

Introduction

Hafren Dyfrdwy is a water and wastewater company which provides around 58 million litres of water per day, to a population of approximately 220,000 in the area of mid and north east Wales. Our customers comprise approximately 97,000 households and 8,000 business customers.

Response to Minister and Deputy Minister's priorities for the next 12-18 months

We are grateful for the opportunity to comment on the Ministers' priorities for the next 12-18 months, and how we feel this can help set the Committee's priorities. We have primarily focused on those topics that are directly relevant to us as a water company. The Ministers' letter sets out an ambitious programme for their wide-ranging portfolio and we see many areas where we can assist Welsh Government to meet the challenges through our own future plans. However, one missing ingredient is any mention of their priorities for the water sector and Welsh Government's strategic guidance to Ofwat. Give the water sector a clear, specific mandate and we can deliver even more for the environment and our communities. This is a key issue that we hope the Committee and Senedd will explore.

Our specific comments on the areas set out in the Ministers' letter are set out below:

Climate Change

We recognise the importance of urgently tackling the Climate Change emergency and support the Senedd's net-zero emissions targets. We would also welcome any opportunities to work with the Senedd and Welsh Government to identify ways to work together to achieve – and ideally exceed – these targets.

The Ministers' letter makes reference to their powers under the Climate Change Act, in particular those with regards to public bodies and their response to climate risk. We would appreciate it if the Committee could seek clarification from the Ministers' as to whether they intend to extend these powers to statutory undertakers, as section 66 of the Act allows (it refers to 'reporting authorities' which includes statutory undertakers). The Welsh Government's current guidance *Welsh Public Sector Net Zero Reporting Guide*, published in May 2021, appears to be aimed purely at the public sector across Wales.

Net Zero

We would support Welsh Government's advocacy of linking the new UK Emissions Trading Scheme with the EU scheme. We are working hard, with our parent group Severn Trent plc, to achieve net-zero by 2030 and believe that our greatest asset in this respect is the Lake Vyrnwy Estate in mid-Powys, in particular the peatland which we are working with RSPB to restore. We would therefore ask that the Committee seeks a commitment from the Ministers' to preserve the many peatland areas across Wales and recognise their value for carbon sequestration.

Tree planting

We are fully supportive of the Welsh Government's tree planting policies and targets, and also agree that better engagement is needed across communities and between landowners to identify suitable

plots for woodlands. We would welcome the opportunity to assist with this and draw on lessons currently being learned by our sister company Severn Trent Water, who are leading on development of community woodlands and Tiny Forests for the Birmingham Commonwealth Games.

As a landowner with a large forestry holding in mid-Wales, we look forward to working with Welsh Government on development of the timber industrial strategy for Wales and await with interest the Woodland for Wales Action Plan to be published later this year.

Nature and biodiversity

It is clear that the biodiversity emergency and climate change emergency are intrinsically linked and it is imperative to tackle both. We were pleased to see recognition of the importance of building resilient ecological networks – we have been working with North Wales Wildlife Trust and Montgomeryshire Wildlife Trust on projects to tackle this issue across our supply area and would be keen to engage / collaborate with Welsh Government and their partners on this.

We were fully supportive of the new biodiversity duty as set out in Section 6 of the Environment (Wales) Act but have been disappointed by the limited engagement and feedback from Welsh Government since 2019, when the first three-yearly reports were submitted by public sector organisations (including the water companies).

In 2020, we engaged with a consultant who was working on behalf of Welsh Government, collating feedback on how well the duty has been met / communicated to date. It was a useful discussion but we have received no follow up from this. We feel that there is great potential for this duty to encourage collaboration between organisations and develop local action plans, in co-ordination with the Area Statements work being led by Natural Resources Wales, for example. We would ask the Committee to enquire what the outcome of this review was and whether Welsh Government have plans to respond to the reports submitted in 2019, and provide updated guidance.

Circular Economy

We agree with the statements made in the letter regarding circular economy, and look forward to seeing how Welsh Government progresses with implementing the *Beyond Recycling* circular economy strategy that we published earlier this year. Working with manufacturers and across the whole supply chain to reduce waste and achieve decarbonisation is a challenging ask but perhaps more achievable for a smaller country like Wales. We feel that this is an area that touches on many of the environmental, social and economic challenges we currently face so should be included in the Committee's priorities to ensure momentum is maintained.

Environment

We completely agree that maintaining and enhancing a dynamic water ecosystem is central to tackling wider strategic challenges; it is therefore disappointing that Welsh Government have decided to delay the review of the Water Strategy for Wales (first published in 2015) until 2022 as there is a clear need to update many of the priority actions. Water companies and Ofwat are already moving into development of the next round of business plans (Price Review 2024) and the Water Strategy is a key tool for the Welsh water companies to identify priorities to deliver for the environment and our communities. For example, an area that has been overlooked in the past is water efficiency, in particular the link between water usage and carbon footprint, and how the wider population values water as a resource.

We recognise that there is still work to be done to ensure our drainage and sewerage systems are sustainable and working effectively – with particular reference to storm overflows and surface water management - and the water industry in Wales is working closely with Welsh Government and Natural Resources Wales to develop a roadmap to achieve this. However, the Ministers' letter fails to recognise that there are many contributors to the health of our water environment – agriculture, legacy mines, process industry – and that focusing on our drainage and sewerage networks alone will not restore the water ecosystems in Wales. We therefore feel that a high priority for the Committee should be to consider how these elements can be looked at more holistically and ensure that resources are being targeted at the right problems.

Housing

We were interested to read about the proposed Optimised Retrofit Programme (ORP), which will be working in collaboration with social landlords to improve the quality and sustainability of social housing. We recognise the very valuable contribution that housing policy can make to the zero carbon ambition, and suggest that this programme also presents a fantastic opportunity to introduce water efficient homes and the role of good design in preventing localised flooding and overload of drainage systems e.g. standards with regards to use of permeable surfaces in gardens, use of sustainable urban drainage features on housing estates etc. The programme could also present opportunities to explore innovations relating to rainwater harvesting and grey water recycling so we would welcome a challenge from the Committee for the programme to go beyond the zero carbon focus and consider other sustainability benefits.

Town Centre Regeneration

We would welcome the opportunity to engage with the Transforming Towns programme, when it extends into our supply area. As a utility provider, there are obvious synergies with the aspects of refurbishing and repurposing buildings and in addition, we are always keen to explore potential partnerships for biodiversity and green infrastructure projects that will benefit our customers. In addition, we feel that partnering with Welsh Government and local authorities on this programme would present great opportunities for engaging with our customer base and opening up conversations with people who may be struggling to pay their bills; educate on sewer misuse and water efficiency; consult on what environmental improvements they would want us to invest their money in.

Other areas for consideration

Over the last couple of years – even before the pandemic – we have seen an increased recognition of the benefits to our mental and physical health, of spending time in nature. In a combined response to the continuing climate and biodiversity emergencies, and economic effects of the Covid-19 pandemic, governments across the UK set out action plans for a 'Green Recovery'. In May 2020, the Minister for Environment, Energy and Rural Affairs, Lesley Griffiths MS invited Sir David Henshaw, the Chair of Natural Resources Wales (NRW) to lead a task and finish group to identify priorities for action for the Welsh Government's Recovery Plan from Covid-19. These were published in January 2021 and it was therefore disappointing that the Ministers' letter makes no direct reference to taking forward green recovery opportunities. We feel that there is an opportunity for the Committee to challenge the Minister and Deputy Minister on progress with green recovery.

In particular, we were part of a group that developed the proposal for a National Nature Service (NNS) for Wales which was presented to the taskforce, and subsequently the Minister, earlier this year. The Ministers' letter made no reference to taking this piece of work forward and we would ask that the Committee seek a response from the Minister as to her intentions regarding development of the NNS.