processing rules including objectives, principles and some exceptional rules (EQ2); control systems (EQ3); import regime (EQ4) and labeling/consumer perception of organic farming (EQ5). The report also addresses further questions relating to the scope (EQ1), degree of simplification of the current legislation compared to before 2009 (EQ6), creation of EU added value (EQ7) and sustainable development of the organic farming sector (EQ8)
31. This evidence focuses on results relating to production rules, the control rules and consumer perceptions.

### 4.2 Evidence considered in the evaluation

32. The evaluation was based on the following sources:
- 13 national case studies (consisting of 246 interviews with key stakeholders, and an analysis of national regulations, private standards and grey literature) which provided in-depth knowledge of the implementation of legislation in individual EU Member States.

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<sup>3</sup> [www.ukas.com/about\\_accreditation/accredited\\_bodies](http://www.ukas.com/about_accreditation/accredited_bodies)

<sup>4</sup> The full report can be found at [http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/organic-farming-2013\\_en.htm](http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/organic-farming-2013_en.htm)

- Specific case studies of one fraud case ‘Gatto con gli stivali’ to understand how effectively the control system deals with fraud.
- Web-based stakeholder survey with 265 respondents, mainly about their attitudes to the control systems.
- Case studies of three ‘suspected’ cases of organic products imported from countries outside the EU to understand the adequacy and effectiveness of the import regime.
- Interviews with EU-level stakeholders/experts, supplemented by the analysis of a large number of relevant European documents.
- Web-based consumer survey with 3 000 respondents conducted in six Member States (Estonia, France, Germany, Italy, Poland and the United Kingdom) to fill gaps in the literature regarding the degree of knowledge about, and the perception of the EU organic logo and some other issues.

## **4.3 Key conclusions**

### **4.3.1 Production rules including overall objectives and principles**

33. The evaluation concluded that the Regulation is generally adequate and provides a sound basis for sustainable development of organic production in the European Union, but pointed to a number of areas where the regulatory framework could be improved.
34. Scientific literature confirms that organic farming delivers in developing a sustainable management system for agriculture and some of these effects can be directly linked to the rules laid down in the Regulation (see section 2 above).
35. Stating the objectives and principles of organic agriculture within the Regulation has contributed to a more harmonised perception of the concept of organic farming, particularly among control bodies and competent authorities.
36. However, not all areas for which objectives and principles are stated are detailed in the rules: for example, in relation to energy use and water management.
37. Nor do the production rules fully limit the intensification of some production sectors, such as housing for poultry or greenhouse production.

### **4.3.2 Simplification/red tape reduction**

38. One aim of the 2009 revision resulting in Regulation 834/2007 was simplification, which in the context of agricultural policies in Europe means reducing red tape for both farmers and administrators by making rules more transparent, easier to understand and less burdensome to comply with.
39. The evaluation concluded that the current legislative framework for organic farming has significantly improved transparency compared with before 2009, but it has not simplified administration and management.

### **4.3.3 Exceptional rules**

40. The system of exceptional rules was established to cater for differences in the state of development of the organic sector throughout Europe when the Regulation came into force.
41. The evaluation examined three exceptional rules which allow for the use of non-organic inputs (young poultry, feed for monogastrics and seeds) and found each case to be different regarding the extent of use of exceptions and the present availability of organic inputs.

42. The present system of exceptional rules has not resulted in improvements in the availability of organic supplies for all inputs. However, lack of data across the EU and all sectors prevents firm judgment being reached in all cases.

#### **4.3.4 Control, labelling and consumer awareness**

43. The rules relating to control were found to be mainly adequate, but effectiveness and efficiency could be improved through moving to a system based on risk-assessment.

44. In some member states shortcomings in the supervision of the control bodies and in the information exchange were noted.

45. The labelling rules address the use of the protected terms and include provision on the EU organic logo, which aims to increase recognition of organic products in all EU countries.

46. Across six countries, a quarter of respondents recognised the new EU organic logo, ranging from 13% in Poland to 17% in the UK and 36% in Estonia.

47. High recognition in France (35%) was attributed to the fact that the 'Euroleaf' has been clearly associated with the well-established French national AB logo.

48. It is recommended to explore how the logo could be more visually associated with the protected terms, for example by stating the indication of the control body in the same colour and directly next to the logo.

49. The majority of respondents to a consumer survey (3000 participants in total, 500 each in six countries) were familiar with the main issues of organic farming, such as growing without the use of synthetic chemicals, and production by methods protecting the environment or without the use of genetically modified seeds.

50. However a large proportion also thought that some 'incorrect' statements were part of the legal definition, such as 'needs to be produced on small farms' and 'needs to be produced locally'.

#### **4.3.5 Import regime**

51. In the last two decades, organic supply and distribution chains have become increasingly organised globally. For farmers and consumers in the EU, it is important that organic products from third countries are produced according to equal requirements and that control systems guarantee conformity to the same extent as within the EU.

52. The present import regime was judged to be largely adequate in terms of achieving the global objectives of the Regulation, but with some shortcomings mainly in relation to the resources required to assess equivalence. Importers reported that the process can be rather slow and remains only paper based.

#### **4.4 Overall assessment**

53. The evaluation revealed that the Regulation provides the EU with added value, notably by defining the common rules for the organic market.

54. It has also contributed to the development of the organic farming sector, but regulation is only one factor among many; others include commodity markets, support payments for conventional and organic farming and consumer demand for organic products.

55. Organic sector development continues to vary between Member States, from those in the early stages of development to well established, maturing markets.

56. Barriers to organic conversion continue to exist throughout the EU but again vary in different Member States.

## 5 The new EC organic regulation proposals

57. In our view, the new EU proposal<sup>5</sup> is a mix of good intentions and inadequately thought out provisions, based on a very limited assessment of the impact on organic production, as opposed to consumer perspectives, and with too much detail left to delegated acts.

58. Due to be introduced in 2017 (in the middle of Glastir Organic 5-year agreements), it could lead to a serious decline in the organic sector. Even before that, the proposals will generate much uncertainty, and may lead to some producers deciding not to sign up for long-term support agreements at this stage.

59. The EC's clear statement that it is setting out to create a regulation based on organic principles and in accord with people's expectations of organic, and to bring these into practice, should be welcomed. But there are specific concerns about individual proposals - in summary, the proposed regulation will:

- End all derogations or 'exceptional rules', which means all certified producers will be required to use 100% organic inputs and agricultural ingredients including seed, livestock (including chicks), livestock feed and ingredients for food processing. Transitional rules will be provided separately in a delegated act.
- End parallel production including the use of nonorganic livestock on conventional land. It will require the whole farm (unit/holding - not clearly defined) – to be 100% organic.
- Require that all livestock feed – in the case of cattle and sheep, or 60% for pigs and poultry, comes from the farm or 'region', but it does not define what is meant by 'region'.
- Require automatic decertification following low levels of contamination from an 'unapproved substance' (pesticide) even if the contamination is beyond the control of the operator (including farmers). This will create a huge inspection burden which will largely fall on the operator.
- Risk based controls will be introduced removing the need for annual inspections for low risk operators. In principle, provided that the process is well defined, we support this.
- Group certification will be introduced to encourage smaller producers (under 5ha) to become certified. Whilst it should be applauded to reduce certification costs for them, some certification bodies are opposed to this and there are likely to be complaints of unfair treatment from small farmers with holdings over 5ha. The Welsh Government has commissioned from OCW a scoping study to examine how a co-operative scheme might address the needs of small-scale producers and potentially integrate a group certification approach. This could provide an opportunity to pilot this new approach under official supervision.
- Control is to be split between DG Agri and DG Sanco with the later taking the lead in the context of general EU food and feed regulations. We are concerned that this may result in an end-product rather than process-focused approach to organic certification which is inappropriate to dealing with the nuances of an ecological approach to production processes and systems.

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<sup>5</sup> The new proposal and all the supporting documents can be found at [http://ec.europa.eu/agriculture/organic/home\\_en](http://ec.europa.eu/agriculture/organic/home_en)

- Only one certifier will be allowed in any specific supply chain. This is intended to avoid cracks and opportunity for fraud or miss-selling. It is unclear how it will work and whether it constitutes unwarranted intervention in the Single Market.
- Harmonisation of actions for non-compliance throughout the EU will be introduced but there is no definition or detail.
- Some good intentions are expressed about harmonizing third country equivalence and controls but changes could impact both positively and negatively on domestic production. There is also significant concern that the emphasis on strict compliance rather than equivalence could exclude many developing countries from EU markets, as they do not have the negotiating strength to reach equivalence agreements.

## **5.1 Key concerns about the new regulation**

### **5.1.1 Uneven development of the organic sector in parts of the EU**

60. Organic farming is a biologically based production system that is practised across the ecologically and culturally diverse European Union. As a result it is variable in its development and proximity to being able to put all its principles into practice.
61. In terms of availability of organic inputs, some countries are much better developed than others, but all have problem areas. At this moment there are few, if any, parts of the EU where the organic sector could operate without some use of non-organic inputs and it is uncertain when this situation can change. DG Agri, the responsible part of the EC, believes that removing derogations will strengthen the organic sector's integrity and environmental performance; although they have produced limited evidence to support the latter claim.
62. Many countries have major structural obstacles ranging from the make-up of farms to lack of production capacity and market shape and development, not to mention ongoing technical issues, such as nutrition for some classes of livestock and the virtual non-existence of organic plant breeding and organic seed production for a whole range of crops grown including many vegetables, forage crops and even trees.

### **5.1.2 Derogations (exceptional rules)**

63. Derogations (or exceptional rules) have been applied to encourage the development of the organic sector, in particular in areas where fully organic status inputs have very restricted availability. While it has been frustrating at times to see extensions to the time limits for some of these, there has been some progress. For example, the organic ruminant livestock sector has adapted well to feeding 100% organic rations since the derogation was removed. Some derogations are still needed, for example in relation to organic seeds for minor crops. Pretending they are not could lead either to a contraction of organic production in some parts of the sector, to reduced crop diversity or to higher production costs.
64. The Commission does acknowledge this in its impact assessment and also that "stricter rules can be seen as a barrier to conversion, notably because insufficient availability of inputs such as seeds in their organic form when stricter rules are implemented. It expects this to only be a short-term effect, but we are unclear what this conclusion is based on.
65. The use of delegated acts (see below) for the transition from the current rules to the new ones means that the detail of when and which derogation will be phased out is not transparent at present.
66. Given the EC's clearly stated belief that the public want to see an end to exemptions and derogations and that terminating these 'exceptional acts' will speed up the development of

the organic sector, it can be assumed that, initially at least, the EC will seek to act in a robust and rather inflexible way. It is this and the surrounding uncertainty which could devastate the sector.

## **5.2 Delegated powers**

67. A major problem is that it is unclear how rigidly the new regulation will be implemented. The Commission is proposing to give itself 'the power to adopt acts to supplement or amend elements of this Regulation' through 'delegated acts' in substantial areas of the provisions.
68. Whilst it can call on a panel of experts for advice it is not obliged to do so and it certainly does not have to hold wide or full stakeholder consultation or engagement on all issues; nor does it have to publish a programme or timetable for its use of such powers.
69. It does have to report their use to the Council of Ministers and the European Parliament but in practice, unless there is a political dimension, this is a formality. The only thing the proposed regulation tells us about how delegated powers will be used is that the EC is obliged to issue a report on the availability of organic seed and plant reproductive material at the end of 2021. In all other areas it is uncertain how flexibly or otherwise delegated acts will be used.

### **5.2.1 Inadequate impact assessment**

70. The EC has placed much emphasis on the views expressed by citizens. Alongside the proposal the EC has published its own impact assessment, but it looks as if the EC has been overwhelmed by its own good intentions and swamped by the unbalanced responses, mainly from consumers, of which 60% from France, to a poorly-framed public consultation.
71. Overall and in some specifics the proposals are far-reaching and will have a huge impact on some individual operators, some types of organic businesses and the viability of the whole EU organic sector in its current form. The impact on producers has not been adequately assessed.
72. However, the EC has built its proposals on the moral authority of the goal of enhancing the integrity of organic production in response to public demand. The perspectives of the organic sector and member states can be cast as protecting vested interests. This would be very short-sighted. Without producers who are willing to farm organically the expectations of consumers for a high quality organic product with low residues cannot be met.

## **5.3 Conclusion**

73. It is clear from both the EC's internal review and the commissioned external evaluation of the existing regulation that some improvements had to be made, including adaptation to the Lisbon treaty. But it is far from clear that a whole new regulation is needed – the existing regulation could be adapted.
74. If a new regulation is to be progressed, then substantial redrafting will be required to ensure that organic principles are properly set out, more of the implementing rules are specified in advance and not left to delegated acts, and the rules are not made too tight or burdensome as to cause severe damage to the organic sector and the delivery of public benefits now widely supported under agri-environmental and other rural development measures.



## 6 The new EU organic action plan

75. On 24th March, the European Commission published its action plan for organic food and farming from 2014-2020<sup>6</sup>. The last one, published in 2004, heralded significant changes in the organic regulations leading to their publication in 2007/08. This one focuses more on support actions, with the Commission undertaking to:

- Increase awareness of EU policy instruments by:
  1. publishing an informative document in 2014 for farmers, processors and retailers, outlining organic regulations and policy support;
  2. including organic farming as a specific theme in CAP information measures;
- Ensure awareness of EU organic regulations and the logo, by
  3. continuing to raise awareness of the information and promotion support available.
  4. conducting surveys on consumers' awareness of the EU organic logo and confidence in and understanding of the EU organic farming scheme;
  5. revising its Green Public Procurement criteria by the end of 2015 and developing specific information material on organic products in public procurement.
- Promote research and innovation to overcome challenges in organic rules, by
  6. organising a research and innovation priorities conference in 2015;
  7. strengthening research, exchange and uptake of research results in Horizon 2020 ERA-Net and other research funding frameworks;
- Undertake monitoring and evaluation, by
  8. publishing regular reports on EU organic production statistics;
  9. analysing added value in organic food supply chains and barriers to entry;
- Ensure consumer confidence in organic products, by
  10. encouraging Member States to explore synergies and simplifications between activities of Accreditation Bodies and Competent Authorities;
  11. proposing the integration of organic regulation requirements in the TARIC database;
  12. developing electronic certification of imports for the internal market
  13. assisting Member States in developing and implementing an organic fraud prevention policy;
- Reinforce the external (trade) dimension of EU organic production, by
  14. continuing to support and cooperate with trade partners in developing countries;
  15. considering increased convergence of standards among leading organic partners and explore the possibility of a plurilateral agreement;
  16. exploring different possibilities to gather and to analyse statistical data on volume and value of trade with third countries;
  17. supporting the development of Codex Alimentarius rules on aquaculture organic wine;
  18. increasing protection of the EU organic logo in Third countries.

76. With respect to action points 1 and 2, it is unclear to what extent EU efforts can add to those already being undertaken by Member States, and in many cases there is a more urgent need for Member States to fully utilize the opportunities provided through the Rural Development Regulations and other support programmes to support their organic sectors and to communicate that support to stakeholders.

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<sup>6</sup> [http://ec.europa.eu/agriculture/organic/documents/eu-policy/european-action-plan/act\\_en.pdf](http://ec.europa.eu/agriculture/organic/documents/eu-policy/european-action-plan/act_en.pdf)

77. With respect to action points 3 and 4, the issue of promotion and consumer awareness of the EU logo and certification is important. Within the UK, EU promotion funding has been secured, but without a Member State match-funding contribution, and all match-funding provided by organic businesses through a common fund. Although organic producers pay levies to levy companies such as Hybu Cig Cymru and Dairyco just like any other producers, and some of those funds are used for promotional activities, they are not used to address the specific promotional needs of organic producers and this is an issue that does need to be addressed.
78. With respect to action point 5 on Green Procurement, there are significant opportunities for the inclusion of organic products within public procurement specifications, not least because organic is defined by EU regulations, and this initiative is to be welcomed provided that it is then taken up by procurers at all levels in the Welsh context. Some progress has been made with the adoption of the Food for Life certification by several Welsh institutions, but the organic component of this initiative is still relatively low and further actions could be taken place specific emphasis on organic food.
79. With respect to action points 6 and 7, Defra has in the past played a significant role in funding organic research in England and Wales. However, in recent years Defra has significantly reduced its funding for organic research and the EU is the only major funder of organic research now available to address UK needs, so these action points are important. The willingness of commercial partners to invest in organic research has been low (apart from the occasional involvement of multiple retailers), as there are few opportunities for input manufactures to gain returns on their investments from selling inputs to organic producers. The levy bodies have also not placed a high priority on addressing organic research needs, despite the levies paid by organic producers.
80. The emphasis in action points 8 and 9 on statistics, monitoring and evaluation is to be welcomed, but this area has been under-resourced historically and there is currently no indication of significant additional resources in future. There is a real need for an EU level observatory with sufficient resources to ensure these points are addressed. At the same time, there is also a need for a UK observatory to ensure that the organic sector can have access to the same levels of production, price, consumption and other market data that the rest of the agricultural sector takes for granted. Again, levy bodies could play a greater role in this process.
81. The remaining action points relate to the implementation of the EU organic regulations. While they are likely to contribute to making the regulation process more effective and efficient, the overall effect could be undermined if the regulation itself is not appropriate.

Prof. Nicolas Lampkin and Dr. Susanne Padel

24<sup>th</sup> October 2014

**Inquiry into Organic Production and Labelling of Organic Products.  
Response from Organic Centre Wales**

**Inquiry into organic production and labelling of organic products by the  
National Assembly for Wales Environment and Sustainability Committee**

**Written Evidence from Organic Centre Wales, October 2014**

**Executive Summary**

- i) The organic sector in Wales has undergone rapid expansion in recent years from about 120 producers and 5,000 ha in 1999 to a peak of just over 1000 producers and 120,000 ha in 2008. Growth was driven by a number of factors including very rapid growth in the UK organic market, a clear policy direction through the publication of the two Organic Action Plans for Wales and strong organic support schemes.
- ii) The period 2008 and 2013 was challenging for organic producers because of a combination of a contracting organic market, difficult weather conditions and uncertainty with respect to future government support payments. During this period the number of organic producers, organic area, total production and total sales declined.
- iii) Despite those difficult conditions, the performance of organic farm businesses is comparable to or better than their conventional counterparts for the key sectors of dairy and both upland and lowland beef and sheep.
- iv) The UK organic market returned to growth in 2013, up 2.8% overall compared to 2012 and has continued to increase into 2014. Growth has been particularly strong in the dairy sector, where overall sales increased by 4.4%. Organic milk sales grew by 5% and yoghurt sales by 7%. Sales of organic vegetables increased by 3.4%, while the market for meat, fish and poultry grew by 2.2%. Catering and restaurant sales rose by 10%, buoyed by the success of the Soil Association's Food for Life Catering Mark. Two major retailers have indicated growing demand for meat, including beef and lamb.
- v) Anecdotal evidence suggests that these trends are also reflective of the situation in Wales.
- vi) The new Glastir Organic Scheme has been widely welcomed by organic farmers in Wales and has helped to bolster confidence in the sector. Early indications suggest that uptake will be very strong from farmers currently in

the OFS, and will attract a smaller number of producers converting to organic farming.

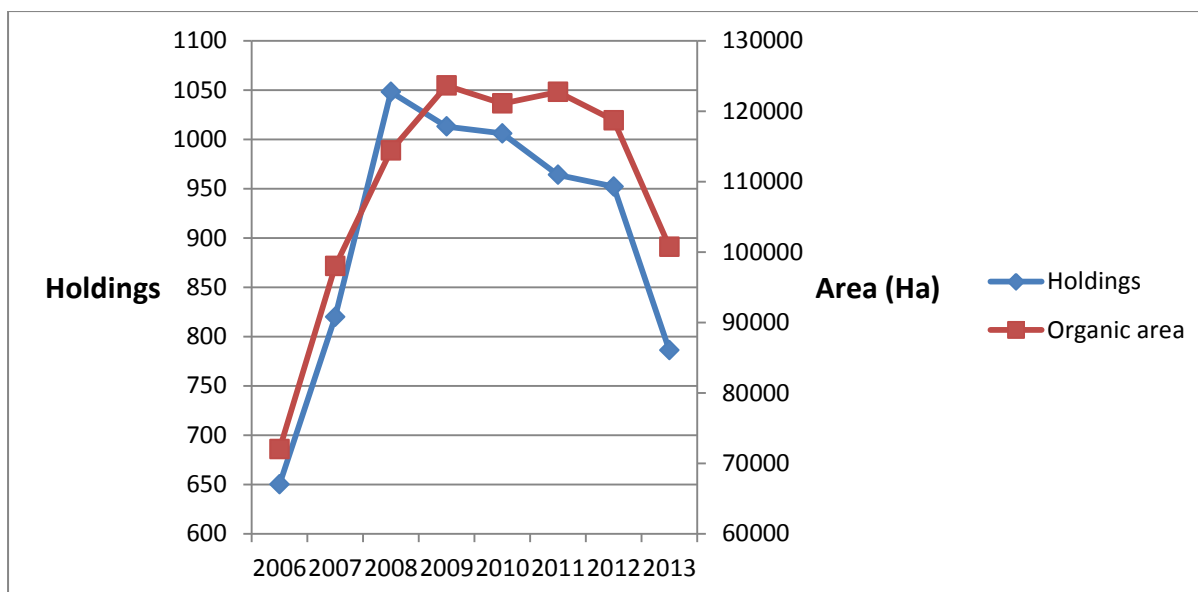
- vii) The organic sector is expected to grow and develop over the next few years and is well placed to take advantage of emerging market opportunities and to deliver on many policy objectives.

## **1. Introduction**

- 1.1 Organic Centre Wales (OCW), based within IBERS, Aberystwyth University was established in 2000 as a focal point for the dissemination of information on organic food and farming, to producers and other interested parties in Wales. It has since extended its focus to public education, public procurement, policy and strategy development, thus providing support to the whole of the organic community in Wales. It is run by a partnership of three organisations actively involved in organic farming research and knowledge transfer in Wales: ADAS, The Organic Research Centre Elm Farm and Institute of Biological, Environmental and Rural Sciences at Aberystwyth University. OCW funding comes from the Welsh Government (WG) together with funds from the European Union EAFRD which supports the Better Organic Business Links Supply Chain Efficiencies project for the organic sector.
- 1.2 Our evidence reviews the development of the organic sector in Wales and future prospects with particular reference to the last two years.
- 1.3 This document provides a brief summary of a more detailed evidence base and draws heavily on published and unpublished reports which are referenced throughout and listed in the 'further information' section at the end.
- 1.4 Evidence from the Organic Research Centre will build on this information to comment on analyse the implications of the new EU regulation.

## **2. Overview of organic farming in Wales 1999 - 2014**

- 2.1 The organic sector has grown significantly since 1999 when the first Organic Action Plan was developed, and Organic Centre Wales was established as a focal point for information on organic food and farming.
- 2.2 In 1999 there were approximately 120 organic holdings with about 5000 Ha under organic management (either fully certified or in conversion). Figure 1 shows these data between 2006 and 2013 (the years for which we have reliable information). At its peak in 2008, the sector was around nine times larger than in 1999.



Source: DEFRA

Figure 1: Organic holdings and land area, 2006 - 2013

2.3 This growth was driven by a number of factors including very rapid growth in the UK organic market (see section 3), a clear policy direction through the publication of strategic action plans, and the development of organic support schemes such as the Organic Farming Scheme for Wales. Other drivers included the increasing cost of conventional inputs such as fertiliser and the low market price of some products in conventional farming, which made organic conversion an attractive option.

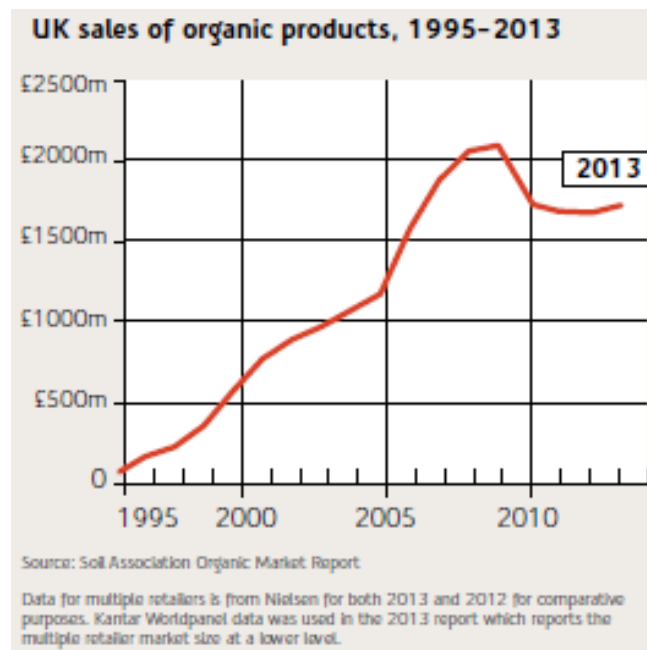
2.4 From 2008, growth stagnated and then declined for a number of reasons including:

- A depressed organic market linked to the period of the recession
- Conventional lamb prices rose in 2008 to levels higher than organic had been previously. Therefore maintaining a similar percentage premium would have been challenging even if market conditions had been better.
- A period of political uncertainty as a result in the delay in implementing the Rural Development Plan for Wales 2014–2020
- The ending of many OFS agreements in May 2013. Short term extensions were offered to support farmers to bridge the gap left by the RDP delays, but in the light of the uncertainty about future policy directions, some chose to leave the scheme and withdraw from organic certification
- Difficult weather conditions in 2012 (wet summer) and 2013 (late spring), which impacted adversely on all farmers but organic farmers, who rely more on home produced forage were particularly affected.

- 2.5 Since 2013, the situation has improved markedly. The UK organic market is back to growth, a new support scheme - Glastir Organic – will start on 1 January 2015 (with the application window closing on 29<sup>th</sup> October) and the new RDP potentially offers new opportunities to organic food and farming businesses.
- 2.6 We estimate the current Welsh organic sector comprises of around 650 producers managing about 90,000 ha. In the light of an improving market situation and the introduction of Glastir Organic from 1 January 2015, we expect these numbers to stabilise and start to grow again.
- 2.7 However, the uncertainty being generated by the discussions on the new EU regulation could lead to some farmers not registering for Glastir Organic now, for fear of what new regulatory commitments might be imposed on them in the middle of their five-year GO agreements.

### 3 The UK organic market 2013/ 14

- 3.1 As indicated in para 2.1 and in Figure 2, the organic market grew rapidly between 1995 and 2008 but declined during the recession.



Source: Soil Association Market report 2014

Figure 2: Sales of organic products 1995 – 2013

- 3.2 The 2014 Organic Market Report showed that the sales of organic products in the UK grew by 2.8% to £1.79 Billion in 2013, a decisive return to growth after four years of contraction, and against a background of declining non-organic sales.

- 3.3 Growth has been particularly strong in the dairy sector, where overall sales increased by 4.4%. Organic milk sales grew by 5% and yoghurt sales by 7%. Sales of organic vegetables increased by 3.4%, while the market for meat, fish and poultry grew by 2.2%. Catering and restaurant sales rose by 10%, buoyed by the success of the Soil Association's Food for Life Catering Mark.
- 3.4 More recent data (Table 1) show that recovery has continued into 2014 and, for some products, accelerated compared to a decline in non-organic sales in many categories

**Table 1: Organic sales though UK supermarkets, year to 16 August 2014**

	<b>Total Value</b>	<b>52 wks yoy</b>	<b>Non organic</b>
Beef	£46m	-1.9%	+1.6%
Lamb	£14m	-5.2%	-3.5%
Pork	£3m	-8%	-0.8%
S & Bacon	£10m	-9.7%	-2.2%
Poultry	£50m	+7.1%	-0.8%
Fruit	£90m	+0.1%	-1.6%
Veg	£115m	+0.5%	-4.6%
Salads	£83m	-2.1%	-4.9%
Milk	£152m	+6.6%	-1.5%
Yoghurts	£136m	+12.1%	-2.5%
Eggs	£46m	+7.7%	-4%
Cheese	£25m	+1.4%	+0.5%

**Source: Nielsen**

- 3.5 Although the figures for beef and lamb are disappointing in the context of the reliance of Welsh agriculture on these two products, we believe there is reason for optimism. Two major retailers, for whom organic sales are important, have indicated growing demand for these products during July 2014; indeed one was expressing concern that they may have difficulty meeting demand.
- 3.6 For further information download the [Soil Association Organic Market report 2014](#)

#### **4. Current market position in Wales**

- 4.1 Whilst the sales figures above are not specific to Wales, in 2012/13 OCW staff visited all key organic supply chain business in Wales, and we have on-going dialogue with many of them. We therefore have anecdotal evidence that these national trends are reflected in Wales.
- 4.2 Most businesses reported that sales had at least stopped declining. Many reported modest increases and some were enjoying strong growth.
- 4.3 With respect to meat sector, the dominant issues remain low organic premiums for lamb and low beef prices, although the aforementioned increase

in demand from some retailers may begin to feed through. However, independent retailers are seeing sales grow, with some of the larger companies benefiting from strong export markets, particularly in the Far East.

- 4.4 Dairy processors and cheese makers in particular, reported increased sales, although liquid milk sales at the time were struggling.
- 4.5 With regard to horticulture, after a period of consolidation between 2009 and 2012 during which a number of smaller businesses either ceased to trade or were bought by larger operations, many businesses, especially small to medium organic wholesalers indicate that business is growing again.

## 5. Organic production in Wales

- 5.1 Tables 2 (livestock) and 3 (cropping/ forage) summarise OCW's estimate of the productivity of organic farms in Wales. These figures are based on the results of the annual OCW Welsh organic producer survey. The 2012 data from DEFRA, derived from the returns of annual inspections by the organic control bodies, are provided for comparison.
- 5.2 The 2013 producer survey attempted to contact all organic farms in Wales and achieved a 76% response rate. The survey data was then extrapolated to arrive at an estimate of livestock and land figures for the sector in Wales.

**Table 2: Organic livestock numbers for Wales 2013**

	Estimated data based from 2013 producer survey			DEFRA CB data
	Organic (Head)	In-conversion (Head)	Total (Head)	2012 total (Head)
Breeding Cattle	11247	54	<b>11300</b>	16100
Growing Cattle	18924	32	<b>19000</b>	31500
Replacement Beef Heifers	1206	0	<b>1200</b>	2400
Breeding Sheep	177436	2633	<b>180100</b>	263100
Growing Sheep	26973	0	<b>27000</b>	72700
Ewe Lamb Replacements	36814	250	<b>37100</b>	67300
Dairy cows	7911	0	<b>7900</b>	15800
Dairy heifers	4093	0	<b>4100</b>	11000
Laying hens	17010	0	<b>17000</b>	39900
Sows	34	0	<b>30</b>	100

*Source: Welsh Organic Producer Survey 2013, Organic Centre Wales*



**Table 3: Organic cropping areas for Wales 2013**

Crop	Estimated data based from 2013 producer survey			DEFRA CB data
	Organic (ha)	In conversion (Ha)	Total	2012 total (Ha)
Grassland (inc. rough grazing)	85100	2200	<b>87300</b>	<b>111288</b>
Arable	3500	0	<b>3500</b>	5022
Horticulture	70	0	<b>70</b>	379
Other	300	0	<b>300</b>	2010
<b>Totals</b>	<b>88970</b>	<b>2200</b>	<b>91200</b>	<b>118699</b>

*Source: Welsh Organic Producer Survey 2013, Organic Centre Wales*

5.3 This data shows an overall reduction in organic area, stock numbers and sales. This is mainly explained by a number of producers leaving the organic sector as discussed in para 2.4. We estimate losses to the organic sector to be in the region of 20% of grassland, 18% of arable land, 30% of beef, 25% of sheep and 18% of dairy animals.

5.4 The survey also estimated the number of livestock sold and whether or not they were sold through an organic market (Table 4). Significant numbers of organically reared store cattle and lambs (both store and finished) were sold on to the conventional market, although to a lesser extent than in 2012. This is often due to low premiums on these products providing little incentive to sell them onto the organic market, particularly when to do so requires additional investment of time effort and money (e.g. having to transport them extra distances to a registered organic market/ processing plant, additional paperwork/ record keeping). On the positive side, it does mean that these sectors do have some 'spare capacity' which would enable producers to respond to increased demand quickly (subject to them meeting market specifications).

**Table 4: Estimated numbers of stock sold from Welsh organic farms 2013**

	Organic	In-conv.	Non-organic	Total*
Finished cattle (Head)	6400	0	200	6600
Store cattle (Head)	4600	100	2300	7000
Finished lambs (Head)	82000	1000	55000	138000
Store lambs (Head)	8000	1000	17000	26000
Milk (thou' litres)	45000	0	0	45000
Eggs (thou' doz.)	600	0	0	600
Pigs (all classes)	300	0	0	300

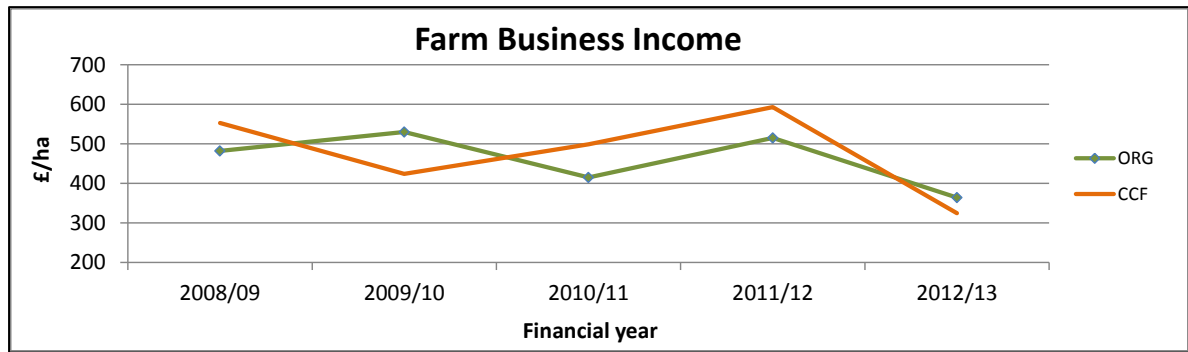
*\*Estimated total calculated with overall survey response rate of 76%*

**Source: Welsh Organic Producer Survey 2013, Organic Centre Wales**

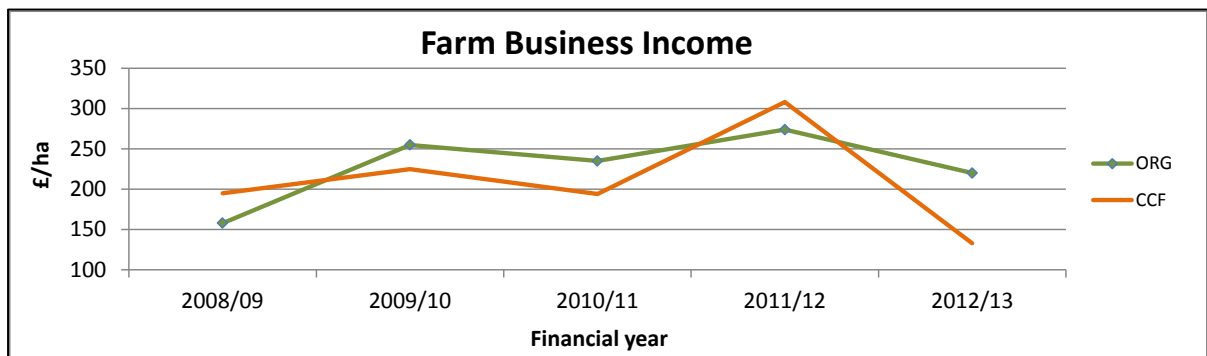
5.5 For further information download the [Welsh Organic Producer Survey 2013](#)

## 6. Financial performance of organic farming businesses

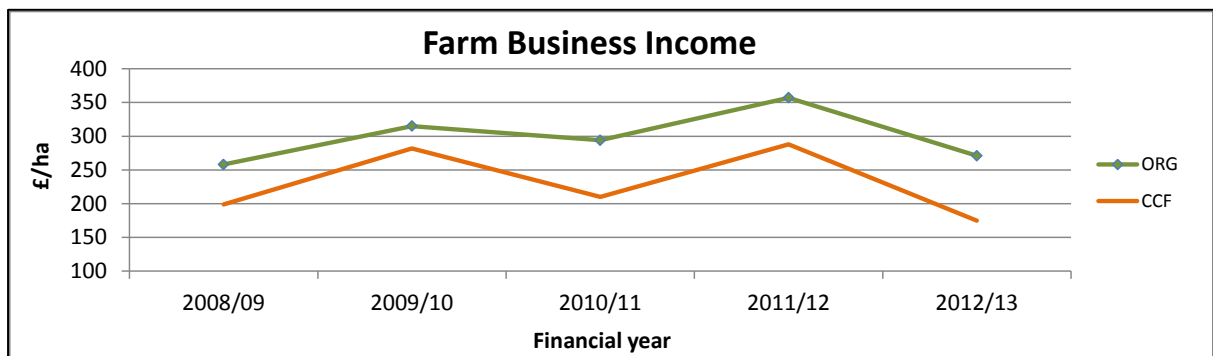
6.1 Despite five difficult years, both with respect to market and growing/ farming conditions, data from the Farm Business Survey Wales show that the financial performance of organic business remains comparable with, or better than their conventional counterparts in the key sectors of dairy (Figure 3), Lowland beef and sheep (Figure 4) and Upland Beef and Sheep (Figure 5).



**Figure 3: Farm business incomes for organic and conventional dairy farms**



**Figure 4: Farm business incomes for organic and conventional lowland beef and sheep farms**



**Figure 5: Farm business incomes for organic and conventional upland beef and sheep farms**

6.2 For all businesses, these data show that that while organic farms can often achieve similar or superior margins and profitability to conventional systems, the finances for both groups can be challenging, with reliance on support payments for the farm to break-even.

- 6.3 For dairy, the organic milk price premium has been sustained for a number of years, but cost control is important to maintain relative incomes. Some of the factors influencing performance are the use of high quality legume-rich forages to reduce reliance on expensive externally sourced feeds, as well as minimising excessive fixed costs.
- 6.4 With respect to beef and sheep, whilst there is a price premium for organic beef, organic lamb price premiums remain minimal for much of the year so cost control is important to maintain relative incomes. Some of the factors influencing performance are the increased role of cattle, with implications for housing and winter feed provision, as well as the emphasis on a closed flock/herd and maximising use of forage as a cheaper feed source.
- 6.5 For further information download Organic Centre Wales factsheets on the financial performance of organic [dairy](#), [lowland beef and sheep](#) and [upland beef and sheep](#).

## **7. Government support for organic farming 2015 - 2020**

- 7.1 The environmental benefits of organic farming are widely recognised and form the basis of strong public support at Welsh Government, UK and EU level. The submission of the Organic Research Centre to this inquiry will detail the supporting evidence.
- 7.2 Glastir Organic has been developed and is funded through the Rural Development Plan for Wales 2014–2020 and is one of the first of the schemes to be rolled out under the new RDP. The scheme opened for applications between 1 and 29 October 2014.
- 7.3 It has been welcomed by organic producers and is widely perceived to be an improvement on previous support schemes including the OFS and the OFCS.
- 7.4 Key characteristics include enhanced maintenance payments, support for organic conversion, strengthened support for horticulture and options to combine Glastir Organic with other elements of Glastir with no double funding issues.
- 7.5 As the application window is still open at the time of writing, it is difficult to estimate likely uptake of the scheme. However, OCW has fielded over 200 calls from farmers during the development of the scheme and the application window itself, and has good reason to believe that the vast majority of farmers currently in the OFS will join Glastir Organic. We are aware of 14 producers likely to enter the scheme as new converters. There are also a number of farmers who decertified at the end of their OFS agreements in 2013 and wish to re-join the new scheme.

## 8 Conclusions

- 8.1 The organic sector in Wales has undergone rapid expansion since the late 90's and early 2000's when the first Organic Action Plan for Wales was drawn up and Organic Centre Wales was established.
- 8.2 The period 2008 and 2013 was challenging for organic producers because of a combination of a contracting organic market, difficult weather conditions and uncertainty with respect to the future of government support payments.
- 8.3 Despite those difficult conditions, the performance of organic farm businesses has been comparable to or better than their conventional counterparts.
- 8.3 A return to market growth and a new strengthened organic support scheme has bolstered confidence in the sector.
- 8.4 The organic sector is expected to grow and develop over the next few years and is well placed to take advantage of emerging market opportunities and to deliver to many policy objectives.

## 9. Further information

Soil Association (2014) '[Soil Association Organic Market report 2014](#)'

Organic Centre Wales (2014) '[Welsh Organic Producer Survey 2013](#)'

Organic Centre Wales (2014) '[Organic dairy production: financial performance](#)'

Organic Centre Wales (2014) '[Organic lowland beef and sheep production: Financial Performance](#)'

Organic Centre Wales (2014) '[Organic upland beef and sheep production: Financial Performance](#)'

Mae cyfyngiadau ar y ddogfen hon

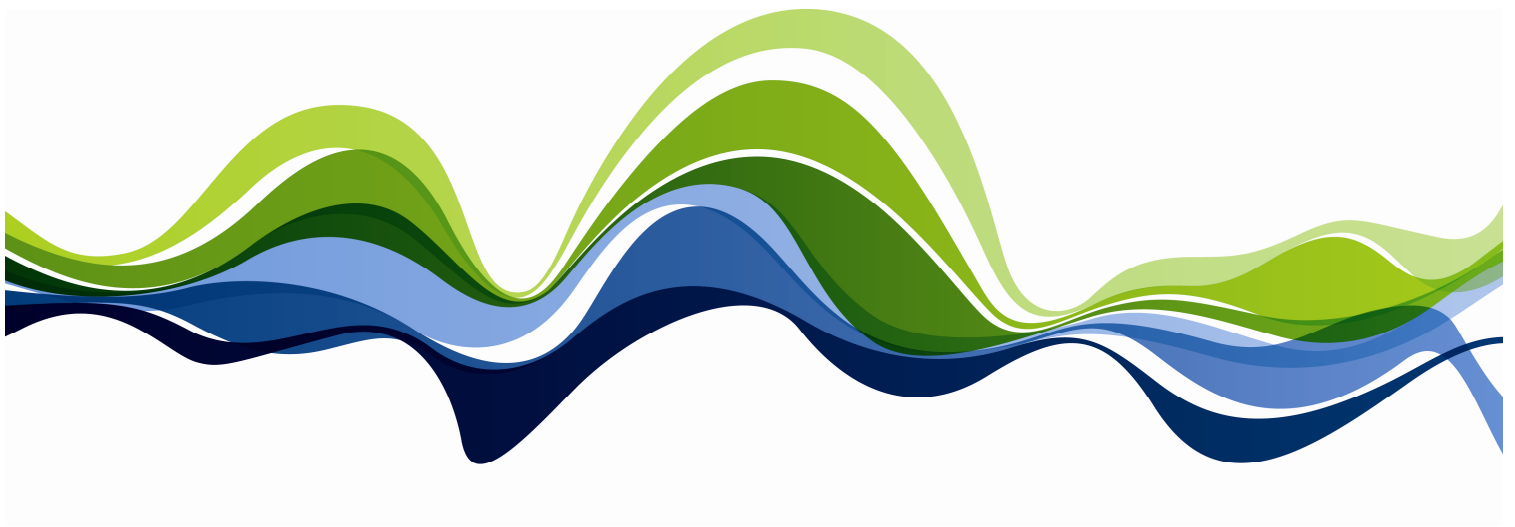
# Eitem 7

Mae cyfyngiadau ar y ddogfen hon

Ymchwiliad Pwyllgor Amgylchedd a  
Chynaliadwyedd Cynulliad Cenedlaethol  
EEFP 12

Ymchwiliad i effeithlonrwydd ynni a thlodi tanwydd yng Nghymru  
Ymateb gan: SSE

# Ymateb SSE i ymchwiliad Pwyllgor Amgylchedd a Chynaliadwyedd Cynulliad Cenedlaethol i Dlodi Tanwydd yng Nghymru



## Ymateb SSE i ymchwiliad Pwyllgor Amgylchedd a Chynaliadwyedd Cynulliad Cenedlaethol i Dlodi Tanwydd yng Nghymru

### Crynodeb

1. Fel cwmni cyfrifol mae SSE yn mynd i'r afael ag amrywiaeth o weithgareddau i helpu ein cwsmeriaid agored i niwed, yn cynnwys darparu dros £9m o gymorth ariannol yng Nghymru yn 2013/4.
2. Mae SSE wedi gosod a chyflawni dros 79,000 o fesurau effeithlonrwydd ynni i gartrefi ar hyd a lled Cymru dros y pum mlynedd diwethaf, ac yn edrych ymlaen at ymgysylltu â Llywodraeth Cymru a rhanddeiliaid eraill i sicrhau y caiff prosiectau y dyfodol eu cyflawni yn llwyddiannus.
3. Er mai gwella effeithlonrwydd ynni stoc tai y DU yw'r ffordd mwyaf priodol o fynd i'r afael â thlodi tanwydd, cred SSE y dylai polisiâu gael eu cyllido trwy drethi yn hytrach nag ardollau ar filiau ynni cwsmeriaid; bydd hyn yn lleihau'r baich ariannol ar bobl ar incymau isel.

### Trosolwg SSE

4. Pwrpas craidd SSE yw darparu'r ynni sydd angen ar bobl mewn ffordd ddibynadwy a chynaliadwy. Mae'r cwmni yn cyflogi tua 2,000 o bobl ar hyd a lled y DU ac Iwerddon, yn cynnwys 350 o brentisiaid a gweithwyr technegol dan hyfforddiant. Yn 2013 daeth SSE yn gwmni mwyaf y FTSE i fod yn gyflogwr Cyflog Byw achrededig. Mae'r cwmni yn cyfrannu cyfanswm trethi yn y DU o dros £300 miliwn y flwyddyn, ac mae SSE yn buddsoddi tua £4 miliwn y diwrnod i rwydwaith mewnlol ynni y DU.
5. Mae brandiau adwerthu SSE yn cyflenwi ynni i dros naw miliwn o gartrefi a busnesau, gan wneud SSE yn ail gyflenwr mwyaf trydan a nwy ym marchnad Prydain Fawr. Yn ddiweddar, cyhoeddodd SSE ei bod yn rhewi pris ynni cartref tan o leiaf 2016 – dyma'r ymrwymiad pris ynni diamod hwy erioed.
6. Mae darpariaeth gwasanaeth cwsmeriaid SSE yn gyson yn cael ei graddio fel rhai gorau'r diwydiant, ac arddangosir hyn trwy gynnal y safle cyntaf mewn adroddiad perfformiad gwasanaeth cwsmeriaid y diwydiant, gan dderbyn y nifer lleiaf o gwynion gan cwsmeriaid ymysg y prif gyflenwyr ynni<sup>1</sup>. Mae busnesau eraill SSE yn cynnwys rhwydweithiau a chynhyrchu - y ni yw cynhyrchwyr mwyaf trydan o ffynonellau adnewyddadwy, gan gynnwys hydro a gwynt.

### SSE yng Nghymru

7. Mae SSE yn cyflogi dros 1,500 o staff ar hyd a lled Cymru, ble y caiff y cwmni ei adnabod orau am y brand adwerthu ynni SWALEC. Mae SWALEC yn gwasanaethu dros 1 miliwn o gwsmeriaid adwerthu ynni, yn ogystal â noddi Undeb Rygbi Cymru, stadiwm SWALEC a chriced llawr gwlad. Yn ogystal â chynnig biliau ynni iaith Gymraeg, lansiodd llinell rhadffôn gwasanaethau cwsmeriaid iaith Gymraeg yn ddiweddar, sydd yn golygu bod ein cwsmeriaid yn cael cyfathrebu gyda ni yn y Gymraeg yn ôl eu dewis. Mae SSE hefyd yn gweithredu nifer o brosiectau a busnesau ar hyd a lled Cymru, yn cynnwys cynhyrchu ynni, goleuo stryd, mesuryddion, gwasanaethau cartref a chontractio.

### Helpu Cwsmeriaid Agored i Niwed

8. Mae Canolfan Rhagoriaeth Gwasanaethau Cwsmeriaid SSE wedi'i sefydlu yng Nghaerdydd, ac yn cyflogi dros 900 o staff sydd yn delio gyda galwadau gan gwsmeriaid adwerthu ynni SSE i gyd. Mae eu gwaith yn cynnwys rhoi cyngor ar ymholiadau mesurydd blaendalu, rhoi cyngor ar effeithlonrwydd ynni er mwyn helpu i gwsmeriaid leihau eu defnydd ynni, a helpu pobl sydd yn wynebau anawsterau talu biliau ynni drwy wneud trefniadau talu arbennig neu drwy eu cyfeirio at sefydliadau eraill am gymorth ar faterion mwy penodol.

<sup>1</sup> Cyngor ar Bopeth a Chyngor ar Bopeth yr Alban (Mai 2014)



9. Yn ogystal â rhewi prisiau ynni tai tan o leiaf Ionawr 2016, mae SSE yn ymgymryd ag amrywiaeth o weithgareddau i helpu i gwsmeriaid agored i niwed reoli effaith prisiau ynni. Yn ystod 2013/14, gwariodd SSE dros £50m ar ddarparu cymorth i dros 330,000 o gwsmeriaid agored i niwed trwy'r cynllun Disgownt Cartrefi Cynnes (Warm Home Discount scheme). Mae'r cynllun hwn yn galluogi i bensiynwyr a chwsmeriaid agored i niwed gael cymorth gyda'u biliau tanwydd drwy ddarpariaeth uniongyrchol o £135 i helpu gyda chost ynni dros y gaeaf.
10. Roedd cwsmeriaid yng Nghymru yn manteisio o gyfran fawr o gymorth ariannol SSE yn 2013/14, cyfanswm o dros £9.4m o gyllid, o gymharu â £7.6m yn yr Alban a £37.0m yn Lloegr. Mae'r ffigurau hwn yn cynnwys y Craidd Disgownt Cartrefi Cynnes a grwpiau ehangach, yn ogystal â'r Gronfa Gymorth Blaenoriaethol a Chynlluniau Ad-daliad Gaeaf.
11. Mae SSE hefyd yn gweithredu gwasanaeth blaenoriaethu Careline, sydd wedi'i ymrwymo i helpu cwsmeriaid sydd yn hen, anabl neu sydd ag anghenion meddygol arbennig. Darperir trefniadau talu hyblyg sydd wedi'u teilwra i dalu am y trydan a nwy y maent yn eu defnyddio. Rhwng dechrau Rhagfyr a diwedd Chwefror (neu am gyfnod hwy pe bai'r tywydd yn anarferol o oer y tu allan i'r cyfnod hwn), mae SSE yn ymrwymedig i bolisi o ddim datgysylltiadau sydd yn berthnasol i'n cwsmeriaid i gyd.
12. Mae fforddiadwyedd yn dal i fod yn her allweddol yn y diwydiant ynni, ac felly mae SSE yn gweithio gyda chwsmeriaid i reoli dyled sy'n gysylltiedig ag ynni. Mae SSE yn ymgysylltu â chwsmeriaid â dyledion cyn gynted â phosib, gan gadarnhau trefniadau talu sydd â balans llai cychwynnol ac yn helpu i ehangu costau ynni ar hyd y flwyddyn. Trwy ei phartneriaeth â Mentrau Cymdeithasol Uniongyrchol (rhan o Gyngor ar Bopeth) helpodd SSE i 210 o gwsmeriaid i gynyddu eu hincwm cartrefol, gyda chynnydd ar gyfartaledd o £3,765 y flwyddyn (£72 yr wythnos).

## ECO

13. Cyflwynwyd y Rhwymedigaeth Cwmniau Ynni ym mis Ionawr 2013, sef rhaglen effeithlonrwydd ynni a orfodwyd gan y Llywodraeth sydd yn golygu bod yn rhaid i'r cwmniau ynni mwyaf gyflawni gwelliannau effeithlonrwydd ynni mewn cartrefi. Mae SSE yn hollol gefnogol o nodau ECO ac o fis Ebrill 2014 gosodwyd mesurau i helpu i bobl yn eu cartref leihau eu biliau ynni a'u hól troed carbon mewn tua 87,000 o gartrefi.
14. Cred SSE bod diwygio ac ehangu ECO a wnaed gan Lywodreath y DU ym mis Rhagfyr 2013 yn symudiad a oedd yn niddordeb gorau ein cwsmeriaid, oherwydd bydd y cynllun yn cael ei gyflawni mewn ffordd mwy cost-effeithiol. Mae hyn wedi galluogi i SSE basio ymlaen arbedion llawn o £38 i gwsmeriaid. Fod bynnag, mae SSE yn dal i fod yn bryderus am effaith ECO am dri prif rheswm. Yn gyntaf, mae'r cynllun yn anweddol ac yn agored i ymyrraeth wleidyddol. Yn ail, gall beidio â chynnwys cyflenwyr llai yn y rhwymedigaeth hefyd gael effeithiau negyddol ar gystadleuaeth o fewn y farchnad. Yn olaf, mae'r gost o ariannu ECO a chostau polisi llywodraethol eraill trwy filiau ynni cwsmeriaid yn anflaengar.
15. Unwaith i gyfnod presennol ECO ddod i ben yn 2017, mae SSE yn credu y dylai prosiectau strwythur mewanol arwyddocaol fel insiwleiddio stoc tai y DU gael eu harwain gan y llywodraeth, eu cyllido drwy drethiant cyffredinol, a chael cyfranogaeth fwy o lawer gan awdurdodau lleol. Yn y cyfamser, mae SSE yn croesawu ymdrechion i wella lefelau tryloywder o ran sut y caiff costau cyflenwi ECO eu hadrodd, ar yr amod nad yw'r gallu i gyflenwi'r rhaglen yn y modd mwyaf cost-effeithiol yn cael ei gyfaddawdu.

## Polisi

16. Mae SSE yn credu bod angen i bolisiau effeithlonrwydd ynni fod yn ymarferol a chost-effeithiol i'w cyflenwi, sydd yn golygu efallai y dylai gwneithurwyr polisi ail ystyried pa un a yw macanweithiau sy'n seiliedig ar y farchnad yn briodol er mwyn cyflawni'r deilliannau, a pha un a yw'n bosib o reidrwydd i gyflawni nodau polisi annhebyg (e.e. lleihau carbon a lleihau tlodi tanwydd) drwy un

polisi yn unig. Yn fwy buan, rhaid cyfeirio ystyriaeth tuag at wneud rhaglenni sy'n bodoli eisoes yn ymarferol ac yn llai beichus i gydymffurfio gyda nhw.

17. Dylai gwneuthurwyr polisi hefyd anelu'n gyffredinol tuag at gyflawni cydweithredu traws-adrannol er mwyn sicrhau bod cartrefi newydd yn ynni-effeithlon a bod eiddo hen o safon dderbyniol. Mae SSE yn nodi dull cyfanol Llywodraeth Cymru o daclo tloidi, ac mae tloidi tanwydd yn rhan arwyddocaol o hyn. Tra bod y dull hwn yn fanteisiol, bydd SSE yn croesawu'r cyfle i ymgysylltu gyda Llywodraeth Cymru a rhanddeiliaid eraill yn rheolaidd gyda ffocws penodol ar dlodi tanwydd, sydd â set o nodweddion unigryw.
18. Nid yw'n bosib o reidrwydd i gyflenwi prif nodau rhaglenni effeithlonrwydd ynni (e.e. lleihau allyriadau neu gymorth i gwsmeriaid agored i niwed) gydag un polisi sengl. Pe bai hyn yn cael ei ail adolygu yna gall mesurau gael eu targedu'n well a'u cyllido yn fwy priodol. Mae SSE yn credu y dylai cynlluniau yn ddelfrydol flaenoriaethu y rheiny sy'n byw mewn tloidi yn hytrach na'r rheiny sy'n byw mewn cartrefi aneffeithlon, ond yn ymarferol nid yw defnyddio procsiaid fel data budd-daliadau i adnabod tloidi tanwydd yn effeithiol iawn. Mae defnyddio procsiaid yn arwain at gyllid ac adnoddau yn cael eu cyfeirio tuag at adnabod a helpu pobl nad ydynt mewn nifer o achosion mewn tloidi tanwydd. Mae SSE yn credu bod angen i bolisi effeithlonrwydd ynni gael cydbwysedd rhwng dod o hyd i bobl sy'n dioddef o dlodi tanwydd a chyflawni mesurau effeithlonrwydd ynni i gartrefi ag insiwleiddiad gwael.

### **Green Deal**

19. Mae SSE yn cefnogi'r Green Deal yn llawn a byddai yn fuan yn ei lansio yn raddol ar hyd a lled y wlad. Cred SSE bod cyfuno ECO â Chyllid Green Deal yn lleihau cost cyflenwi ECO ac yn y pen draw yn arbed arian i gwsmeriaid. I alluogi hyn, byddwn yn parhau i annog Llywodraeth y DU i ddiwygio anghenion y Rheol Aur er mwyn lleihau cyfraniad cychwynnol y cwsmer fel bod cyllid Green Deal ac ECO yn gynnig sydd yn wir yn ddeniadol i'r cwsmer.

### **Effeithlonrwydd Ynni yng Nghymru**

20. Mae hanes gryf gan SSE o gyflenwi rhaglenni effeithlonrwydd ynni yng Nghymru. O dan y Rhaglen Arbedion Ynni Cymunedol (CESP) darparwyd tua £15m o gyfraniad ariannol gan arbed cyfanswm o dros 500,000 tonnell o CO2 gan SSE. Hyd yn hyn, dan y Rhwymedigaeth Cwmniau Ynni (ECO) mae SSE wedi gweithio gyda chontractwyr lleol, Landlordiaid Cymdeithasol Cofrestredig, ac Awdurdodau Lleol i gyflenwi dros 5,800 o fesurau ar hyd a lled Cymru, yn cynnwys Insiwleiddio Waliau Ceudod, Insiwleiddio Waliau Solid, boileri newydd, mesurau rheoli gwres, ac insiwleiddio lloftydd. Mae hyn wedi helpu i rai o'r ardaloedd mwyaf tlawd yng Nghymru leihau eu biliau ynni a'u hól troed carbon, gyda nifer o brosiectau SSE yn dal i ddatblygu ar hyd a lled y wlad.
21. Mae un prosiect arwyddocaol wedi gweld SSE yn gweithio mewn partneriaeth â Chymdeithas Tai Cartrefi Cwm Merthyr i osod EWI i 87 o gartrefi ym Merthyr Tydfil. Mae'r tai pâr a thai rhes hyn tua 65 oed ac wedi dirywio dros y blynyddoedd, wedi dioddef crydiad, ac wedi'u hinsiwleiddio'n wael. Mae tua 68 eiddo yng Nghyfnod 1 y prosiect wedi eu cwblhau yn barod ac mae gwaith wedi dechrau ar y 19 eiddo yng Nghyfnod 2. Rhoddwyd cyllid atodol i Gartrefi Cwm Merthyr o dua £200k tuag at yr EWI, a fydd yn gallu lleihau biliau tanwydd o £200 y flwyddyn ac arbed ychydig yn llai na 25 tonnell o CO2 ar hyd oes yr insiwleiddiad.
22. Mae SSE yn nodi nod Llywodraeth Cymru o wneud y gorau o gyflenwi ECO yng Nghymru, ond mae'r absenoldeb o dargedau rhanbarthol o fewn y cynllun yn golygu bod gan Gymru y potensial i fanteisio o wariant anghyfartal pe bai cyflenwyr yn gweld Cymru fel y 'llwybr â'r gwrthiant lleiaf' ar gyfer rhyddhau rhwymedigaeth gymhleth a chostus. O ran y materion hyn, mae SSE yn gweld model HEEPS Llywodraeth yr Alban fel templed defnyddiol ar gyfer cynllun effeithlonrwydd ynni sydd yn mabwysiadu amgylchedd deniadol ble y gall cyflenwyr ryddhau eu rhwymedigaeth ECO wrth gefnogi cyfleoedd cyflogaeth lleol. Dan HEEPS mae awdurdodau lleol yn nodi ardaloedd a mesurau blaenoriaeth o ran mynd i'r afael â thloidi tanwydd. Mae Awdurdodau Lleol mewn safle da

i wybod am gyflwr ac anghenion stoc tai, ac mae'r wybodaeth leol hon yn ei wneud yn gynllun deniadol o safbwynt cyflenwyr, a fydd yn gallu cyflenwi mesurau â chostau llai oherwydd economiau i raddfa, yn ogystal â charbon rhatach.

23. Yng Nghymru, gall y Cynllun Arbed weithiau rwystro cyflenwad ECO oherwydd gorgyffyrddiad o eiddo potensial. Un o'r prif resymau am hyn yw rôl allweddol Awdurdodau Lleol, sydd â thimau caffael sydd wedi eu nodi fel rhwystrau a galluogwyr o ran cyflenwi ECO, gyda'r broses gaffael yn aml yn ffafrio cynlluniau Arbed dros brosiectau a arweinir gan breswylwyr neu gyflenwyr. Efallai y bydd cyllid ychwanegol Llywodraeth Cymru a gyhoeddwyd yn ddiweddar er mwyn mynd i'r afael â thlodi tanwydd<sup>2</sup> yn ymddwyn fel ffordd o wneud y gorau o'r potensial i gyflenwyr ryddhau eu rhwymedigaeth, gan bod y cyllid yn cael ei ddosbarthu yn bennaf drwy Awdurdodau Lleol. Fel un o'r ychydig o gwmnïau sydd yn gallu cynnig cyllido ECO bydd SSE yn croesawu unrhyw fewnbwn gan Lywodraeth Cymru i awdurdodau er mwyn helpu i sicrhau y caiff ein rhwymedigaeth ei chyflenwi yng Nghymru.

### **Casgliad**

24. Bydd SSE yn croesawu'r cyfle i ymgysylltu'n bellach gyda Llywodraeth Cymru a rhanddeiliaid allweddol eraill ar sail rheolaidd a strwythuredig, er enghraifft trwy gyfarfod chwarterol.
25. Bydd SSE yn parhau i weithio gyda rhanddeiliaid allweddol i gyflenwi prosiectau llwyddiannus yng Nghymru, ac rydym yn gweld model HEEPS yr Alban fel templed defnyddiol ar gyfer cynlluniau effeithlonrwydd ynni sydd yn bwriadu denu gwario ECO.

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<sup>2</sup> <http://wales.gov.uk/newsroom/environmentandcountryside/2013/131011fuelpoverty/?lang=en>



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**Inquiry into energy efficiency and fuel poverty in Wales**

British Gas response to the inquiry by the Environment and Sustainability Committee,  
National Assembly for Wales  
June 2014

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## Introduction

- 1.1 British Gas is the UK's largest energy supplier, serving more than 11 million homes across Britain and around one million businesses. We supply gas and electricity to around 375,000 homes in Wales and some 50,000 businesses.
- 1.2 British Gas welcomes the opportunity to submit written evidence to the National Assembly for Wales's Environment and Sustainability Committee inquiry into energy efficiency and fuel poverty.
- 1.3 Since the last investigation by the committee into this subject, energy bills and fuel poverty have risen up the political agenda. British Gas seeks to continue to work constructively with both the UK and Welsh Governments on these issues. We support our customers in fuel poverty through a combination of industry, government and British Gas initiatives and last year we spent more than £380m across Britain helping our elderly, disabled and most in need customers.
- 1.4 We believe that the best way to help our customers reduce their bills is through helping them to use less energy. British Gas is committed to working to improve energy efficiency – be that through innovations such as the roll out of smart meters, which are transforming customers' engagement with their energy supplier, or through programmes run by the UK and Welsh governments. This response provides details of delivery by British Gas on those energy efficiency programmes – including the Welsh Government's Nest programme, of which we are proud to be the managers.
- 1.5 Despite the pressure on prices, British Gas is doing everything we can right now to keep bills as low as possible. From January 1, we reduced the average annual British Gas dual fuel bill by £53 – a 3.2 per cent decrease in energy prices equalling £41 and a £12 rebate, following changes by the UK Government to the Energy Company Obligation and Warm Home Discount. We were the first company to pass on this cost reduction to customers.
- 1.6 Our parent company Centrica has welcomed proposals by the regulator for a market investigation reference, recognising that this will be helpful in restoring market confidence for consumers and investors alike.
- 1.7 British Gas is also proud to be a major employer, with over 2,200 people working for British Gas across Wales. As well as our customer contact centre in Cardiff and training academy in Tredegar, a network of around 400 engineers means that we are active in Welsh homes every day of the year. We have been working hard to provide opportunities for young people not previously in education, employment or training. Together our combined work force brings more than £50m into the regional economy.
- 1.8 This submission sets out the measures we are undertaking to help alleviate fuel poverty in Wales, with special regard to our most vulnerable customers.

## Energy efficiency programmes

- 2.1 British Gas is committed to helping customers make their homes more energy efficient. Over the past five years, British Gas has insulated more than three million customer homes, saving 45 million tonnes of lifetime carbon emissions.
- 2.2 During 2013, British Gas helped to install 236,000 energy efficiency measures in the UK's homes – over half of which were for the elderly, disabled or those most in need.
- 2.3 As a result of measures such as loft and cavity wall insulation and support for more energy efficient boilers, the typical British Gas customer uses 20 per cent less gas than they did five years ago. But 12m homes are still without adequate insulation. British Gas is working with both the Welsh Government and the UK Government to reduce this number.

### Nest

- 2.4 The Welsh Government's fuel poverty programme is managed by British Gas, and has now reached the end of year three of a five year contract.
- 2.5 The scheme provides households in Wales with access to a range of advice and support on saving energy, money management, fuel tariffs, benefit entitlement checks and referral for Warm Home Discount.
- 2.6 Additionally, Nest offers a package of free home energy improvement measures to households who are in receipt of a means tested benefit and who live in a privately owned or privately rented home that is very thermally inefficient, with an Energy Performance Certificate rating of F or G.
- 2.7 Packages may include measures such as a new boiler, central heating system, loft insulation and cavity wall insulation. Newer technologies such as air source heat pumps and external wall insulation may also be included.
- 2.8 By the end of the programme's third year, over 13,500 homes across Wales have benefited from a free home energy improvement package. Over 16,300 measures have been installed and more than 55,000 households have received advice and support.
- 2.9 Home energy improvement packages deliver benefits averaging around £500 per household per year.
- 2.10 Delivery of the Nest programme has been supported by over 40 small and medium enterprises across Wales.
- 2.11 It's estimated that an additional £1.4m of benefits are being claimed as a result of advice given to households who contact Nest.
- 2.12 Aligning Nest with the Energy Company Obligation during 2013 has provided an opportunity for more fuel-poor households in Wales to benefit from home energy improvements.

2.13 British Gas meets with Welsh Government on a regular basis to update officials on progress to date. We are keen to work with Welsh Government on looking at the support that will be offered beyond the end of the current Nest scheme.

### Energy Company Obligation

2.14 British Gas supports the goals of the Energy Company Obligation (ECO), having the biggest target to reach in delivering this scheme. We expect to install 900,000 energy efficiency measures under the new ECO programme. Figures for delivery are reported to Ofgem on a regular basis.

2.15 Working with housing associations and local authorities across Wales, we have delivered 16,846 measures in Wales from January 2013 to the end of May 2014, across the Carbon Emissions Reduction Obligation (CERO), Carbon Saving Community Obligation (CSCO) and Home Heating Cost Reduction Obligation (HHCRO), as below:

	Measures	% of GB total no	% of GB carbon saving
CERO	4,850	4.2	5.3
CSCO	1,170	2.6	2.3
HHCRO	10,826*	9.4	8.3
Total ECO	16,846	6.1	4.7

\*includes 7,484 boiler replacements

2.16 We believe that the changes proposed by the UK Government in December 2013 will strengthen the ECO scheme, make the programme work better for consumers, and they will provide much needed stability for the energy efficiency industry:

- Consumers are already benefiting from lower energy bills. The changes will make ECO more cost effective and have allowed us to reduce bills from January 1.
- ECO will be accessible to more customers: 2.6 million more households will be eligible under CSCO; 5 million more households will be eligible under CERO.
- The commitment to install at least 100,000 solid wall insulation measures across the market will provide a more certain, sustainable future for the solid wall insulation industry.

2.17 Funding programmes through direct taxation would reduce pressure on bills and spread the costs to those better able to afford it.

2.18 British Gas is currently in talks with potential partners for future ECO schemes, including as part of the £70m additional funding from Welsh Government under its Maximising ECO strategy.

## Green Deal

- 2.19 British Gas is extremely supportive of the Green Deal, as we believe it could play a pivotal role in delivering energy efficiency. As such we have been a leader in working with UK Government to deliver the Green Deal. To date we have delivered around a third of the live finance plans as well as Green Deal Assessments, almost nine out of every 10 cash-back voucher redemptions.
- 2.20 We have highlighted three key areas with Department of Energy and Climate Change where we believe changes could be made to encourage take-up – simplifying the Green Deal Assessment, the introduction of further incentives which are generous enough to attract customers, and amendments to the Golden Rule.
- 2.21 At our Tredegar Academy, we have trained 80 Green Deal Advisers.
- 2.22 Of the 13,579 Green Deal installs since the launch, 780 (or 5.7 per cent of the total) of these have been in Wales. The vast majority of these have been boiler installations.
- 2.23 British Gas has agreed 321 Green Deal finance plans – of these, 15 are in Wales (4.2 per cent of the total).

## Smart metering

- 2.24 British Gas is leading the roll-out of smart meters. We have delivered over 1.3m smart meters to customers' homes and businesses and have a team of 1,200 specially trained Smart Energy Experts installing and offering advice to customers on their smart meters. In our Cardiff contact centre, we now have customer service agents working specifically to answer calls from customers with smart meters.
- 2.25 The Smart Energy Report, offered exclusively by British Gas, shows how a customer's bill compare to similar households and highlights where a customer can make savings.
- 2.26 A recent report by Oxford Economics showed that smart meters can help customers save £65 per annum.
- 2.27 Where a standard meter needs replacing, British Gas is offering customers a smart meter as part of a free upgrade. Customers are also able to request one sooner.
- 2.28 Across Wales, we had fitted more than 34,000 smart meters to residential properties by the end of May 2014.

## Alleviating fuel poverty

### Support for customers

- 3.1 British Gas has been working hard to ensure that energy buying is simple, transparent and fair for our customers.
- 3.2 British Gas welcomed changes to the Energy Company Obligation and Warm Home Discount in December 2013 which have allowed us to reduce energy bills from



January 1. Savings from these changes are being passed on in full to customers, including those on fixed-rate tariffs.

- 3.3 With regard to other elements of the bill that are external to our business, British Gas notes that the cost of transporting gas and electricity through pipes and wires has been increasing to pay for investment in the grid and infrastructure. British Gas does not own any networks and believes that the National Audit Office should audit the regulator's Price Control Agreements to ensure they are delivering value for money to the customer.
- 3.4 We have simplified tariffs, made comparison of prices easier to understand and led the way in clearer bills for our customers. We have also introduced one standing charge across fuel types to make it easier for customers to compare tariffs.
- 3.5 We were also the first supplier to introduce a personalised service – Tariff Check – which sees us write to our customers every six months, or annually if they have a pre-payment meter, to tell them if they could make a saving by switching to a different British Gas tariff.
- 3.6 Additionally, we offer our customers a variety of online options to help them understand their energy bill and manage their payments, including:
- Direct debit dashboard: customers can view their direct debit plan, make adjustments to monthly payments and request a refund if in credit. We try to ensure a zero balance at the end of a 12 month period, when we will automatically refund credit in excess of £75. In February, we announced that we will be offering customers a full annual refund if their account is in credit by £5 or more. This offer will be made at the time of the customer's annual review providing an up to date meter reading has been obtained.
  - Payment holidays: customers on fixed direct debit can take up to two payment holidays a year.
  - Predict next bill: this functionality allows customers to predict the cost of their next bill. In addition, when providing a meter read, customers are able to view the amount they have spent since their last bill.
  - EnergySmart: a free online service that can be added to any of our tariffs. It includes simple online graphs and tools to help customers track and reduce their energy usage and by submitting meter readings customers will receive accurate monthly bills.
  - Consumption charts and household comparison: customers can view their energy consumption over time and compare their consumption to other households in the area.
  - For our prepayment meter customers, our Home Energy Top Up unit allows them to go online to add credit to their prepayment meter from their own home – giving them convenience that can be of real benefit during the worst winter weather.
  - Hive Active Heating allows people to control their heating and hot water remotely from a smart phone, tablet, SMS, or via a website. Putting people in control of

their energy use and allowing them to only heat their homes and water when they need to, Hive Active Heating could save households up to £150 a year.

### **Warm Home Discount scheme**

3.7 Last winter, British Gas gave up to an extra £60 to its most vulnerable customers, on top of the £135 Warm Home Discount they received. British Gas uses the widest set of criteria in determining eligibility, meaning that more than 580,000 customers will have received up to £195 off their bills. Of these, just under 38,000 were in Wales.

### **British Gas Energy Trust**

3.8 The British Gas Energy Trust was established in 2004, the first national utility trust of its kind, solely funded by British Gas.

3.9 All UK households can seek advice or apply for grants from the trust, a registered charity, if they find themselves in debt, regardless of whether they are a British Gas customer.

3.10 British Gas donated £19.3m to the trust in 2013/14, making a total of £63m to date.

3.11 The trust makes a significant difference to the lives of those in need by awarding grants to clear energy debts and to repair or replace essential household appliances

3.12 The trust also funds a network of specialist fuel debt advisors who work in collaboration with a range of advisory organisations. In Wales, we work with Speakeasy Advice and Riverside Advice, both based in Cardiff, to provide a free face-to-face service.

3.13 In 2013, the trust made grants of £160,817 in Wales.

### **Dedicated support teams**

3.14 In addition to the support and assistance offered by our frontline agents, our Home Energy Care and Here to Help teams offer dedicated support to vulnerable customers who require help with bills and energy efficiency advice. Agents can discuss a variety of services including the Warm Home Discount scheme, our Priority Services Register, alternative format communications, free energy efficiency measures, meter moves and more.

3.15 We seek to identify vulnerable customers so we can make sure their energy supply is not interrupted. British Gas ensures that vulnerable customers are never disconnected.

### **Helping customers to manage their debt**

3.16 We attempt to call our customers in debt at least once a year and have been carrying out this activity since 2011.

- 3.17 Where contact is made, the weekly repayment arrangement is reviewed. Where the customer is found to be struggling to keep up with their payments, the repayment rate is reduced and where the customer prefers to reduce their debt quicker, their repayment arrangements can be increased, subject to ability to pay.
- 3.18 British Gas takes a proactive approach to making sure that prepayment customers do not self-disconnect. Since the start of 2014, we have a process to track vulnerable customers' consumption and vending patterns during the winter months. This process enables us to accurately and quickly determine if the customer has self-disconnected. Accounts for both fuels are analysed on a weekly basis and at the point that we consider a customer has run out of energy, they have 28 days to vend before we investigate further. This is the shortest period for any of the Big Six.
- 3.19 When we suspect that the customer has self-disconnected, we will first attempt to make contact through outbound calls, followed by lettering. If our attempts at contact remain unsuccessful, a specially trained advisor will visit the customer's property to assess their vulnerability and offer the most appropriate form of support. If upon contact, a customer confirms they are having difficulties topping up, we will offer assistance on a case by case basis. Early findings show that at point of contact, 50 per cent of customers have recently or are about to start vending again.
- 3.20 We are actively planning for system, process and training changes that will be required as a result of the introduction of Universal Credit, in particular, around our prepayment meter customers. We are engaging with the Department for Work and Pensions and consumer groups (including Citizens Advice and StepChange) to understand the likely impact of welfare reform on our customers.

## Other work in Wales

- 3.21 British Gas is working in partnership with Shelter Cymru to address conditions in the private rented sector, by helping people struggling with bad housing or debt. Through the partnership, we look to make sure renters and landlords know their rights and responsibilities and to influence housing policy so that conditions and energy efficiency in the sector are improved. In March, a briefing event was arranged for Assembly Members to share the findings of the biggest survey ever carried out of private tenants in Wales as part of this partnership.
- 3.22 In March, British Gas announced it will work with the fuel poverty charity National Energy Action and National Energy Action Cymru on an initiative to target the promotion of energy efficiency in communities across Britain. Details of the local partnerships – one of which will be in Wales – are still being finalised. Assembly Members will be kept informed of this project as it develops.

**National Assembly for Wales**  
**Environment and Sustainability Committee**  
**EEFP 11**  
**Inquiry into Energy Efficiency and Fuel Poverty**  
**Response from: EDF Energy**

**Memorandum from EDF Energy for the National Assembly for Wales' Environment and Sustainability Committee's inquiry into "Energy Efficiency and Fuel Poverty"**

**About EDF Energy**

1. EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. We provide 50% of the UK's low carbon generation. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have around six million electricity and gas customer accounts in the UK, including both residential and business users.

**Key Messages**

2. EDF Energy sees many benefits and opportunities from working closely with the Welsh Government. We both share the objectives of achieving value for money, careful targeting of funding, and assisting as many households as possible.
3. Following previous discussions with the Welsh Government, we considered the key areas where support could bring the most benefits and suggested opportunities for exploration, as outlined below:
  - a. **Lead Generation:** a partnership approach would facilitate the development of opportunities that fall outside Nest qualifying criteria but which are Affordable Warmth eligible.
  - b. **Housing Stock:** there is a strong need to support housing providers to gain a fuller understanding of the ECO measures needed for their particular stock. We would be interested in directly partnering with providers to develop ECO schemes and to explore ideas as to how the Welsh Government funding could provide support (such support being critical to rural areas to offset additional costs of delivery).
4. We are committed to working with Local Authorities and are in continued discussions to see how we can work together in a measured and managed manner. This will offer the best support to individual localised projects and the development of skills within Welsh communities.
5. We look forward to working closely together to the benefit of all parties involved, whilst focusing on effective support for households.

In relation to commenting on the National Assembly for the Wales' Environment and Sustainability Committee's Terms of reference, please note our response to the terms below.

**To examine progress towards meeting the Welsh Government's statutory targets for eradicating fuel poverty in Wales by 2018.**

6. EDF Energy recognises the challenges for the Welsh Government to meet its statutory targets for eradicating fuel poverty in Wales by 2018. There are practical challenges, for example:
  - a. The high proportion of properties with solid walls in rural locations, resulting in higher installation costs. We would recommend providing funding uplifts for those in fuel poverty living in this type of property to make delivery more cost effective for ECO obligated parties.

- b. As a result of progress and more up to date information, the 2010 Fuel Poverty strategy may be less aligned to the current situation.
7. Taking the above into account, we strongly recommend a review and update of the Fuel Poverty strategy should be considered to enable alignment with up to date information. This would encourage targets to be considered and set that have a better fit with current levels and circumstances.

**To consider the impact of the Welsh Government's existing energy efficiency programmes (Nest and Arbed) and UK Government initiatives such as the Green Deal.**

8. EDF Energy believes that those with practical experience of the existing energy efficiency programmes, Nest and Arbed, will be better placed to provide comment and evidence.
9. In terms of the next phase of the Green Deal, EDF Energy anticipates that the recent changes, for example, the increase in cash back payments, will encourage greater take up of the scheme.

**To review the implementation to date by the major energy suppliers of the Energy Company Obligation (ECO) and other measures to alleviate fuel poverty in Wales.**

10. EDF Energy has made significant contributions towards improving the energy efficiency of domestic households in Wales through its commitment to effective delivery of ECO. This follows our continued commitment in energy efficiency programme delivery, as we have previously indicated in programmes such as the Carbon Emissions Reduction Target (CERT). Furthermore, our Wales ECO delivery of measures (expressed as a percentage of our total UK ECO delivery) exceeds our percentage share of the Welsh energy market.
11. Delivery of the Warm Home Discount (WHD) initiatives has also taken place in Wales demonstrating our support to the most vulnerable households in Wales, helping to alleviate fuel poverty in Wales.

**Brief overview of delivery of energy efficiency measures in Wales and the associated challenges**

12. It is recognised that a considerable challenge for effective delivery of energy efficiency measures in Wales is the high percentage of properties that require solid wall insulation. As a result considerable financial investment is required to assist delivery.
13. One aspect of the challenge is that while Local Authorities have access to and apply for funding, the procurement process for spending the funds can create some issues including delays and lack of certainty. This can impact the ability to deliver measures smoothly and efficiently.
14. The established programmes of Arbed and Nest may also impact opportunities for new initiatives to be considered and launched.
15. It may be worthwhile considering how Local Authorities can be enabled to access greater practical guidance and support to establish more administrative resources and enhance understanding of their housing stock. This may present alternative delivery opportunities for implementation of energy efficiency measures and support to vulnerable households in the future through new schemes and partnerships.

**EDF Energy**

June 2014

**National Assembly for Wales  
Environment and Sustainability Committee  
EEFP 26  
Inquiry into Energy Efficiency and Fuel Poverty  
Response from: ScottishPower**

**MEMORANDUM OF WRITTEN EVIDENCE SUBMITTED BY  
SCOTTISHPOWER**

**Executive Summary**

1. ScottishPower is a major UK energy company with networks, generation and retail interests. It is part of the Iberdrola group, a major international utility and the world's leading wind power developer.
2. We supply over 5 million electricity and gas services to customers in Great Britain, with around 240,000 services to customers in Wales. ScottishPower Energy Networks (SP Manweb) is also the licensed Distribution Network Operator (DNO) in North and Mid Wales.
3. ScottishPower is an obligated supplier under the GB-wide Energy Companies Obligation (ECO) energy efficiency scheme and an accredited Green Deal Provider. Throughout 2013, our delivery under ECO has included a significant number of energy efficiency measures being installed in Wales.
4. We also provide a large element of support to low income and vulnerable households in Wales under the GB-wide Warm Home Discount scheme. In the last Warm Home Discount scheme year (i.e. 2013/14), ScottishPower provided over £2.2m of support to eligible customers in Wales.
5. Since 2005, the ScottishPower Energy People Trust has awarded funds of over £323,000 to nine projects across Wales, helping 9,158 low income or vulnerable individuals in 7,230 households.
6. Through these various initiatives and support schemes, we are focussed on seeking to provide widespread support to those on low incomes, or who are otherwise vulnerable, so as to minimise the risk and impacts of fuel poverty.

**RESPONSE TO QUESTIONS**

**A. Progress towards the Welsh Government's statutory targets for eradicating fuel poverty in Wales by 2018**

7. The latest UK Fuel Poverty Monitor (2014) published jointly by National Energy Action (NEA) and Energy Action Scotland (EAS) provided an assessment of fuel poverty levels across the UK and compares the differing approaches to tackling this issue in different areas.
8. The Welsh Government's target is to eradicate fuel poverty in Wales, as far as reasonably practicable, by 2018 (with interim targets to, as far as reasonably practicable, eradicate fuel poverty among vulnerable groups by 2010 and in social housing by 2012).<sup>1</sup>

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<sup>1</sup> <http://wales.gov.uk/topics/environmentcountryside/energy/fuelpoverty/strategy/?lang=en>

In that context, the Monitor report notes that the interim targets were not achieved and summarises a number of challenges, including:

- Rising energy prices;
- Lack of access to mains gas - with 264,500 households in Wales having no access to mains gas, which has the effect of increasing their overall energy costs;
- A relatively high proportion of houses with solid wall construction which are both costly to insulate and can sometimes be difficult to treat;
- Low incomes - with Wales remaining amongst the poorer parts of the European Union.

9. As can be seen from Table 1 below, 29% of all households in Wales are fuel poor, compared to 25% in Scotland and 15% in England when using the same definition of fuel poverty, namely, those households that spend more than ten per cent of their income on fuel.<sup>2</sup> The proportion of hard-to-treat housing in Wales and the extent to which households lack access to mains gas supply are key factors that help to explain the high proportion of fuel poor households in Wales.

**Table 1: Fuel poverty levels in the UK in 2011 by country (DECC)<sup>3</sup>**

Country	Number of households in fuel poverty (millions)	% of households in fuel poverty	Total number of households (millions)
England (10% definition)	3.2	15%	21.6
England (LIHC definition)	2.3	11%	21.6
Scotland	0.6	25%	2.3
<b>Wales</b>	<b>0.4</b>	<b>29%</b>	<b>1.3</b>
Northern Ireland	0.3	42%	0.7
<b>UK (10% of income definition)</b>	<b>4.3</b>	<b>c.17%</b>	<b>25.9</b>

10. It follows that the statutory target for 2018 remains a very challenging one though some progress is being made through delivery under GB wide schemes, such as ECO and Warm Home Discount, as well as under additional schemes developed and funded at a Welsh Government level.

## **B. Impact of the Welsh Government's Nest and Arbed energy efficiency programmes**

### Nest

11. The Nest scheme targets a very similar group of households to those targeted by the Home Heating Cost Reduction Obligation (HHCRO) under ECO for Affordable Warmth eligible households. Much work has been done to raise awareness of Nest and, in our experience, many householders in Wales are likely to apply to Nest in the first instance.

12. In recent months, householders that have been through the Nest application process and found not to be eligible, have then been referred to the GB-wide Energy Saving Advice Service (ESAS) and directed to their electricity supplier so as to check if they might be able to benefit from HHCRO measures under ECO. Ensuring that there is this kind of

<sup>2</sup> The Welsh Government assessed the impact of applying the new 'Low-income High-costs' definition of Fuel Poverty that has been adopted in England (following a review by Professor John Hills in 2012) but chose not to opt for the new measure.

<sup>3</sup> [DECC, Annual Report on Fuel Poverty Statistics, May 2013](#)



joined-up approach to providing access to the two schemes is clearly important. To date, we have received a limited number of these type of referrals from ESAS.

13. The establishment of Nest pre-dates the introduction of ECO. We are therefore working with Welsh Government officials to look at how any future changes to Nest could be developed in a way that better complements the delivery of measures under the HHCRO element of ECO, thereby ensuring that more homes in Wales can benefit from newer, more efficient heating systems.

#### Arbed

14. We welcome the Welsh Government's new Arbed programme which encourages local authorities in Wales to work closely with energy companies to develop bids for funding energy efficiency improvements. In particular, we consider that the rolling application process for funding under Arbed works well, given that in many other schemes in operation the often tight bidding deadlines mean that projects have to be submitted before they are fully developed, which can make delivery planning and cost control more challenging.
15. We support the concept of blending Arbed funding with local authority and ECO funding as this can help to meet the common objectives. Going forward, however, the Welsh Government will wish to consider this carefully in light of the UK Government's proposed changes to ECO. Any blending of public money with ECO funding needs to be done in a way that secures the delivery of additional measures beyond those already obligated under ECO. This is important in ensuring a good use of public money.

#### **C. Impact of the UK Government's Green Deal programme**

16. The Green Deal (GD) was launched on 28 January 2013 in England and Wales (and on 25 February 2013 in Scotland). There were on average 5 GD Assessments per 1,000 households in Great Britain with 4.5 per 1,000 households in Wales.
17. The GD incentives scheme has been available in England and Wales since January 2013. To date, there have been some 3.8 incentive payments per 10,000 households in England and Wales together and 3.4 incentive payments per 10,000 households in Wales alone. Scotland operates a separate incentive scheme.
18. On the other hand, the number of GD finance plans remains quite small and therefore reliable statistical inferences on this element cannot be drawn. Looking across all elements of the Green Deal, the evidence suggests that overall Green Deal activity in Wales is comparable with (though slightly below) levels elsewhere in Britain.

#### **D. Implementation of the UK Government's Energy Companies Obligation (ECO)**

19. DECC regularly publishes statistics showing delivery of ECO and, in particular, official statistics show delivery in Wales on a quarterly basis. According to DECC's latest Quarterly Statistics published in March 2014<sup>4</sup>, of the 528,886 measures that had been installed under ECO to the end of December 2013, 6% were installed in Wales (31,809), which is somewhat greater than the population share figure which is c.5%.
20. In Great Britain, on average, there were over 20 ECO measures installed per 1,000 households, but this increases to 24 per 1,000 households in Wales. This indicates that there is proportionately more ECO activity in Wales compared to Great Britain as a

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<sup>4</sup> <https://www.gov.uk/government/publications/green-deal-energy-company-obligation-eco-and-insulation-levels-in-great-britain-quarterly-report-to-december-2013>

whole. Given the higher incidence of fuel poverty amongst households in Wales, this is clearly helpful.

21. Our own experience of delivery in Wales is one of successful partnership working with local authorities and housing associations. We consider that this is key to facilitating cost-effective delivery at scale across local communities. We have worked closely with the Welsh Government on both the Nest and Arbed programmes, as well as with the Energy Saving Trust (EST) on ESAS Affordable Warmth referrals, to help deliver energy efficiency measures to households in Wales. As stated above, we have been focussed on ensuring that the various schemes operate in a complementary way so as to optimise effective delivery to households in Wales.
22. This focus on ensuring complementary schemes will be particularly important when it comes to implementation of the changes to ECO initially announced by the UK Government at the time of last year's Autumn Statement, and now being considered by the Department of Energy and Climate Change ('DECC') in light of the recent consultation on 'The Future of ECO'. A key element in this is to ensure that the way that the various schemes interact can maximise additionality, thereby optimising cost-effective delivery with the limited resources available.
23. In addition, funding of energy efficiency programmes such as ECO through consumer bills is more regressive than tax-funded schemes. We would therefore urge the Welsh Government to engage with the UK Government on the longer term funding of ECO through taxation.

#### **E. ScottishPower's other company-based initiatives to help customers at risk of fuel poverty**

24. ScottishPower is focussed on delivering a number of other company-based initiatives to help those at risk of fuel poverty. These are summarised below, with specific reference to delivery in Wales where possible:

##### Warm Home Discount

We provide a large element of support to low income and vulnerable households in Wales under the GB-wide Warm Home Discount scheme. In the last scheme year alone (i.e. 2013/14), ScottishPower provided over £2.2m of support to eligible customers in Wales. This amounts to 7% of our total Warm Home Discount spend in that scheme year, which is greater than Wales' share of the population figure which is c.5%.

##### The ScottishPower Energy People Trust

Our charity - The ScottishPower Energy People Trust - has awarded funds of £323,801 to 9 projects across Wales since 2005, helping 9,158 low income or vulnerable individuals at risk of fuel poverty in 7,230 households. See Annex B for a case study example of one of these projects.

##### Community Liaison Officers

ScottishPower operates a dedicated team of Community Liaison Officers, a number of whom operate across Wales, providing face-to-face support and advice to vulnerable customers on all energy issues whenever needed.

##### Winter Commitments

For the last two years we have announced a series of Winter Commitments to help our most vulnerable customers. These included: a commitment to no disconnections through the winter; not putting a limit on broader-group Warm Home Discount spend; suspending debt follow-up for our most vulnerable prepayment customers; and

continuing to remind our quarterly credit customers that they could switch to cheaper tariffs.

#### Priority Services Register

The Priority Services Register is a free service available to customers who may need more support due to an illness or disability. Key benefits include a free gas safety check, a password service (for any representatives such as meter readers to quote when they visit so as to reassure about their identity) and access to bills in an alternative format (including braille, large print and CD).

#### National Debtline

Our partnership with the National Debtline is designed to help those customers showing signs of needing debt advice or otherwise needing help in managing their debt. The National Debtline adviser seeks to work through the individual circumstances of a customer taking into account all income and expenditure. As part of this support work, they also check to see if a customer is entitled to any additional benefits.

**ScottishPower**  
17 June 2014

**Annex A – DECC’s Green Deal and Energy Company Obligation (ECO): January – March 2013 Statistics<sup>5</sup>**

**Table 1.10: Number of Cashback vouchers paid by region, up to 31st December 2013, England and Wales**

Area names	Total number of Cashback vouchers paid	Valid percentage of Cashback vouchers paid <sup>1 2</sup>	Households with at least one usual resident <sup>3</sup>	Cashback vouchers paid per 10,000 households
<b>England and Wales</b>	<b>8,924</b>	<b>100</b>	<b>23,366,044</b>	<b>3.8</b>
<b>England</b>	<b>8,239</b>	<b>95</b>	<b>22,063,368</b>	<b>3.7</b>
North East	248	3	1,129,935	2.2
North West	2,059	24	3,009,549	6.8
Yorkshire and The Humber	969	11	2,224,059	4.4
East Midlands	846	10	1,895,604	4.5
West Midlands	802	9	2,294,909	3.5
East	384	4	2,423,035	1.6
London	658	8	3,266,173	2.0
South East	1,306	15	3,555,463	3.7
South West	967	11	2,264,641	4.3
<b>Wales</b>	<b>448</b>	<b>5</b>	<b>1,302,676</b>	<b>3.4</b>

**Table 1.6: Number of Green Deal Assessments lodged by region, up to 31st December 2013**

Area names	Green Deal Assessments	Percentage of Assessments	Households with at least one usual resident <sup>1</sup>	Green Deal Assessments per 1,000 households
<b>Great Britain</b>	<b>129,842</b>	<b>100</b>	<b>25,738,820</b>	<b>5.0</b>
<b>England</b>	<b>109,685</b>	<b>85</b>	<b>22,063,368</b>	<b>5.0</b>
North East	3,976	3	1,129,935	3.5
North West	17,997	14	3,009,549	6.0
Yorkshire and The Humber	12,739	10	2,224,059	5.7
East Midlands	11,538	9	1,895,604	6.1
West Midlands	18,063	14	2,294,909	7.9
East	8,474	7	2,423,035	3.5
London	12,090	9	3,266,173	3.7
South East	15,855	12	3,555,463	4.5
South West	8,953	7	2,264,641	4.0
<b>Wales</b>	<b>5,875</b>	<b>5</b>	<b>1,302,676</b>	<b>4.5</b>
<b>Scotland</b>	<b>14,282</b>	<b>11</b>	<b>2,372,780</b>	<b>6.0</b>

<sup>5</sup> [Domestic Green Deal, Energy Company Obligation and Insulation Levels in Great Britain- Quarterly report, 20 March 2014](#)

**Table 1.7: Number of 'live' Green Deal Plans by Region, up to 31st December 2013**

Area names	'Live' Green Deal Plans	Percentage of Plans	Households with at least one usual resident <sup>1</sup>	Green Deal Plans per 1,000,000 households
<b>Great Britain</b>	<b>626</b>	<b>100</b>	<b>25,738,820</b>	<b>24.3</b>
<b>England</b>	<b>270</b>	<b>43</b>	<b>22,063,368</b>	<b>12.2</b>
North East	10	2	1,129,935	8.9
North West	23	4	3,009,549	7.6
Yorkshire and The Humber	26	4	2,224,059	11.7
East Midlands	33	5	1,895,604	17.4
West Midlands	33	5	2,294,909	14.4
East	13	2	2,423,035	5.4
London	30	5	3,266,173	9.2
South East	58	9	3,555,463	16.3
South West	44	7	2,264,641	19.4
<b>Wales</b>	<b>8</b>	<b>1</b>	<b>1,302,676</b>	<b>6.1</b>
<b>Scotland</b>	<b>348</b>	<b>56</b>	<b>2,372,780</b>	<b>146.7</b>

**Table 1.11a: Provisional number of ECO measures by ECO obligation by administrative area, up to 31st December 2013**

Area Codes	Area names	Obligation			Total number of ECO measures delivered	Valid percentage of ECO measures delivered <sup>1</sup>	Households with at least one usual resident <sup>3</sup>	ECO measures per 1,000 households
		Carbon Saving Target (CSO)	Carbon Savings Community (CSCO)	Affordable Warmth (HHCRO)				
W92000004	WALES	8,566	3,765	19,478	31,809	6.0	1,302,676	24.4
W06000001	Isle of Anglesey / Ynys Môn	28	14	141	183	0.0	30,594	6.0
W06000002	Gwynedd / Gwynedd	115	18	221	354	0.1	52,473	6.7
W06000003	Conwy / Conwy	375	41	758	1,174	0.2	51,177	22.9
W06000004	Denbighshire / Sir Ddinbych	155	49	696	900	0.2	40,546	22.2
W06000005	Flintshire / Sir y Fflint	422	92	868	1,382	0.3	63,781	21.7
W06000006	Wrexham / Wrecsam	265	51	436	752	0.1	57,029	13.2
W06000023	Powys / Powys	105	3	170	278	0.1	58,345	4.8
W06000008	Ceredigion / Ceredigion	107	3	125	235	0.0	31,562	7.4
W06000009	Pembrokeshire / Sir Benfro	505	79	321	905	0.2	53,122	17.0
W06000010	Carmarthenshire / Sir Gaerfyrddin	269	79	879	1,227	0.2	78,829	15.6
W06000011	Swansea / Abertawe	462	199	1,541	2,202	0.4	103,497	21.3
W06000012	Neath Port Talbot / Castell-nedd Port Talbot	602	210	1,219	2,031	0.4	60,393	33.6
W06000013	Bridgend / Pen-y-bont ar Ogwr	307	234	1,252	1,793	0.3	58,515	30.6
W06000014	The Vale of Glamorgan / Bro Morgannwg	484	61	719	1,264	0.2	53,505	23.6
W06000015	Cardiff / Caerdydd	1,443	921	2,331	4,695	0.9	142,557	32.9
W06000016	Rhondda Cynon Taf / Rhondda Cynon Taf	456	532	3,211	4,199	0.8	99,663	42.1
W06000024	Merthyr Tydfil / Merthyr Tudful	43	152	637	832	0.2	24,264	34.3
W06000018	Caerphilly / Caerffili	773	408	1,534	2,715	0.5	74,479	36.5
W06000019	Blaenau Gwent / Blaenau Gwent	92	192	734	1,018	0.2	30,416	33.5
W06000020	Torfaen / Tor-faen	649	100	509	1,258	0.2	38,524	32.7
W06000021	Monmouthshire / Sir Fynwy	280	1	189	470	0.1	38,233	12.3
W06000022	Newport / Casnewydd	629	326	987	1,942	0.4	61,172	31.7

## **Annex B – The ScottishPower Energy People Trust – Case Study**

### Neath Port Talbot County Borough Council

In December 2009, Neath Port Talbot County Borough Council – Welfare Rights Unit, was awarded £72,930 for a two year project “Fuelling Kids”, which provided comprehensive Welfare Benefits advice within some of the poorest regions in Wales.

The project targeted families most at risk of fuel and income poverty, providing them with Benefit Health Checks, debt and energy efficiency advice. The support workers contacted clients through partnership working with other organisations, running and attending events and through Surgeries at Schools. The funding provided for one full time and one part time support worker for two years.

Eich cyf/Your ref  
Ein cyf/Our ref

Alun Ffred Jones AC  
Cadeirydd  
Pwyllgor yr Amgylchedd a Chynaliadwyedd  
Cynulliad Cenedlaethol Cymru

16 Hydref 2014

Annwyl Alun

## Ymchwiliad i ailgylchu yng Nghymru – rhagor o wybodaeth

Diolch i chi am eich llythyr dyddiedig 2 Hydref. Rwyf wedi rhoi atebion i'ch cwestiynau isod, yn yr un drefn.

### 1. Dewisiadau deiliad y tŷ

Mae materion gwahanol i'w trafod ynghylch dewisiadau deiliad y tŷ sydd angen eu hystyried. Y cyntaf yw yr egwyddor o ymgynghori â phreswylwyr ynghylch gwasanaethau ac yn ail y mater cyfreithiol mwy cyfyng sydd yn y canllawiau drafft ar gasgliadau ar wahân.

Mae'n ymarfer da i awdurdodau lleol ymgynghori â'u preswylwyr a gwranddo arnynt, a bod dewisiadau deiliaid tai yn cael eu hystyried wrth gynllunio a darparu gwasanaethau cyhoeddus. Mae hyn yn ofyniad o ran yr amcanion gwella sy'n cael eu pennu ym Mesur Llywodraeth Leol (Cymru) 2009 (nid Mesur 2011). Gall y cyhoedd gyfrannu syniadau newydd sy'n golygu bod modd i wasanaethau fod yn fwy effeithlon ac effeithiol.

Fodd bynnag, mae'n rhaid i awdurdodau lleol sicrhau bod eu gwasanaethau rheoli gwastraff yn gweithredu o fewn y gyfraith. Mae Rheoliadau Gwastraff (Cymru a Lloegr) 2011 yn rhoi effaith i'n hymrwymiaidau i'r Undeb Ewropeaidd o dan Gyfarwyddeb 2008/989/EC. Mae'r Gyfarwyddeb honno yn ei gwneud yn ofynnol i aelod wladwriaethau gasglu gwastraff ar wahân os yw hynny'n ymarferol yn dechnegol, yn amgylcheddol ac yn economaidd. Mae canllawiau drafft Rheoliadau 2011 yn datgan na fydd dewisiadau deiliaid tai yn amddiffyniad o ran methiant i gydymffurfio â'r gofyniad hwnnw. Mae fy swyddogion yn ystyried yr ymatebion i'r ymgynghoriad ar y canllawiau drafft ar hyn o bryd.

Pan fydd yn rhaid i wasanaethau newid er mwyn cydymffurfio, bydd angen i awdurdodau lleol egluro i ddeiliaid y tai pam a sut er mwyn iddynt fodloni â'r newidiadau. Mae'n rhesymol i ddisgwyl i'r awdurdod lleol fynd i'r afael â chyfraddau cyfranogi isel neu ymysylltu aneffeithiol gyda'u gwasanaethau rheoli gwastraff er mwyn cyflawni hyn.

Mae awdurdodau eisoes yn gwneud hyn ledled cymru gan bod nifer o wasanaethau'n newid, er enghraifft sut y caiff y gwastraff gweddilliol ei gasglu, ac mae'n bwysig i awdurdodau lleol drafod yn rheolaidd ac yn fanwl gyda'u preswylwyr. Mae'n amlwg o brofiad ledled Cymru bod deiliaid tai yn hapus gyda gwasanaethau didoli ar garreg y drws, a'u bod yn defnyddio gwasanaethau o'r fath pan fyddant yn cael eu rhedeg yn effeithiol ac yn cael eu hegluro'n iawn.

Mae'r Rhaglen Newid Gydweithredol ar gyfer gwastraff yn helpu awdurdodau lleol i edrych ar yr opsiynau sydd ar gael iddynt, gan gynnwys Glasbrint Casgliadau Llywodraeth Cymru, i'w cymharu â'u gwasanaethau presennol, o fewn y cyd-destun penodol ac amgylchiadau eu hardal a'r boblogaeth, i sicrhau y gost a'r gwerth am arian gorau un, a bod cynghorau yn cyrraedd eu targedau ailgylchu yn y dyfodol.

Gallaf sicrhau'r Pwyllgor fod y Llywodraeth yn ystyriol o'r dyletswyddau cyfreithiol sy'n cael eu gosod ar awdurdodau lleol o dan Reoliadau Gwastraff (Cymru a Lloegr) 2011 ac o dan Fesur Llywodraeth Leol (Cymru) 2009. Nid yw'n anghyffredin i fwy nag un darn o gyfraith reoleiddiol fod yn berthnasol i sefyllfa benodol, ac nid ydym yn gweld unrhyw anhawster i gael yr awdurdod lleol i gydymffurfio â'r ddau. Gall yr awdurdodau lleol ddangos eu bod yn cydymffurfio â Mesur 2009 drwy ystyried safbwyntiau a dewisiadau deiliaid tai wrth benderfynu sut y maent yn cydymffurfio â Rheoliad 13 Rheoliadau 2011.

## **2. Cydweithio ag Awdurdodau Lleol**

Mae awdurdodau lleol a Llywodraeth Cymru yn edrych ar ffyrdd y gallwn gydweithio i wneud y gorau o'r incwm o werthu deunyddiau y gellir eu hailgylchu. Mae gwelliannau posib y gallem eu gwneud hefyd i sicrhau bod deunyddiau sy'n cael eu casglu yng Nghymru yn cael eu hailgylchu a'u hailbrosesu yma, ac ar gael i weithgynhyrchwyr yng Nghymru. Bydd hyn, yn ogystal â chynigion Bil yr Amgylchedd yn gwneud cyfraniad mawr i helpu i gyflawni uchelgeisiau Llywodraeth Cymru o ran 'twf gwyrdd' a chreu swyddi gwyrdd yng Nghymru. Tra rydym yn ystyried yr opsiynau, mae Rhaglen Gweithredu'r Cynllun Gwastraff ac Adnoddau wedi dechrau helpu awdurdodau lleol yn ddiweddar i farchnata eu deunyddiau fel rhan o'r broses o gyflawni'r Rhaglen Newid Gydweithredol. Bydd Rhaglen Gweithredu'r Cynllun Gwastraff ac Adnoddau yn adrodd ar effeithiau'r gwaith hwn dros y flwyddyn nesaf.

## **3. Grant rheoli Gwastraff Cynaliadwy (SWMG)**

Cafodd y Grant Rheoli Gwastraff Cynaliadwy ei gyflwyno yn 2001/02 i helpu awdurdodau lleol i gyrraedd y targedau atal gwastraff ac ailgylchu a bennwyd yn strategaeth wastraff Llywodraeth Cymru bryd hynny, 'Yn Gall gyda Gwastraff' a gyhoeddwyd yn 2002 (wedi'i ddisodli yn 2010 gan Tuag at Ddyfodol Diwastraff). Mae'r targedau newydd yn dangos y newid mawr o'r hen ffyrdd o gasglu a gwaredu gwastraff a dealltwriaeth y sector o'r technolegau sydd ar gael, ac roedd y gwasanaethau newydd fyddai eu hangen yn llawer mwy cyfyngedig nad ydynt heddiw. O ganlyniad, cymharol ychydig o amodau am gyflunio gwasanaethau yn gysylltiedig â'r grant, a dyluniad y gwasanaethau, sy'n cael eu penderfynu ar lefel leol.

Mae rhai amodau wedi'u hychwanegu yn ddiweddar i eithrio rhai mathau o dechnolegau ac arferion sydd wedi dangos nad ydynt yn rhoi canlyniadau amgylcheddol neu economaidd da, neu i osgoi cost di-angen, er enghraifft drwy beidio â chaniatáu i grant gael ei ddefnyddio i ariannu 'MRFs budr' (cyfleusterau ailgylchu mecanyddol ar gyfer gwastraff cymysg a oedd yn ceisio didoli gwastraff cymysg gan gynnwys bwyd, ailgylchu sych a gwastraff gweddilliol gyda'i gilydd) o 2006-07. Dywedodd Llywodraeth Cymru hefyd yn 2007-08 na fyddai bellach yn cefnogi buddsoddi mewn MBT (triniaeth fecanyddol a biolegol).



Mae'r profiad y gwahanol fathau o gasglu a didoli gwastraff a deunydd eildro dros y ddegawd ddiwethaf wedi golygu ein bod yn deall yn llawer gwell yr opsiynau sydd, a'r opsiynau gorau. Mae hyn yn cynnwys y costau ariannol ac amgylcheddol, a manteision gwahanol opsiynau ac arfer da. Mae'r tueddiad wedi bod tuag at wasanaethau rheoli gwastraff mwy cynaliadwy sy'n galw am wahanu gwastraff yn gynt a gwahanu gwahanol ddeunyddiau i'w hailgylch yn gynt yn y gadwyn gyflenwi. Mae llawer mwy o bwyslais bellach ar ddefnyddio adnoddau'n effeithiol, a'r economi gylchol neu dolen gaeedig yn hytrach na dim ond ystyried sut y byddwn yn casglu ac yn cael gwared ar ein gwastraff, sy'n golygu bod pwyslais ar wneud pethau'n wahanol. Mae datblygu'r syniadau a'r technolegau hyn yn cael eu hadlewyrchu yn y Glasbrint Casgliadau a gafodd ei gyhoeddi gan Lywodraeth Cymru yn 2011.

Roedd cynnydd sylweddol yn lefel y Grant Rheoli Gwastraff Cynaliadwy yn y cyfnod 2008–2012, yn enwedig i gynnal y broses o gasglu gwastraff bwyd ar wahân o gartefi. Bellach mae dros 96% o gartrefi Cymru yn rhan o'r broses hon, ac mae'n un o'r elfennau sydd wedi helpu i godi lefelau ailgylchu yng Nghymru mor ddramatig, ac i sicrhau bod Cymru yn cyrraedd targedau yr UE o ran dargyfeirio bio-wastraff o safleoedd tirlenwi. Yn ei dro, mae'n helpu Cymru i osgoi dirwyon gan y Comisiwn Ewropeaidd am fethu â chyrraedd targedau dargyfeirio.

Wedi cyhoeddi'r Glasbrint Casgliadau, y ffordd y mae Llywodraeth Cymru wedi ei ddewis i hyrwyddo y defnydd ohono hyd yma yw helpu awdurdodau lleol i'w ddefnyddio yn eu hardaloedd, ochr yn ochr â'r gwasanaethau presennol, ac unrhyw opsiynau eraill y maent yn dymuno eu hystyried, gan ystyried ffactorau lleol. Mae'r dull hwn o gydweithio yn dechrau talu ffordd, gyda'r awdurdodau cyntaf yn dod drwy'r broses o werthuso opsiynau a chynllunio busnes ac yn symud ymlaen tuag at ddefnyddio gwasanaethau eraill. Mae'n bosib gweld y manteision yn y canlyniadau amylcheddol gwell a'r gostyngiad yng nghostau'r gwasanaethau wrth i'r gwasanaethau symud tuag at gasglu ar wahân.

Cafodd amodau'r Grant Rheoli Gwastraff Cynaliadwy eu haddasu yn 2012-13 i hyrwyddo dull Glasbrint Llywodraeth Cymru:

"Mae'n rhaid rhoi blaenoriaeth i gynlluniau casglu ailgylchu a chompostio (a threulio anaerobig) sy'n cael eu didoli o'r cychwyn cyntaf er mwyn darparu deunyddiau o safon uchel i ail-broseswyr. Mae hyn yn golygu bod mantais o ran gostwng allyriadau carbon o ailgylchu a chompostio (a threulio anaerobig). Dewis Llywodraeth Cymru yw defnyddio dulliau didoli ar garreg y drws ar gyfer ailgylchu yn unol â'r "Glasbrint Casgliadau" a gyhoeddwyd ar 10 Mawrth 2011."

Yn 2013-14 cafodd yr amodau eu cryfhau i beidio ag annog awdurdodau lleol a oedd yn cynnal casgliadau ar wahân rhag newid i ddulliau ailgylchadwy cymysg:

"Nid bwriad y Cyllid hwn yw newid o wasanaethau ail-gylchadwy cymysg i wasanaethau ailgylchu didoli ar garreg y drws. Os oes awdurdod lleol yn darparu gwasanaeth ailgylch ar garreg y drws ar hyn o bryd, ni chaiff ddefnyddio'r Grant Rheoli Gwastraff Cynaliadwy i newid i wastraff ailgylchadwy cymysg."

Hefyd, dywedwyd wrth awdurdodau lleol ym mis Chwefror 2011 yn ystod cyfarfod Gweinidog yr Amgylchedd bryd hynny gydag aelodau cabinet yr awdurdodau lleol y byddai lefelau ariannu y Grant Rheoli Gwastraff Cynaliadwy yn cael ei ostwng mwy a mwy dros y blynnyddoedd nesaf. Roedd hwn yn gam rhesymol o ystyried yr arbedion posib o ddefnyddio'r Glasbrint Casgliadau.

Fel y dywedais pan siaradais â'r Pwyllgor, mae'n bendant bod lle am fwy o gysondeb o ran gwasanaethau rheoli gwastraff awdurdodau lleol. Yn ogystal â helpu i leihau y dryswch

posib o ran yr hyn y gellir ac na ellir ei ailgylchu, a sut, byddai'n golygu manteision caffael ac yn helpu i leihau costau.

Mae trefniadau'n cael eu gwneud ar hyn o bryd i adolygu'r Grant Rheoli Gwastraff Cynaliadwy. Byddaf yn rhoi'r newyddion diweddaraf i'r Pwyllgor o ran sut y mae'r adolygiad hwn yn mynd rhagddo. Bydd yr adolygiad hwn yn cael ei gynnal ar y cyd â rhanddeiliaid llywodraeth leol.

#### **4. Costau ailgylchu**

Mae costau ailgylchu a rheoli gwastraff yn ehangach yn cael eu casglu gan Gymdeithas Llywodraeth Leol Cymru i hwyluso meincnodi ariannol. Mae adroddiadau meincnodi ar gyfer 2009-10 i 2012-13 wedi'u hatodi.

Yn gywir

A handwritten signature in cursive script, reading 'Carl Sargeant'.

**Carl Sargeant AC**  
Y Gweinidog Cyfoeth Naturiol

Mae'r atodiadau i'r papur (adroddiadau meincnodi ar gyfer 2009-10 i 2012-13 ar gael ar dudalen yr ymchwiliad ailgylchu ar wefan y Pwyllgor:  
<http://www.senedd.cynulliad.cymru/mgIssueHistoryHome.aspx?Ild=9794>

# Eitem 8.2

Carl Sargeant AC / AM  
Y Gweinidog Cyfoeth Naturiol  
Minister for Natural Resources



Llywodraeth Cymru  
Welsh Government

Chair of the Environment and Sustainability Committee

5<sup>th</sup> November 2014

Dear Chair ✓

I have today laid before the Assembly a proposed Order under section 109 of the Government of Wales Act 2006 ("the 2006 Act"), which seeks to amend Schedule 7 to the 2006 Act so as to confer legislative competence upon the National Assembly for Wales to amend section 79 (sustainable development) of the 2006 Act.

The Sustainable Development Bill White paper, published in December 2012, set out the Welsh Government's intention to bring replace the existing duty in section 79 of the 2006 Act to promote sustainable development, but that the National Assembly for Wales does not have the legislative competence to amend that section. If this Order is agreed, I intend to bring forward a Government amendment to the Well-being of Future Generations (Wales) Bill ("the Bill") which amends the 2006 Act as soon as I am able to.

Because of the ongoing negotiations with the UK Government to get to this stage, I have not been able to lay this proposed Order before now or to discuss it with you at one of my appearances before the Committee for scrutiny of the Bill, which I would have hoped to do if I had been able to bring the Order forward earlier.

I attach a copy of the Explanatory Memorandum for the Order, also today laid before the Assembly. I know the Committee is extremely busy but if time and calendars permit, I would be happy to appear for a short scrutiny session if that would be helpful. Alternatively, I would be happy to write with further information.

I have copied this letter to David Melding AM, Chair of the Constitutional and Legislative Affairs Committee.

Yours sincerely

A handwritten signature in black ink, appearing to be 'C. Sargeant', with a small dot at the end.

**Carl Sargeant AC / AM**  
Y Gweinidog Cyfoeth Naturiol  
Minister for Natural Resources

## **EXPLANATORY MEMORANDUM**

### **CONSTITUTIONAL LAW: DEVOLUTION, WALES**

#### **THE GOVERNMENT OF WALES ACT 2006 (AMENDMENT) ORDER 2015**

#### **Proposal for an Order under section 109 of the Government of Wales Act 2006 relating to legislative competence to amend section 79 of that Act (sustainable development)**

##### **Introduction**

1. This Memorandum is laid under Standing Order ("SO") 25 which relates to Orders in Council to be made under section 109 of the Government of Wales Act 2006 ("the 2006 Act").
2. Section 109 of the 2006 Act empowers Her Majesty, by Order in Council, to amend Schedule 7 to the 2006 Act, provided that the Order has first been approved by the National Assembly for Wales and both Houses of Parliament.
3. SO 25.5 prescribes that, at the same time as a proposed Order under SO 25.4 is laid, an Explanatory Memorandum must also be laid. This Memorandum therefore accompanies the proposed Order and sets out the background to the provisions in the proposed Government of Wales Act 2006 (Amendment) Order 2015.

##### **Summary and purpose of the Order**

4. The instrument ("the Order") would amend Schedule 7 to the 2006 Act so as to confer legislative competence upon the National Assembly for Wales ("the Assembly") to make modification of, or confer power by subordinate legislation to make modification of, section 79 (sustainable development) of the Government of Wales Act 2006 ("the 2006 Act").
5. This Order itself does not make any other change, but would merely allow the Assembly to consider amending section 79 of the 2006 Act, should it choose to do so. The Welsh Government would hope to bring forward such an amendment to section 79 during the course of the Well-being of Future Generations (Wales) Bill ("the WFG Bill").

##### **Legislative context**

6. Section 108 of the 2006 Act, together with Schedule 7, sets out the extent of the Assembly's legislative competence to pass Acts of the Assembly. The 2006 Act contains provisions specifying that an Act of the Assembly cannot make modifications of the 2006 Act (Schedule 7, Acts of the Assembly, Part 2, General Restrictions, paragraph 5, subparagraph (1)).

7. Part 2, paragraph 5, sub-paragraph (2) of Schedule 7 to the 2006 Act specifies a list of specific provisions within the 2006 Act to which sub-paragraph (1) does not apply, and to which an Act of the Assembly may therefore make modification or confer power by subordinate legislation to make modifications of, provisions contained in the 2006 Act.
8. Section 109 of the 2006 Act specifies that Her Majesty may by Order in Council amend Schedule 7 to the 2006 Act.
9. This Order amends paragraph 5(2) of Part 2 of Schedule 7 to the 2006 Act to include section 79 (Sustainable development) so as to confer legislative competence upon the Assembly to amend section 79 of the 2006 Act (sustainable development).
10. The Order will come into effect on the day after it is made.
11. The WFG Bill introduced in the Assembly by the Welsh Government on 7 July 2014 and currently under Assembly scrutiny provides for duties on the Welsh Ministers in respect of sustainable development. An amendment to the Bill will be tabled to include a provision making such amendment to the 2006 Act, should this Order be approved.
12. The Bill, subject to the will of the Assembly and to Royal Assent, is anticipated to become law in April 2015.

### **Policy background**

13. Acting on sustainable development is a part of the current Welsh devolution settlement. The Welsh Government is in the process of legislating to add depth and detail to sustainable practice across the public sector and enshrine the commitment to sustainable development within legislation requiring specified public sector organisations to make progress to contribute to the well-being of a sustainable Wales.
14. The current duty on the Welsh Ministers in respect of sustainable development at section 79 of the 2006 Act is to publish a scheme setting out how they will promote sustainable development; report on how the scheme has been implemented each financial year; and report on the scheme's effectiveness.
15. The effectiveness reviews suggest that the existing duty does not go far enough, and there is agreement with this suggestion amongst stakeholders.
16. The independent effectiveness reviews of the implementation of the duty have levelled criticism that the statutory scheme is *"being seen as one of*

*a number of competing priorities, rather than the means by which the [Welsh] Government manages its competing priorities"<sup>1</sup>.*

17. This has also been recognised by the current Commissioner for Sustainable Futures for Wales in his independent commentary on the Welsh Government's Sustainable Development Annual Report 2012/13, where he highlighted "*systemic weakness in the current governance structures for sustainable development and the associated reporting of progress*".
18. The WFG Bill seeks to address these weaknesses by ensuring that the Welsh Ministers (together with specified public bodies) set well-being objectives that are aligned with the well-being goals provided for within the WFG Bill, and that these goals are being achieved in a sustainable way. This means applying the sustainable development principle provided by the WFG Bill, employing the five governance approaches of collaboration (working together); long term thinking (future proofing); prevention (avoiding problems from arising in the first place); integration (looking at all the goals together); and citizen centred policymaking (engaging with people). Embedding sustainable development throughout specified Welsh public bodies requires strong leadership and an exemplary approach at the highest levels.
19. As noted above, the WFG Bill provides substantive duties on the Welsh Ministers in respect of sustainable development and the amendment to section 79 of the 2006 Act will ensure alignment and consistency between the two pieces of legislation and provide clarity in the statute book.
20. The WFG Bill strengthens existing governance arrangements for improving the well-being and sustainable development of Wales in order to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs (the sustainable development principle). It identifies well-being goals which specified public bodies are to seek to achieve in order to improve the well-being and sustainable development of Wales both now and in the future. The Bill will:
  - a. Set six statutory well-being goals for the pursuit of the "common aim" of improving the economic, social and environmental well-being of Wales. Specified public bodies will contribute to the well-being goals through the setting and meeting of well-being objectives in accordance with the sustainable development principle;
  - b. Establish the office of the Future Generations Commissioner for Wales;

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<sup>1</sup> *Effectiveness Review of the Sustainable Development Scheme*, 31 January 2012. <http://wales.gov.uk/topics/sustainabledevelopment/publications/effectivenessreview2012/?lang=en>



- c. Establish a Public Services Board for each local authority area in Wales and require them to prepare and publish assessments of local well-being and local well-being plans. (In doing so, the Bill simplifies current requirements as regards integrated community planning, including repealing duties for Health and Social Care Well-being plans, Children and Young People's plans and Community plans.)

### **Consultation outcome**

21. This Order has been discussed and agreed with the Wales Office.
22. There has been no public consultation on this draft Order. A number of public consultations have already taken place on the primary legislation which the Welsh Government has introduced which relates to the topic which this Order applies to, as described below, including the impact on the existing duty.
23. An engagement event held in December 2011 to investigate what legislative measures stakeholders considered appropriate highlighted support for the proposal to legislate in respect of the now introduced WFG Bill.
24. A consultation paper took public opinion on what a new legislative proposal may look like in respect of sustainable development in Wales; the consultation ran from 9 May to 17 July 2012. Where present, opinion on how a new law should look in comparison to the existing duty at section 79 was uniform: stakeholders wanted a duty on the Welsh Ministers which went further than the existing provisions requiring a 'scheme to promote' sustainable development.
25. A white paper was published in December 2012 with specific proposals on a new sustainable development law in Wales. The consultation ran from 3 December 2012 to 4 March 2013 and generated 3927 responses (including 3749 campaign responses), which directly informed the development of the approach outlined in the white paper.
26. Responses to this consultation raised no issues with the aim, explicitly stated in the paper, of seeking to amend the existing duty at section 79 of the 2006 Act, so long as doing so did not delay the new sustainable development legislation. Some stakeholders also recognised the importance of a duty in section 79 of the 2006 Act which complemented the new sustainable development legislation.
27. The Welsh Government's report on the Consultation Summary was published in May 2013 and all the responses were published on the Welsh Government website in June 2013. The summary report included details of the organisations notified of the White Paper consultation together with a list of respondents.

## **Financial Implications**

28. There would be no financial implications arising from this Order. A full impact assessment was carried out on the WFG Bill at the time of its introduction to the National Assembly for Wales and will be revised following Stage 2 scrutiny.

**Carl Sargeant**  
**Minister for Natural Resources**  
November 2014

**Y Pwyllgor Deisebau  
Petitions Committee**

**Eitem 8.3**

Cyfrillad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



Alun Ffred Jones AM  
Chair of the Environment and  
Sustainability Committee  
Welsh Government  
Tŷ Hywel  
Cardiff Bay  
CF99 1NA

Bae Caerdydd / Cardiff Bay  
Caerdydd / Cardiff  
CF99 1NA

Our ref: P-04-575

October 2014

Dear *Alun Ffred*

The Petitions Committee is currently considering the following petition submitted by Bethany Walpole which collected 1008 signatures:

**Petition: P-04-575 Call in All Opencast Mining Planning Applications**

*We call upon the National Assembly for Wales to urge the Welsh Government to call in all opencast mining planning applications over 10 years duration or over 350 hectares in size because the implications of these developments are far reaching and long standing with effects beyond the immediate locality.*

At our meeting on 7 October, the Committee considered the attached correspondence from Carl Sargeant, in his previous Ministerial role, and from the Petitioner. I attach copies of this correspondence for your information.

The Committee agreed to seek the Minister's views on the petitioners' comments and thereafter, consider reporting on the petition to the Assembly so that the matter can be debated in plenary as requested by the petitioners.

We also agreed to draw the petition to the attention of Environment and Sustainability Committee and ask whether the general issues underlying the petition are ones that your Committee might consider looking at in more depth as part of its forward work programme.

Bae Caerdydd / Cardiff Bay  
Caerdydd / Cardiff  
CF99 1NA

Ffôn / Tel: 029 2089 8242  
E-bost / Email: [Petition@wales.gov.uk](mailto:Petition@wales.gov.uk)

I would be grateful if you could draw this letter to the attention of the Committee and let me know their views.

I would be grateful if your response could be sent to the Clerking team at [Petition@Wales.gov.uk](mailto:Petition@Wales.gov.uk).

I look forward to receiving your response.

Yours sincerely



**William Powell AC / AM**  
Cadeirydd / Chair

Enclosures:

- Correspondence from the Minister for Housing and Regeneration dated 7 September 2014;
- Correspondence from the Petitioner dated 30 October 2014.



Eich cyf/Your ref P-04-575  
Ein cyf/Our ref CS/01115/14

William Powell AC  
Cadeirydd y Pwyllgor Deisebau

committeebusiness@cymru.gsi.gov.uk

7 Medi 2014

Annwyl Bill,

Diolch i chi am eich llythyr dyddiedig 14 Awst ar ran y Pwyllgor Deisebau. Ynddo, rydych yn ceisio fy marn ynghylch deiseb y Grŵp Gweithredu 'United Valleys', sy'n galw ar Gynulliad Cenedlaethol Cymru i erfyn ar Lywodraeth Cymru i alw i mewn bob cais cynllunio ar gyfer cloddio glo brig sy'n para dros ddeng mlynedd neu sydd dros 350 hectar o arwynebedd gan fod goblygiadau pellgyrhaeddol i'r datblygiadau hyn ac effeithiau hirdymor tu hwnt i'r ardal gyfagos.

Pŵer disgrisiynol sydd gan Weinidogion Cymru i alw ceisiadau cynllunio i mewn; yn gyffredinol, polisi Llywodraeth Cymru yw gadael i'r awdurdodau cynllunio benderfynu ar gynigion ar gyfer datblygiadau gan mai nhw sy'n adnabod eu hardal, ei anghenion a'r materion sensitive y dylid eu hystyried. Nid yw Gweinidogion Cymru yn ymyrryd yn awdurdodaeth yr awdurdodau cynllunio lleol oni bai fod angen gwneud hynny. Mae pŵer Gweinidogion Cymru i alw ceisiadau i mewn yn cael ei ddefnyddio'n ddethol ac edrychir ar bob achos yn unigol. Rhaid i'r penderfyniad galw i mewn gael ei wneud ar ôl ystyried y ffeithiau ac amgylchiadau'r achos penodol dan sylw; ni ddylai Gweinidogion Cymru gyfyngu ar eu disgrisiwn drwy lynu'n haearnaidd at unrhyw bolisi penodol wrth ystyried achosion o'r fath.

Y cyngor cyffredinol a roddir ym Mholisi Cynllunio Cymru yw y dylid galw cais cynllunio i mewn pan fo'r materion cynllunio sy'n codi o bwysigrwydd ehangach na'r ystyriaethau lleol. Rhoddir chwe enghraifft o sefyllfaoedd lle byddai'n briodol galw cais i mewn, sef:

- cynigion sy'n groes i bolisiâu cynllunio cenedlaethol;

- cynigion a allai gael effeithiau eang tu hwnt i'r ardal gyfagos;
- cynigion sy'n achosi cryn ddadlau y tu hwnt i'r ardal gyfagos;
- cynigion sy'n debygol o effeithio'n fawr ar safleoedd o ddiddordeb gwyddonol, cadwraeth natur neu hanesyddol neu ardaloedd sydd o bwys yn sgil eu tirwedd;
- cynigion sy'n codi materion sy'n ymwneud â diogelwch cenedlaethol;
- cynigion sy'n codi materion cynllunio newydd.

Rwy'n cydnabod bod y deisebwyr wedi ystyried y sefyllfaoedd hyn, gan eu bod yn cyfeirio at y ffaith bod i'r cynigion dan sylw oblygiadau pellgyrhaeddol a hirhoedlog ac effeithiau tu hwnt i'r ardal gyfagos. Serch hynny, am y rhesymau a nodir uchod, dim ond wrth edrych ar ffeithiau ac amgylchiadau pob achos unigol y dylid ystyried a yw'r datblygiad arfaethedig yn debygol o achosi effeithiau o'r fath.

Mae'n bwysig cofio hefyd nad yw ceisiadau'n cael eu galw i mewn am fod amheuaeth ynghylch a ddylid rhoi caniatâd cynllunio neu beidio i'r datblygiad arfaethedig, ond yn hytrach am fod cwestiwn yn codi ynghylch pwy ddylai wneud y penderfyniad. Wrth ystyried a ddylid galw cais cynllunio i mewn ni roddir ystyriaeth i rinweddau'r datblygiad arfaethedig o ran cynllunio. Er hynny mae angen nodi natur a hyd y lled y materion a godir yn y cais er mwyn pennu pwy ddylai wneud y penderfyniad. Mae hyn wedyn yn galluogi Gweinidogion Cymru i ystyried a yw'r awdurdod cynllunio lleol wedi talu sylw i'r polisiâu cynllunio cenedlaethol a'r ddeddfwriaeth/cyfarwyddbau sy'n berthnasol i'r materion hynny ac, os hynny, a yw wedi asesu'r materion hynny mewn ffordd resymol drwyadl gan ddefnyddio'r fethodoleg a'r wybodaeth ddiweddaraf.

Os nad yw'r awdurdod cynllunio wedi gwneud hynny mae'n bosibl y bydd Gweinidogion Cymru'n ystyried galw'r cais i mewn er mwyn i Arolygydd Cynllunio annibynnol ystyried y materion perthnasol a darparu adroddiad i Weinidogion Cymru ar hynny gan argymhell a ddylid rhoi caniatâd cynllunio neu beidio. Ond os yw'r awdurdod cynllunio lleol wedi asesu'r materion yn briodol, mae'n annhebygol y byddai Gweinidogion Cymru'n galw'r cais i mewn gan fod y materion perthnasol wedi'u hystyried eisoes ac y byddai'n fwy priodol i'r awdurdod bwysu a mesur y materion hynny.

Mae'r deisebwyr yn cyfeirio at geisiadau am ganiatâd cynllunio ar gyfer cloddio glo brig ond mae gan Weinidogion Cymru system eisoes sy'n galluogi i ddatblygiadau fel hyn gael eu cyfeirio atynt ac yn rhoi cyfle iddynt ystyried a ddylen nhw arddel eu pwerau disgresiynol a galw'r ceisiadau hynny i mewn, O dan ddarpariaethau Cyfarwyddyd Cynllunio Gwlad a Thref (Hysbysu) (Cymru) 2012, rhaid hysbysu Gweinidogion Cymru ynghylch ceisiadau am ganiatâd cynllunio ar gyfer Datblygiad Mwynau, sef, at ddibenion y Cyfarwyddyd Hysbysu, datblygiadau sydd:

- (a) yn ymwneud â neu'n cynnwys cloddio neu weithio mwynau;
- (b) i'w cyflawni ar safleoedd newydd neu estyniadau i safleoedd presennol;
- (c) nad ydynt yn cyd-fynd â darpariaethau'r cynllun datblygu mewn grym yn yr ardal,

ac nad yw'r awdurdod cynllunio lleol yn cynnig eu gwrthod. Wrth ystyried a ddylid galw i mewn gais a gyfeiriwyd atynt o dan y Cyfarwyddyd Hysbysu, bydd Gweinidogion Cymru'n cymhwyso'r un egwyddorion a nodir uchod, sef a yw'r awdurdod cynllunio lleol wedi nodi'r polisïau cynllunio cenedlaethol ac, os hynny, a yw wedi asesu'r materion hynny mewn ffordd resymol drwyadl gan ddefnyddio'r fethodoleg a'r wybodaeth ddiweddaraf.

Yn gywir

A handwritten signature in black ink, appearing to read 'Carl Sargeant'.

**Carl Sargeant AC / AM**  
Y Gweinidog Tai ac Adfywio  
Minister for Housing and Regeneration

United Valleys Action Group (UVAG)  
c/o Terry Evans  
30/9/2014

Steve George  
Clerk to Petitions Committee  
Welsh Assembly Petitions Committee  
Welsh Assembly  
Cardiff Bay  
Cardiff  
CF99 1NA

**Re-United Valleys Action Group (UVAG) Views to  
Petition Committee on Ministers response to  
P-04-575 Call in on all Opencast Mining Applications over  
10 years Duration or 350 Hectares in Size.**

Petitions Committee

UVAG's initial view to the response of the Minister is that again it is not the Minister's response to this petition, but the Minister's official's response, where they are just stating the conditions required for a 'call in'.

A responsible Government should consider all opencast applications of over 10 years or 350 hectares in size because

The long term economic viability of opencast mining is very uncertain. Is there likely to be a market for coal in 10 years time? The need for coal is diminishing rapidly, so the demand for coal beyond 10 years will be greatly reduced and cannot be predicted with accuracy. Emission controls alone could kill off the coal industry by making its use not financially viable

Climate change is now accepted by nearly all countries in the world that CO2 emissions must be reduced drastically, burning of fossil fuels is one of the biggest contributors to climate change and is being reduced by all countries



drastically, the Welsh Government must decide on all opencast over 10 years because they should take into account climate change and what the rest of the world's policy is on fossil fuels will be, this is to ensure there is a market for coal, local authorities do not have the necessary knowledge or responsibility to make this very important decision only the Government.

Following on from this, is the 'failure to restore opencast sites', Welsh Government needs to look at what has happened in Scotland, the Welsh government as done research on this and produced a report and therefore should understand the importance of this. The report is at

- 1) <http://wales.gov.uk/topics/planning/planningresearch/publishedresearch/failure-to-restore-opencast-coal-sites-in-south-wales/?lang=en>

Again for this reason the Welsh Government should 'call in' all opencast mining applications over 10 years' duration or 350 hectares in size, because they could be left with a Scottish scenario of un restored sites.

All restoration bonds should be set by the Welsh Government as they are crucial to safeguarding the public purse

Local Authorities do not have the resources, skills or knowledge to handle applications of this size, with regards to Ecology, Hydrology, Biodiversity, Health and European Law; they rely on the applicant's evidence which is unacceptable behaviour

Normally with applications of opencast mines of over 10 years duration or over 350 hectares in size, there will be massive financial incentives under the name of community benefits which will be offered to the local authorities. In this time of austerity and government cutbacks these financial benefits can be of such a magnitude that the local authority's decision will be blinkered or clouded. The Welsh government should determine these planning applications so that the correct decision is made.

Finally there is a very strong risk that local authorities would be legally challenged on their decision, further adding to the costs of handling the application.

UVAG would like to see this petition progressed with the view of having a very important plenary debate on it to urge the Welsh Government to implement the petition.

Terry Evans  
Chair, United Valleys Action Group (UVAG)

Carl Sargeant AC / AM  
Y Gweinidog Cyfoeth Naturiol  
Minister for Natural Resources



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref LF/CS/4221/14

Alun Ffred Jones AC  
Cadeirydd Pwyllgor yr Amgylchedd a Chynaliadwyedd  
Cynulliad Cenedlaethol Cymru

5 Tachwedd 2014

Annwyl Alun,

Diolch am eich llythyr dyddiedig 13 Hydref ynghylch y penderfyniad diweddar gan y Comisiwn Ewropeaidd i anfon barn resymedig at Lywodraeth y DU dros fethu â throsi'n llawn Gyfarwyddeb 2011//97/UE ar storio merciwri metalig sy'n cael ei ystyried fel gwastraff.

Mae'r Gyfarwyddeb yn pennu'r meini prawf ar gyfer storio gwastraff merciwri metalig yn ddiogel. Mae'n diwygio'r Gyfarwyddeb Tirlenwi i ddarparu rhanddirymiad sy'n caniatáu i wastraff merciwri metalig gael ei storio'n ddiogel am gyfnodau hwy na 12 mis. Cafodd ei drosi yng Nghymru a Lloegr drwy'r Rheoliadau Trwyddedu Amgylcheddol (Cymru a Lloegr)(Diwygio)(Rhif 2) 2013 (OS 2013/766). Cafodd y Comisiwn ei hysbysu o'r trosiad ar 3 Mehefin 2013.

Derbyniwyd Barn Resymedig gan Adran yr Amgylchedd, Bwyd a Materion Gwledig (Defra) ar 25 Medi 2014, pan oedd y Comisiwn o'r farn bod Teyrnas Unedig Prydain Fawr a Gogledd Iwerddon wedi methu a chyflawni ei hymrwymadau o dan Erthygl 2 y Gyfarwyddeb hon h.y. mae'r Comisiwn yn ystyried nad yw'r trosiad hwn wedi dod i rym yng Nghymru a Lloegr, neu, waeth beth yw'r sefyllfa, nad yw'r hysbysu wedi'i wneud.

Bu fy swyddogion mewn cysylltiad â Defra yn rheolaidd am y mater hwn. Rydym yn cymeryd y mater hwn o ddifrif, ac yn hyderus bod ein deddfwriaeth yn bodloni gofynion y Gyfarwyddeb. Mae'r Farn Resymedig yn herio'r dull o ddrafftio cyfreithiol y mae'r DU wedi'i ddefnyddio i weithredu'r Gyfarwyddeb hon. Sefyllfa'r DU yw bod y Gyfarwyddeb hon wedi'i throsi'n effeithiol yng Nghymru a Lloegr o'r 26 Ebrill 2013. Byddwn yn cydweithio â Defra i gytuno ar ymateb yn herio'r Farn Resymedig yn gryf ac yn rhoi eglurhad manwl o'r dulliau drafftio a ddefnyddiwyd.

Rwy'n anfon copi o'r llythyr hwn at David Melding AC, Cadeirydd y Pwyllgor Materion Cyfansoddiadol a Deddfwriaethol.

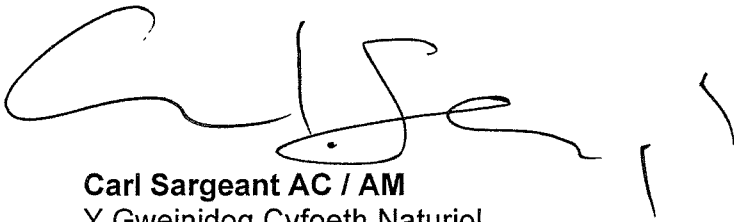
Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1NA

English Enquiry Line 0845 010 3300  
Llinell Ymholiadau Cymraeg 0845 010 4400  
Correspondence: Carl.Sargeant@wales.gsi.gov.uk

Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)

Printed on 100% recycled paper

Yn gywir

A handwritten signature in black ink, appearing to read 'Carl Sargeant', with a stylized flourish at the end.

**Carl Sargeant AC / AM**  
Y Gweinidog Cyfoeth Naturiol  
Minister for Natural Resources

Mae cyfyngiadau ar y ddogfen hon