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12th September 2018

FAO National Assembly Finance Committee Clerk,

RE: A call for information – Welsh Government draft budget proposals for 2019-20

Thank you for giving the Marine Conservation Society (MCS) the opportunity to provide information to the Finance Committee's scrutiny of the Welsh Government's draft budget proposals for the 2019-20 financial year.

MCS's overarching recommendations for the Welsh Government are as follows:

Recommendation 1: Review the allocation of budget, ensuring sufficient resource is given to enable the Welsh Government to carry out their legal obligations and agreed priorities for marine and fisheries management

Recommendation 2: Ensure greater transparency of budget allocation within the different branches of Welsh Government departments

Recommendation 3: Ensure budget allocation takes into account new areas of Welsh Government responsibility, such as a new model for fisheries post-Brexit, new devolved responsibilities for the Welsh offshore area, and identification, designation and management of new Marine Protected Areas

Recommendation 4: Appropriate budget review is needed to include the costs of the protection and management of Wales' biodiversity and natural resources, which should be recognised as necessary preventative spending

Recommendation 5: Plan for the development of domestic funding mechanisms as a replacement for currently existing EU funding mechanisms and develop a more holistic approach to marine management

Recommendation 6: Prioritise introducing a plastic tax or levy in Wales for the 2019-20 financial year

Our more detailed response to each question now follows:

1. What, in your opinion, has been the impact of the Welsh Government's 2018-19 budget?

The Marine Conservation Society believe that the overall allocation of budget for the 2018-9 financial year has not sufficiently covered the funds needed for the Welsh Government to undertake all of their legal marine obligations.



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Evidence suggests that in the financial period 2018-2019 (and prior to this), there has been insufficient budget allocated to implement effective management (mitigating and/or eliminating pressures and threats arising from existing or ongoing activities) of Wales's marine natural resources. This is a critical time to start the recovery process to achieve resilient ecosystems (a requirement of the Environment Act [Wales]), and further delay will result in reducing our ability to use our marine natural resources sustainably in the future.

Over the past few years, both the Welsh Government and Natural Resources Wales (NRW) have had enforced cuts and are seriously under-funded in the area of marine management. Voluntary redundancies¹ and staff re-structures have resulted in workload being shared amongst remaining staff and a loss of resources and expertise, which in turn has led to a serious loss of strategic direction. This being the case, the Welsh Government Marine and Fisheries Division, NRW, and other public bodies responsible for implementing marine management are struggling to meet statutory requirements set out in the EU Habitats Directives and Marine and Coastal Access Act (England and Wales), not to mention the new domestic obligations under the Environment (Wales) Act and the Wellbeing for Future Generations Act.

We would like to draw your attention to the Climate Change, Environment and Rural Affairs (CCERA) Committee's 'Turning the Tide' report on Marine Protected Areas (MPA) management in Wales (August 2017)², which at the time recognised the urgent need for a review of the current funding situation for marine and fisheries in Wales:

"There was a consensus in the evidence about the need for greater resource, in terms of staffing and finance, to enable sustainable management of MPAs." (17., Page 11)

As such a key recommendation from the Committee's report is:

"MPAs cannot be managed effectively without the appropriate level of resources, including funding and staffing. The Welsh Government must:

- ensure it has sufficient staffing to deliver its marine conservation responsibilities;*
- bring forward proposals for funding an area-based approach, with each management area having a dedicated officer; and*
- ensure that Natural Resources Wales has sufficient resources to undertake its responsibilities for MPA management and improvements to the condition of the Wales Natura 2000 Network."*

(Recommendation 2, page 21)

¹ For instance, NRW have had cuts in both resources and staff and a 15% budget reduction over the past two financial years

² Turning the tide? Report of the inquiry into the Welsh Government's approach to Marine Protected Area management, CCERA Committee, August 2017 <http://www.assembly.wales/laid%20documents/cr-ld11159/cr-ld11159-e.pdf>



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A year on since the publication of this report, we have strongly welcomed an additional £500,000 allocated to the Marine and Fisheries Division as part of the 2018-9 final Welsh Government budget. We believe this demonstrates the effectiveness of the CCERA Committee recommendations.

That said, we are at a loss as to how this money has been spent. Despite requests, we have not seen a breakdown in the allocation of this funding, yet we strongly suspect that most of this has been consumed by Brexit and fisheries work. This is evident in the fact that there has been delays to ongoing work required on much-needed whelk and scallop legislation due to staff capacity issues, and there has been further delays to the process of identifying new Marine Conservation Zones in Wales (a requirement of the Marine and Coastal Access Act).

Our first and overall message therefore is that allocation of budget should be reviewed, so that it is proportional to where there is evidence of need, where priorities have been identified and transparency on budget allocation. We have the ability, and through the WFG Act, the ambition, to be a more sustainable and globally responsible country. In order to achieve this, we need to allow for recovery and enhancement of our natural resources. Given the current delayed timeframes for implementing actions, MCS do not believe that the Welsh Governments' current budget allocation sufficiently supports this.

Recommendation 1: Review the allocation of budget, ensuring sufficient resource is given to enable the Welsh Government to carry out their legal obligations and agreed priorities for marine and fisheries management

2. What expectations do you have of the 2019-20 draft budget proposals? How financially prepared is your organisation for the 2019-20 financial year, and how robust is your ability to plan for future years?

Clarity is needed over the direct allocation of budget for the 2019-20 financial year.

There is a breadth of marine management responsibilities that fall to Welsh Ministers and it was not made clear in the 2018-9 budget where funding had been allocated to carry out these responsibilities. We would therefore welcome, as part of the Finance Committee's scrutiny of the Welsh Governments draft budget, a call for greater transparency of the breakdown of departmental spending into different spending areas and, where necessary, evidence of need.

'Energy, Planning and Rural Affairs' are already three very broad areas. At best, lumping budget together like this is confusing for stakeholders trying to tease out exactly what is being spent on certain areas of environmental policy and programmes. At worst, such broad spending figures can be used to lure the Assembly and the public into a false sense of security that more is being spent in a particular Division of the Cabinet Secretary's portfolio than actually is.

With this in mind, we would like to see a more thorough breakdown of the Welsh Government's draft budget for 2019-20, and we hope that Assembly's Committees, through their evidence sessions, scrutinise these broad figures. Otherwise, it may be impossible to understand whether there is a sufficient amount of



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resource being allocated to each branch of Government and whether expenditure has increased or decreased.

Welsh Government budget allocation has wider implications for all stakeholders. Without knowing what resources are dedicated to each area and what they will be allocated too, we are hindered in our yearly and future planning, unable to adequately plan our work and priority areas and this will cause a more reactive piecemeal approach.

Recommendation 2: Ensure greater transparency of budget allocation within the different branches of Welsh Government departments

Additional Devolved Responsibilities in 2018

As of April 2018, implementation of the Wales Act devolved marine licensing functions and nature conservation functions for the offshore area (the sea beyond 12 nautical miles to the median line) to Welsh Ministers. This now means that the Welsh Government has new management responsibilities for marine licensing functions in the offshore area, and for the protection of habitats and species, including the creation and management of new marine protected areas (MPAs). To put this in perspective, the area of sea that the Welsh Government now has to manage dwarfs that of its total land area.

The identification, designation and management (including monitoring and enforcement) of new MPAs in the Welsh inshore and offshore marine area, as well as a new post-Brexit fisheries model for Wales, are new and significant areas of work for the Marine and Fisheries Division of Welsh Government, and MCS are keen to see that additional resource required for this workload is recognised in the 2019-20 budget proposals.

Recommendation 3: Ensure budget allocation takes into account new areas of Welsh Government responsibility, such as a new model for fisheries post-Brexit, new devolved responsibilities for the Welsh offshore area, and identification, designation and management of new Marine Protected Areas.

3. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?

- Approach to preventative spending and how is this represented in resource allocation

Whilst we have welcomed the additional spending on flood risk management, waste and recycling, and investment in energy efficiency programmes over the last couple of years, we would have liked to have seen the Welsh Government recognise the need for recovery and management of biodiversity and Wales's natural resources as preventative action that is necessary to invest in.



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From pollinators to drinking water, blue flag beaches, to the food we eat, people who live in and visit Wales depend the protection and sustainable use of natural resources as much as they do flood prevention measures. Framing natural resources and biodiversity projects and programmes as ‘preventative spending’ would allow for greater investment into the recovery and effective management of these critically important areas of the Cabinet Secretary’s portfolio.

Recommendation 4: Appropriate budget review is needed to include the costs of the protection and management of Wales’ biodiversity and natural resources, which should be recognised as necessary preventative spending

- The Welsh Government’s planning and preparedness for Brexit

Particularly with regards to the UK’s withdrawal from the EU, we are concerned that any reduction in EU funds such as CAP payments, RDP, and structural funds may impact overall spending for the Environment and Rural Affairs portfolio. With regards to marine management, this is of a particular concern for European Maritime and Fisheries Fund (EMFF) which is only guaranteed up until 2020. The need to take preparatory action and plan for this potential loss of funding should be a priority for the Welsh Government and, again, the additional resources needed to prepare for these changes will need to be reflected in the Welsh Government’s 2019-20 budget.

Brexit should also provide the Welsh Government with the opportunity to change the narrative and considerations for how we manage our natural environment and how we budget for this accordingly. This change is currently evolving in terrestrial management, with a change in focus from agriculture and Common Agricultural Payments (CAP) to more holistic land management. We suggest a similar change in narrative and budget implications for fisheries and the Common Fisheries Policy (CFP) to more holistic marine management.

Recommendation 5: Plan for the development of domestic funding mechanisms as a replacement for currently existing EU funding mechanisms and develop a more holistic approach to marine management

- How the Welsh Government should use taxation and borrowing powers, particularly in relation to the Welsh Rate of Income Tax

We were disappointed that, on the 13th February this year, the Cabinet Secretary for Finance did not decide to take forward a potential ‘single use plastic tax’, following the public survey on testing newly devolved Welsh taxation powers under the Wales Act (2014)³. This is despite the ‘single use plastic tax’ idea being a

³ <https://gov.wales/newsroom/finance1/2018/180213-vacant-land-tax-idea-to-be-used-to-test-wales-act-powers/?lang=en>



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popular choice by those who voted. We have since learned however, that the Welsh Government are working with HM Treasury to look into the feasibility of introducing a plastic tax or levy in Wales.

Given that only one third of plastic food containers in the UK can be recycled, charging producers, under extended producer responsibility (EPR), for the full life cycle of the plastic they produce is also required. The benefit of introducing tax or levy include: encouraging alternatives to single use plastic; improving recyclability (i.e. making plastic which is difficult or impossible to recycle more expensive); and providing more incentive for increased percentage of recycled content in packaging.

A tax or levy on single use plastic for producers and the public is necessary in order to curb our dependency on single use plastic which is having a significant impact on our marine and terrestrial environment. With an estimated lorry load of plastic entering the ocean every minute, implementation must happen quickly to support peoples expectations of Government, and see the start of what would be a huge societal change.

We were encouraged when over 200 organisations and 400,000 members of the public responded to the recent call for evidence to HM Treasury's 'Tackling the Plastic Problem'⁴ (March 2018) which looked into the introduction of tax or charges on single use (throwaway) plastic items. This astounding response shows that the public cares deeply about this issue. With this in mind, MCS believe that there is a strong case to prioritise introducing a plastic tax or levy in Wales for the 2019-20 financial year, and we seek assurances that there is still an ambition from the Welsh Government to introduce legislation which will reduce the amount of litter ending up on Welsh beach and in our seas. This tax would be a step towards Wales becoming the sustainable nation it wants to be.

Recommendation 6: Prioritise introducing a plastic tax or levy in Wales for the 2019-20 financial year

- How evidence is driving Welsh Government priority setting and budget allocations

With the paucity of marine data and the out of sight, out of mind philosophy, it has always been difficult to raise the need and profile for marine in Wales. However, with the expected changes from Brexit, we have the unique opportunity to take advantage of the wildlife and environmental benefits Wales has to offer and become a nature tourism destination, investing further in local communities to develop sustainable tourism. The return on investment will be significant, if it supports recovery and enhancement, which will allow for improvements to the 69% of our waters within marine protected areas. Having these sites in good status, will direct the world attention back to our ground-breaking Well Being and Future Generations Act, making Wales the destination for marine wildlife bringing with it social economic and environmental benefits.

⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690293/PU215_4_Call_for_evidence_plastics_web.pdf



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Please do not hesitate to contact me if you have any questions with regards to our response and recommendations for the Welsh Government's draft 2019-20 budget.

Yours Sincerely,

Gill Bell

Gill Bell

Head of Conservation, Wales

Marine Conservation Society

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