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caring for welsh rivers

Afonydd Cymru Consultation Response to:

Welsh Government Green Paper:

Shaping the Future of Water Governance in Wales

Chapter 1: Our Strategic Direction for Water in Wales

Question 1: What factors or priority areas should Welsh Government consider when setting the strategic direction for the water system in Wales?

The Welsh Government's strategic direction for the water system of the future – both for the water industry and for the wider freshwater environment - must be set within the context of the nature and climate emergencies declared here in Wales. The combination of the Well-being of Future Generations (Wales) Act 2015 and Environment (Wales) Act 2016 and the emerging Environment (Principles, Governance and Biodiversity Targets) Bill ("the EPGBT Bill"), should guide the Welsh Government's future agenda for water.

The water industry provides essential services for its customers that are too often taken for granted. However, it needs to be acknowledged that these services come at a significant cost to the environment. The sector has a vested interest in safeguarding the freshwater environment. The protection of water quality and quantity at source is a far more sustainable option than high treatment or transportation costs.

The water industry's top priority must continue to be the provision of safe and reliable public water supplies and the treatment and disposal of wastewater. As the Independent Water Commission ("the Cunliffe report") acknowledges, the UK's public water supplies generally compare very well globally, a record of which the industry should be proud and must maintain. The industry should be also incentivised to look for nature friendly solutions to reducing the environmental impacts of its activities, including its abstractions, digestate and sludge disposal, as well as its discharges from water and sewage treatment works.

Looking ahead, all the water industry's activities, including water supply, will face profound challenges from climate change. As recently as the summer of 2025, we saw how quickly water resources can come under strain. There needs to be far more urgency injected into climate change planning and adaptation. The Welsh Government could play a key leadership role here, for example by requiring the water industry; its regulators; and other relevant sectors to cooperate in preparations for climate change and to deliver a National Water Plan for Wales. This must include looking for ways to support the resilience of water-based ecosystems in the face of pressures brought by climate change. A key priority will be how to ensure ageing infrastructure can be maintained and replaced to deal with these future pressures.

The water industry has (in line with water legislation) tended to separate its clean water and wastewater planning functions, without fully acknowledging the combined impacts of the two – we welcome Welsh Water's recent announcements therefore to recognise combined water and waste under their new management structure. In setting its strategic direction, the Welsh Government should encourage a much more holistic approach to the water cycle within the water sector.

Crucially, this holistic approach needs to extend beyond the water industry and encompass all sectors that make a significant impact on the water environment. Focussing regulatory effort on the water industry alone will not deliver the desired environmental outcomes. This is evidenced by the lack of success in the delivery of the Water Framework Directive (WFD) where historically the greatest recorded improvement in Wales has been made by the water industry alone. We note, for example, that the Cunliffe report acknowledges that agriculture contributes a far higher phosphorus load (62%) to Wales's Special Areas of Conservation (SAC) than the water industry's storm overflows (28%). Governments strategic direction must therefore set out to deliver a principle of integrated, resilient catchments.

Afonydd Cymru continues to champion Nature-based Solutions (NbS) as a way of translating this more 'joined-up' philosophy into practical action on the ground. A cross-sectoral approach offers more cost effective, fairer and sustainable solutions to the management of water catchments, with the added benefit of habitat enhancement. In Wales, this approach has been championed in policy but to date has failed to deliver outcomes on the ground. Mainstreaming NbS in Wales requires a collaborative multi-sector approach. We must embed the opportunities to deliver a resilient, integrated outcome for river catchments within the reform of Water.

The Welsh Government's strategic direction would be more clearly articulated if the timescales of all the major, water-related plans were aligned. We discuss this in more detail in our answer to Q3.

Question 2: How can the Price Review Forum and a potential Ministerial Statement of Water Industry Priorities (MSWIP) best support transparency and effective delivery? If introduced, what priorities should MSWIP include?

Realistically, the water industry will continue to be the major spender on improvements to the water environment for the foreseeable future. It is therefore an important lever available to the Welsh Government to deliver its agenda for the water environment.

We therefore understand why the Welsh Government values its influence over the water sector. The Price Review Forum in Wales gives the opportunity for multi-government organisations to influence priorities for the water industry's future expenditure; consideration should be given to how to include other parties. However, the current Forum does not accommodate wider opinion from stakeholders or citizens. Formal governance should recognise this. The Welsh Government is then able to weigh their advice before publishing its MSWIP.

The MSWIP should be a short, very high-level document outlining how the Welsh Government wants the water industry to contribute to achieving Ministers' environmental objectives and statutory goals, such as its biodiversity targets set under the EPGBT Bill. Both this, the WFD Programme of Measures and the water industry periodic review process, should be outcome-based – success should be measured in improvement and not in output.

What is currently lacking for the citizens of Wales is clear, simple communication of these priorities. Some of the current debate and understandable frustration about the water industry is a lack of understanding about what the water industry is allowed or asked to deliver. We would strongly urge Welsh Government to ensure that these priorities are communicated and in a way that is accessible to all.

Having said that, a focus on the water industry in isolation deflects attention away from other sectors (such as electricity generation; food production; housing, including growth; and anaerobic digestion) all of which can damage the water environment. Afonydd Cymru is hopeful that after the environmental principles (e.g. the 'polluter pays principle') enshrined within the EPGBT Bill becomes law, we will see a much more equitable, balanced approach to environmental regulation of all sectors. To deliver outcomes for our rivers, Welsh Government must ensure 'fair share' actions on all sectors.

We discuss the need for more joined up planning in our answers to Q5 and Q6.

Question 3: What milestones or review mechanisms should be built into the strategic direction to ensure accountability and alignment with Welsh priorities?

We can see some merit in the 5:10:25 year cycles for water industry periodic price reviews proposed by the Cunliffe report. Alternatively, 6-year cycles are adopted for other reporting mechanisms including the WFD and flooding.

We think it is important to adopt matching cycles for all the significant plans that relate primarily to the water environment. This would include Natural Resources Wales' (NRW) WFD River Basin Management Plans (RBMP); the water industry's Periodic Reviews, Water Resource and Drainage and Wastewater Management Plans; as well as the Welsh Government's own Ministerial Statement of Water Industry Priorities and Strategies.

Having a single aligned reporting cycle will drive an integrated and coordinated approach to delivery.

NRW monitoring and evidence should underpin the review mechanisms and needs to be aligned with the planning cycle. Too often, regulatory assessments land too late in the planning cycle to be fully accounted for in water industry plans, or within RBMP cycles, resulting in further delays to implementation of actions that our rivers can ill-afford. NRW's monitoring programmes have been hollowed out in recent years, so Afonydd Cymru particularly welcomes the additional funding that Welsh Government has recently provided, but these programmes need long-term committed funding if they are to be effective. The SoNaRR reporting cycle should also be brought into line. This would be achieved by strengthening the duty to monitor and by setting monitoring targets under the EPGBT Bill.

Monitoring programmes also need to *inform* the national priorities. This extends to research in Wales so consideration should be given to coordinating innovation and research at a national level so that academia in Wales can deliver research which informs future policy. We support the current review by Bangor University on how this could support the public health agenda.

The OEGW should be given a specific role to audit performance by the regulatory bodies against the Government priorities on a cyclical basis to drive continual improvement.

Question 4: Do you support establishing a National System Planning Function for the water sector in Wales? Where should it sit, within the new economic regulator, as an independent body, or integrated into another Welsh Government or arms length body functions?

Afonydd Cymru strongly supports the concept of a National System Planning Function to oversee the management of water in Wales. Perhaps to give it a uniquely Welsh flavour and appropriate accountability, the Function could be headed by a Water Commissioner for Wales, modelled on the successful example of the Future Generations Commissioner.

We hope that the Water Commissioners overarching mission will be to demonstrate how the Welsh Government's flagship legislation - the Environment (Wales) Act; the Well-Being of Future Generations (Wales) Act and emerging EPGBT Bill – can drive coordinated, cost effective and measurable benefits for the water environment. It should explicitly be brought within the scope of the EPGBT Bill and made subject to performance monitoring by the new Office of Environmental Governance Wales.

If it is to be worthwhile, the Planner's remit must extend beyond the water industry and take a holistic approach to the management of Wales' water environment. This would enable the National Systems Planner to identify where a combination of pressures is causing problems and propose fairer, cost-effective mitigation measures, involving coordinated action by several sectors.

We recommend that the Planner should operate as an arm's length body and follow the environmental principles and support the environmental objectives set out in the EPGBT Bill. It could draw upon the variety of expertise available within the Welsh Government by being staffed by officials seconded from relevant WG Departments (e.g. Environment; Agriculture; Development Planning; Local Government; Legal) as well as experts from other sectors.

We do not think that the planning function should sit within the new economic regulator. That body will be water industry facing and so less equipped to consider the combined impacts of all the activities that impact on the water environment.

Afonydd Cymru considers that, in fact, the new economic regulator, the environmental regulator, the Drinking Water Inspectorate and a new delivery function should report to the Water Commissioner. Under this proposal, credibility and accountability to systems planning in Wales can be fully realised.

Question 5: How should water industry investment planning cycles (e.g. 5, 10, and 25 years) balance affordability, resilience, and environmental priorities?

Regulators have tended to place considerable emphasis on the perceived affordability of water prices, keeping bills as low as possible. In hindsight, that has led to critical improvements having been delayed, so that water customers are now having to cope with a sudden – and very unwelcome - increase in their water bills.

As well as sudden increases in water prices, the danger of repeatedly postponing investment is illustrated by the lack of progress (as recognised in the Cunliffe report) in meeting the legal obligations arising from the WFD: although it was adopted as long ago as the year 2000, progress toward restoring Wales' waterbodies to good status continues to be painfully slow.

It also led to a lack of much needed maintenance and a lack of forward consideration for the impacts of climate change. Whilst there has been a focus on environmental priorities through the National Environment Programme, it overlooked the need to build resilience into water infrastructure.

More generally, whilst some water customers might be concerned about higher bills, there is increasing public concern about the water industry's impact on the freshwater environment, such as through sewer overflows. Reducing these inputs will come at significant cost to companies and, in turn, their customers.

Customers may also not grasp the existential threat that the climate change emergency represents to the essential services water companies provide and to the natural ecosystems that rely on the water environment. The water system in Wales is under-prepared for what

will be a rapidly changing environment, characterised by wetter winters and drier summers. Significant, urgent investment will be needed if domestic and commercial customers are to continue to have plentiful and safe supplies of water all year round, while limiting the damage to the natural environment. The sewerage system is also ill-equipped to cope with the additional flows from prolonged heavy rain.

Whilst Afonydd Cymru recognises the concerns on affordability in Wales, it is disappointing to see the Green Paper framed with such a focus on affordability in the water sector. Put simply, this overlooks that effective water reform could deliver step-change improvements more effectively and efficiently – we should not be starting out with a principle of affordability to limit process.

To make water bills fairer, other sectors will need to accept more responsibility for the impact of their own activities: for example, highways authorities must find ways to divert flows away from public sewerage; developers should be required to deliver water efficient homes (the Welsh Government's support for SUDS is helpful here); agriculture should be incentivised to install more water storage, should manage their waste so as to not drive further expenditure in drinking water treatment and impact river water quality; and water wastage by other industrial sectors should be reduced.

The balance between affordability, resilience, and environmental priorities will be a matter for the new Systems Planner. Accountability by all sectors, commitment by Welsh Government to ban at source by ensuring extending producer responsibility and coordinating action at catchment-scale could deliver real environmental improvements in a far more equitable, efficient way. This is how to help address affordability. However, we believe that the current funding model is not adequate to meet the demands of climate change and customer expectations and that more radical thought needs to be put into how the water industry is funded going forward. Few other sectors are given a duty to produce long-term plans, plan for climate change, prioritise delivery and meet targets. This needs to be embedded in Wales alongside focus on the water industry.

Although many improvements are urgent, we accept that the water industry environmental programme will inevitably need to be phased over several price review cycles. Having a series of way-marked planning horizons could help the water industry anticipate expectations for future cycles. This needs to be aligned with Government priorities; for example, solutions to forever chemicals (PFAS) may be better tackled first by legislative control rather than expensive end-of-pipe investment by the water industry. Afonydd Cymru welcomed and supported proposals to deal with sewer overflows in a prioritised way by targeting overflows with the greatest ecological harm, but we need to embed prioritisation across Wales and across sector. This would also reduce the risk of orphan assets (where investment is made in infrastructure to tackle one problem which is later found to be unsuitable to meet future requirements, e.g. because of a lack of space). Climate change preparations will need to be adaptive and feature within all the foreseeable asset management plans but in the context of a national plan for Wales. Affordability will be delivered if *all* sectors are planning in the same way.

Clear guidance from Welsh Government via the MSWIP, and ideally adoption of the environmental principles in the new EPGBT Bill, will aid this task.

Question 6: What do you see as the added value a system planning approach could bring? What would your priorities be for implementing it in Wales?

At its best, a system planning approach offers the opportunity to deliver joined-up planning and clear direction of travel for all the sectors in Wales that have a stake in the water cycle. Its work needs to be underpinned by recognition of the fundamental importance to society - of the ecosystem services provided by the water environment (water abstraction, discharge, amenity and natural habitats). now and in the future.

A Wales focussed system planning approach could be an exemplar of how the Welsh Government's unique environmental legislative framework can deliver real benefits for the water environment and the people of Wales. This imaginative legislation provides the architecture for the more joined-up approach that will be needed if Wales is to have any chance of preparing for a rapidly changing climate, including balancing the ecosystem services of the waterbodies with the intrinsic needs of nature.

Through an oversight role, a national planning function will also be able to ensure that there is far more integration between the various plans that apply directly to the freshwater environment and a much fairer apportioning of investment requirements amongst all the sectors that impact upon it. It should also act as an efficient coordinator of Government funds to give priority to outcomes.

Lessons must be learnt from the implementation of the WFD and the ongoing failures of co-dependency, i.e. waterbodies failing to meet good status because of the inability of one sector to make improvements even though others may have made significant investments. For this reason, the system planning function needs a mandate that covers all sectors involved with the water system in Wales. This is in line with the Cunliffe Report's recommendation 53 "*The Government should also set the sector's environmental performance in the broader context of the contributions of other sectors to achieving environmental objectives, especially where remedial action for past failures is underway*", which we note that Welsh Government considers relevant to Wales.

In our evidence on land spreading, Afonydd Cymru provided Welsh Government with specific evidence on the failure between planning, permitting, legislation and regulation. The gaps that were exposed are not unique to concerns on land spreading and excessive nutrients to our rivers. We hope that a national systems planner role could coordinate across government departments and with stakeholders to enable processes to be aligned.

Afonydd Cymru is also working on the Ofwat Innovation Mainstreaming Nature-based solutions programme for Wales, working with Welsh Water, NRW and local authorities. Last year, we identified a number of opportunities for realising systems planning through this project which we have shared with WG, NRW and Welsh Water and we can report positive change through this programme. The ongoing development of a regional connector project

may further identify governance opportunities to realise and we would be offer this project as an opportunity to test the future reform structures.

The national planner should also act to coordinate catchment partnerships in Wales. There is currently a variety of structures in place (nutrient management boards, partnerships focussed on river regulation, individual river partnerships focussed on specific failures for example flooding). Afonydd Cymru would like to see a clear governance and priority structure put forward by Welsh Government that partnerships can deliver to. Catchment partnerships provide the opportunities for local stakeholders to feed into prioritised plans, providing localised waterbody knowledge. This must be embedded into the WFD process and inform the Programme of Measures. Public funding should be directed *only* towards these Programme of Measures, to deliver prioritised actions on the ground, until such time that improvements are realised.

Question 7: How should cross-border relationships with England be managed?

The three cross border river catchments (the Dee, Wye and Severn) provide key ecosystem services on which the population on both sides of the border are heavily reliant. All three are also highly protected rivers in recognition of their internationally important but fragile natural ecosystems. Delivering the best outcomes for these catchments will require cross border co-operation and mutual respect: this must outweigh territorial considerations.

We note the Cunliffe report suggested continued collaboration between the regulators on cross-border rivers. However, there is clear evidence of ineffective, frustrating and uncoordinated regulation of cross-border rivers. The River Wye, subject to numerous legal challenges, still has no single coordinated plan for delivery of nutrient reduction. The river is subject to different country policies which confuse and frustrate those trying to work and farm in different areas of the catchment. On the Teme, assessments under the WFD change dramatically in a single waterbody as the river crosses from Wales to England and assessments are undertaken by different bodies. A lack of coordination between NRW and Environment Agency has led to significant waste imports to Wales and land spreading in already failing designated rivers.

In terms of practicalities, there is a strong case for them to be managed at a catchment level. The territorial lead for each catchment groups could reflect Water Industry Act 1991 boundaries (i.e. the lead responsibility for the Dee and Wye catchments would rest in Wales; while the lead for the Severn would rest in England). The groups should be given statutory weight to enhance their status and influence.

The respective national planners in Wales and England could also act as “good offices” to encourage a coherent and co-ordinated approach within these critical catchments.

Question 8: Do you agree the current water legislative framework for Wales requires amendment? Which areas should be prioritised for review, and why?

The Welsh Government’s flagship environmental legislation provides a strong, overarching framework. Afonydd Cymru also very much welcomes the Welsh Government’s continuing

commitment to ensuring there is no reduction in the protections for the environment and proposals for re-alignment to European legislation. We fully support Welsh Government extending its devolved powers to enable legislative decisions for the environment to be made by Wales.

There are, though, some areas of the current water legislation Wales that would benefit from a review.

Legislation and policy for water have developed through a fragmented process, across a large number of Directives. It results in a complex array of targets and requirements for different parts of the water sector across, multiple different policies, Directives and Acts. A fundamental review of water legislation would be welcomed to provide clarity and to consolidate legislation into one place. However, this will take time and should not interfere with the focus necessary to deliver outcomes in the short-term.

The WFD promised so much but has, to date, delivered comparatively little. Afonydd Cymru has regularly challenged failures in the process, the lack of action to plans, a lack of underpinning evidence to support decisions and the failure to include significant areas of impact to rivers. If WFD is to be retained, the process which underpins its use in Wales and the governance structure for implementation must be overhauled.

It would benefit from having its planning cycles aligned with other national plans, including water industry periodic reviews. Overlaying the environmental principles set out in the EPGBT Bill could be a game-changer for the Directive's delivery: these principles should embolden the regulators to ensure that all sectors – not just the water industry – do their fair share toward achieving the Directive's targets.

It is a legal requirement of the Directive that measures are identified by sector and by waterbody. Whilst Afonydd Cymru consider this process to be robust for the water industry in Wales, we have presented significant concerns on the failure to address other sectors to deliver their fair share. We support proposals by Cunliffe for integrated river catchment plans. Catchment partnerships would enable stakeholders to provide local knowledge, which should be used to identify and deliver local, prioritised outcomes. These plans should inform the Programme of Measures, and the National Systems Planner should be responsible for governance of priorities at a national level.

The Urban Wastewater Treatment Directive (UWWTD) has driven improvements to thousands of continuous discharges by the sewerage industry, with many receiving proper treatment for the first time. We are aware that last year the EU introduced revisions to the UWWTD, some of which clearly align with the Welsh Government's own environmental agenda (e.g. the polluter pays principle; extended producer responsibility; climate change mitigation measures): we would ask for similar amendments to be made to the transposing regulations that apply in Wales.

It must be recognised that this work is ongoing in parallel to the implementation of the EPGBT Bill which includes biodiversity targets for freshwater. Welsh Government must

ensure therefore the integration of both Bills and clarity – there is cross-over on species and habitat between both which will hinder improvements to restoration.

NRW already has many levers available to it that could help drive improved behaviours by polluters: Afonydd Cymru would like NRW to be more prepared to exercise its existing enforcement powers (e.g. stop notices under environmental civil sanctions regulations; or its power in relation to agricultural silage and slurry storage). To date, it has still not used its special regulatory powers under the Environment (Wales) Act. We accept, though, that some of NRW's enforcement work is currently hampered by a lack of associated income streams. Bringing these miscellaneous activities under the umbrella of the Environmental Permitting Regulations would provide a readymade mechanism to recover costs, as well as tapping into existing enforcement tools. The disposal to land of sludges is a case in point.

There is clear evidence that intensive agriculture (poultry; dairy; and pigs) is causing serious damage to the freshwater environment, including in some of our most sensitive catchments. This is presented by NRW in its SoNNaR reporting, in compliance assessments of designated rivers, in its agricultural enforcement outcomes and in its annual reporting of pollution incidents. Relying on planning permission to limit the polluting impacts of these activities has not worked. In 2023, Afonydd Cymru, in partnership with Fish Legal, provided Welsh Government with evidence of all these failings in Wales. It is imperative that disposal of waste to land is urgently regulated and should be a priority of Welsh Government. This alone undermines all the recent action by Government, eNGOs and farmers for sustainable food production.

The water companies should be given more control over their own assets. Failure of sewer overflows is not necessarily a failure on water companies to manage foul water. There is a complex failure of land drainage, road drainage, trade effluent agreements, misconnections and illegal connections in play. Water companies must be able to have total management of the system and the powers to take action as necessary.

At the highest level, we wonder whether water and sewerage undertakers in Wales should be given a statutory 'purpose', similar to the duty placed upon NRW by the 2016 Act, for the Sustainable Management of Natural Resources (SMNR). This duty took some time for NRW to digest and understand, but it is now a central pillar for its objectives and policy. Welsh Government may wish to consider a similar core statutory purpose for undertakers; though we note that this would be more appropriate for a not-for dividend organisation such as Dŵr Cymru, than for an equity based company such as Hafren Dyfrdwy.

Question 9: Should public health outcomes and nature-based solutions be incorporated into future water legislation?

Public health outcomes

The water companies' Welsh customers generally enjoy plentiful, high quality public water supplies. The standards applied to potable water are very precautionary, designed to be safe over a lifetime's exposure. As well as the water supply companies, the Drinking Water Inspectorate (DWI) deserves a lot of credit for its effective oversight and enforcement of the statutory standards: it is a small, but remarkably effective regulator.

Future water legislation should keep existing standards under review to take account of emerging, robust scientific research. We note that DWI spends around £550K annually on research and development on drinking water quality issues, all of which is applicable to Wales. We remain concerned with UK proposals to change the DWI model and the impact that this may have on delivery of these standards for Wales.

Maintaining water companies' excellent track record for potable water quality will become increasingly difficult as changing climate patterns impact the quality and quantity of the raw water sources on which water companies rely. Given the potential public health, legal and reputational damage associated with water supply quality problems, we can well understand why water companies are risk averse when considering water treatment processes. This is a key area which underlines the integration of catchment management, the ecosystem services provided and the impact on affordability. We have historically focused on fixing the symptom and not dealing with the cause.

As the DWI's Annual Reports make clear, private water supplies are of much less consistently high standards. Although serving a comparatively small percentage of the Welsh population (about 2%), the poor quality of some of these supplies represents a real risk to public health (e.g. E. coli was found in 8.87% of tests of private water supplies compared with about 0.01% of public supplies). The day-to-day enforcement of these supplies rests with local authorities but, they "are still not fully delivering their statutory duties which aim to protect public health" (DWI 2024 Private Supplies in Wales). We wonder whether local authorities are equipped in terms of financial resources and expertise, so recommend that, at the very least, the DWI be given greater powers. Again, it shows a failure to make the link between the impact of land management in catchments and the presence of E.Coli in private water supplies.

The standards that apply to the freshwater environment have been set to meet two distinct objectives, and there are dangers in confusing the two. For example, the Bathing Waters Directives were designed to protect the health of swimmers. The purpose of the WFD, in contrast, is the protection and enhancement of the status of freshwater ecosystems.

There have been suggestions (e.g. recommendation 11 of the Cunliffe Report) that the purview of the WFD should be expanded to include parameters specifically relevant to human health. Afonydd Cymru remains cautious about this for a variety of reasons. Firstly, the Directive's focus on improving ecosystem resilience remains a worthwhile, pressing ambition: most of Wales' inland and coastal waters are still falling well short of meeting the Directive's requirements, and adding additional parameters will just slow progress even further. Secondly, monitoring for public health will require different considerations to WFD and will cause confusion to the monitoring programme. Finally, the Directive's implementation has been hampered by its existing complexity, making it very inaccessible to all but the most specialist audience (a quick look at any of the River Basin Management Plans amply demonstrates this): this will be exacerbated if yet more parameters are added.

Given that most risks to human health can be attributed to source, and this paper is proposing the introduction of Extended Producer Responsibility, we would advocate for

public health monitoring and management to be separate and funded through this route. Setting new legislation for public health should follow the pollution mitigation hierarchy and should ensure it is dealt with at source primarily.

Afonydd Cymru would support implementation of nature-based solutions (NbS) into Welsh legislation to require a mandatory nature-first hierarchy, across all sectors. Wales led the way with the implementation of Schedule 3 of the Flood and Water Management Act. It must now go further and faster again.

Our recent work under Mainstreaming NbS has identified funding *mechanisms* (rather than funding, per se) as the primary barrier to delivery. This is a consequence of the current complex myriad of different planning strategies (drainage and wastewater, water resources, flooding) and of different planning periods (5 years or 6 years?). It is also a primary consequence of the current annual budget limitations from Welsh Government to local authorities and NRW. Development and delivery of NbS will inevitably extend beyond a 12-month period, therefore, a solution to a longer-term funding scheme for delivery of NbS needs to be established rapidly. New resilient catchment drivers which allow multi-sector, co-funded outcomes are needed.

Two years ago, Afonydd Cymru presented to the then Minister Julie James, a concept of river catchment funding pots; the Banc of Teifi. It was envisaged that this Banc could bring together public funding effectively into a single prioritised pot which could be drawdown by river catchment against a set of prioritised deliverables. We believe the National Systems Planner role could facilitate this funding. It would remove bureaucracy and administration of funding schemes, it could set common standardised frameworks for use across sectors, it could enable cross-sector delivery of multi-benefits. Going forward, it could also support green financing from the private sector into the Banc. Moreover, it would provide financial stability for the market to the water industry by signalling that it was part of an overall catchment delivery plan. Finally, these funds would support localised delivery by catchment partnerships.

We are awaiting publication of the risk-based approach from NRW, which we believe will enable some further opportunities to support NbS in Wales, by clarifying regulatory risk levels and removing some existing barriers. Alongside this, it is imperative that the permitting and licensing mechanisms for environmental improvement schemes are overhauled; they should be proportional to scheme type and rapid in decision. Our rivers trusts have regularly raised this as a hindrance to river restoration, losing funding and delaying scheme delivery as a result of lack of decision-making by NRW (even on NRW-funded schemes).

Afonydd Cymru would like to see nature targets embedded into legislation. We welcome the current Government thinking through the EPGBT Bill but also ask that embedding nature targets are considered within water industry performance commitments and within the WFD.

The most cost-effective and rapid way to resolve the impact of sewer overflows would be the upstream catchment management of drainage and wastewater. Welsh legislation for

SuD's must, therefore, go further. It must extend to include the maintenance of SUD's in Wales; it must also consider retrofitting of older housing stock which dominates Welsh property. Legislation should be extended to highways drainage and to septic tanks. Resilient catchments should support growth and not limit it.

To support this, common standards must be applied across planning to all sectors. The Common Value Framework, developed by the Mainstreaming NbS team, is an example of this. The benefit of NbS must also be quantified under a common framework, implemented by Government and with a mandatory requirement by all practitioners to support the evidence base to collate an agreed, unequivocal Benefits Evidence base by type.

Question 10: What innovations or enforcement approaches could strengthen compliance for wastewater and drainage?

A greater visibility of NRW staff, e.g. unannounced visits and, in particular, attendance in response to reports of pollution incidents (whether or not linked to sewerage), would have a deterrent effect. It would also enhance NRW's credibility as an enforcement agency. Regulations and legislation are only effective if they are underpinned by a strong enforcement culture and we have long challenged that this has not been the case in our regulator, NRW. Whilst NRW has suffered from lack of committed funding and impacts to resourcing, this is a predominately a cultural failure within the organisation and we hope to see this turn around under a new CEO and Chair. It is, after all, the primary purpose of the body. To strengthen this, Afonydd Cymru ask for consideration to separate the current NRW functions into two bodies: an enforcement body and a delivery body allowing singular focus on enforcement, regulation and compliance.

Analysis and investigations of NRW's enforcement work by Afonydd Cymru identify shortfalls over a number of areas. We evidenced a lack of wastewater compliance audits by NRW on permitted wastewater assets, which we feel are a simple and basic requirement of regulation. We, therefore, welcome the creation of a new compliance team within the new NRW structure. As a result of this lack of desk-based compliance regulation in NRW, regulatory inspections have been routine, unfocussed and lacking in technical expertise. We have highlighted concerns on inconsistencies across geographic areas of NRW both in the regulation of the water industry but also in dealing with high priority pollution incidents and enforcement of failing sectors. We remain concerned about the lack of response from NRW to pollution incidents and the amended pollution categorisation in Wales, which sends mixed signals against other NRW policies (for example, only responding to high category pollution events which have resulted in fish kill is not consistent with the Wales Salmon and Seatrout Action Plan which seeks to avoid and protect).

Currently, sewerage undertakers have limited direct control over what enters their sewers. They are expected to cope with – and are generally criminally liable for resulting discharges of – whatever is put into their sewerage networks, however polluting or toxic it may be. When the EPGBT Bill is enacted, it will enshrine into Welsh law the principle of 'preventative action...to avoid environmental damage'. We hope that this will herald a much greater

emphasis on producer responsibility at source and Welsh Government should provide the framework and resources to enable this to happen.

We welcome the Welsh Government's decision to introduce a wet wipe ban from December 2026 on those containing plastics. Hopefully this will reduce the environmental harm caused by plastics in our river and seas. We also welcome Welsh Government's recent commitment to the Deposit Return Scheme, with additional powers for Wales. We would urge Welsh Government to continue to seek every opportunity to deal with the cause and not the symptom.

The Welsh Government has been at the forefront of introducing requirements for the installation of SUDS in new developments. Another way of reducing surface water inputs into drainage would be through more enforcement by local planning authorities of the rules requiring permeable or porous materials to be used in hard surfaces, or by incentivising homeowners to make informed choices which contribute towards sustainable water management. This could be achieved via variable tariffs on water bills. We would also like to see far more proactive implementation of water efficiency in non-households.

The focus on enforcement of water company activities tends to deflect attention away from other sectors that seem to operate with impunity, despite their damaging impacts. Afonydd Cymru, with Fish Legal, have evidenced concerns on land spreading, planning failures on permitted development and concerns on retrospective planning decisions, all of which have led to uncontrolled and unregulated disposal to land. Many abstractions, including by agriculture, seem to escape any meaningful monitoring and enforcement, even when water resources are under severe seasonal strain.

We think that bringing these activities within the scope of the Environmental Permitting Regulations would give the regulator meaningful levers to reduce their environmental impacts, as well as generating a mechanism for regulatory cost recovery. It would also underline Welsh Government's commitment to Polluter Pays in Wales.

We note that Welsh Government accepts the Cunliffe Report's recommendations 9 and 10 relating to extended producer responsibility and a more coherent approach to pre-pipe solutions. As far as the water industry is concerned, this should include controls on surface water and highway drainage and their consequential impact upon sewer capacity and overflows. Afonydd Cymru is confident that a proportion of sewer capacity is currently taken up with water that is not foul water (sewage). This is not the responsibility of the water industry, nor the water bill payer. Better outcomes for the river will be achieved if there is co-design and delivery of solutions to the source of the issue. We are currently exploring these avenues with Welsh Water and local authorities in Wales.

It is also worth considering the oft-neglected subject of trade effluent in this thinking and we point towards the recent UK Water Industry Research project "Source control and pathway control of non-sanitary pollutants¹" which examines what new source and pathway

¹ <https://ukwir.org/water-industry-technical-report?object=5a47149d-8d1b-4cd2-9879-c1f839ef9719>

control approaches can be applied in the UK and assesses options for amending legislation, including implementation of Extended Producer Responsibility.

Another impactful change for wastewater compliance in Wales would be to introduce General Binding Rules (GBR's) for septic tanks. The current system of registration in Wales is inadequate. Wales should move to a system of GBR's as is the case for England and Scotland. Recent evidence shows that septic tank ownership in Wales far exceeds previous estimates (for example, work by NRW on the Teifi and the Ogmore). This presents a significant, unquantified pollutant risk to rivers in Wales. GBRs and annual inspection reports on Point of Sale of domestic properties would embed better long-term management of domestic septic tanks in Wales. It would also deal with an unrecognised failure under the WFD and deliver necessary legal requirements on SAC rivers.

We are also concerned about wastewater treatment works in the ownership of local authorities in Wales. Our experience shows that these have not been maintained or monitored, many are unpermitted by NRW and therefore are subject to no regulation or enforcement. The long-term aim should be adoption by the water industry, but we support their decision to not adopt until such time that they meet necessary standards. Welsh Government must support local authorities to do this.

Question 11: Subject to enabling powers being provided to Welsh Government, do you agree with the proposal to establish a new, stand-alone economic regulator for water in Wales?

Question 12: What governance principles should underpin the design of a Welsh economic regulator, and how should its supervisory approach balance oversight with flexibility for innovation?

Question 13: If enabling powers were not conferred by the UK Government, what changes to the plans proposed by UK Government would be required?

Joint answer to Questions 11-13

In principle, Afonydd Cymru supports the creation of a separate Welsh economic water regulator. Its overarching mission should be explicitly linked to the Welsh Government's overarching environmental framework, so that it would, for example, be required to support the delivery of the emerging EPGT Bill.

This new economic regulator would liaise closely with the Welsh Government and new Welsh National Systems Planner to ensure that water company expenditure contributes toward the delivery of the Welsh Ministers' wider environmental priorities at the most efficient cost.

The economic regulator should be willing to allow experimental schemes which offer the potential for wider benefits, such as nature based solutions, without penalising water companies if the trials do not deliver all the hoped for outcomes.

Safeguards would be needed to prevent the water industry in Wales being at a disadvantage by having two separate economic regulators (Wales and England). Similarly, the Welsh economic regulator would need access to comparator data including the English water companies as a way of assessing the efficiency of proposed expenditure plans for Wales. A close working relationship with its English counterpart would also reduce the risk of regulatory capture.

If a separate Welsh stand-alone economic regulator is not progressed (e.g. because of limits on legislative competence), we think there is a credible half-way house. The economic regulator should have an established presence in Wales and adopt the Welsh Government's agenda when assessing the expenditure programmes proposed for Wales by relevant water companies. However, as it would remain a semi-autonomous part of an England and Wales economic regulator, it would retain access to comparator information; cost of capital; and economic assessment expertise held within the head office.

There is a precedent for this. The Environment Agency Wales had a separate structure and distinct Welsh identity, answerable to the Welsh Government to deliver an agreed environmental agenda. It was, though, able to access specialist advice and services elsewhere in the Agency.

In a departure from current practice, the new economic regulator's economic assessment skills should be harnessed to consider the water environment as a whole, so that its assessments for the water industry could be set against wider costs and benefits. For consistency, the economic regulator should also undertake the economic assessments required under the WFD; an activity currently undertaken by NRW. This would embrace multi-sector economic assessment and enable holistic catchment planning to be implemented.

Question 14: Which changes to performance commitments and outcome delivery incentives should be prioritised?

We suspect that incentives for performance and delivery have been 'priced in' by private water companies in periodic reviews over recent years, meaning that they are largely ineffective in driving real world performance.

Instead, incentives for water companies translate as a freedom to charge higher bills to customers. This has value to equity-based companies who can then generate improved shareholder returns; but we question whether an incentive mechanism that drives up customer bills is the right thing to do for a not-for-dividend company such as Dŵr Cymru.

The emphasis for economic regulation in Wales should be around customer affordability achieved through operating efficiency. For many years, Ofwat has kept an eye on efficiency (opex and capex) through the model of comparative competition and benchmarking between companies. We presume from the consultation paper that this system will broadly continue in England, where there are a number of companies to compare. It is not clear from the Welsh Government consultation how comparative competition can continue in

Wales alone, and how the future economic efficiency of companies in Wales might be measured.

The priorities of the water industry in Wales need to be aligned with Wales' national priorities as determined by the systems planner. They could also be tied, for example, to the biodiversity duty placed on water and sewerage undertakers by the Environment (Wales) Act 2016: this would incentivise the industry to support the Welsh Ministers' efforts to meet their new statutory biodiversity targets to be set under the EPGT Bill.

Further priorities, for example tighter standards for water quality or public health, require legislative obligations to be set by Government. Generally, our review of water company performance shows that when new obligations are set, the water industry adopts them. Failures come in long-term compliance to them, which is a failure of the regulator to hold them to those obligations. Areas which have been identified as current failures (Pass Forward Flow, breach of overflow permit) are generally areas which have some regulatory ambiguity, for example, requirements are detailed in Guidance Notes or are not explicitly detailed in legislation. A review of water legislation as a priority would resolve this. For this reason, we propose to strengthen this by separating out the current regulatory structure into two bodies: an environmental regulator with a focus on regulation and compliance and a separate new delivery function.

Consideration should not be given to setting performance commitments for the water industry, without also setting reciprocal commitments on other sectors which have their part to play in delivery. Welsh Government should consider common legislative targets across multiple sectors. Equally, incentives on delivery should also be considered across all sectors by the new delivery function.

Question 15: How can digital enforcement and monitoring be implemented affordably for Welsh customers, and what steps could strengthen operator self-monitoring while maintaining confidence in compliance?

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The more widespread roll-out of smart meters for customers will greatly enhance customers' and suppliers understanding of their water usage. It would give customers greater control over their own bills, while also helping companies identify possible leaks, or customers whose usage seems very excessive.

Operator self-monitoring of their own discharges by the water companies has been the subject of increasing public scepticism. We can see the argument for returning all monitoring to the regulator, i.e. NRW in Wales. However, that would represent a major additional burden on it and we have concerns already about NRW's own regulatory monitoring responsibilities and performance. Operator self-monitoring can be made to work if accredited processes and independent laboratories are used and, in particular, if there is rigorous oversight by the environmental regulator. Proper auditing and analysis by the regulatory agencies would increase public confidence, especially if it was underpinned by a willingness to take enforcement action if sampling programmes fall short of requirements, or if discharges are found to be in serious breach of their permits. The

regulator should also carry out unannounced spot checks of water company monitoring, including taking their own samples to validate the results reported by water companies. We would expect both the water companies and the NRW to be independently audited as part of the process.

However, taking a systems planning approach, this question needs to be applied to the wider water system in Wales and not just the water industry. The roll out of smart metering for volumetric measurement of abstraction and environmental discharges, with real-time data accessible by NRW, would be an innovative and cost-effective measure that could be applied to all relevant sectors. Smart meters are now a mature technology and their adoption within the environmental permitting regime would provide better environmental information, reduce monitoring costs for NRW and place costs for the provision of environmental information upon the permit holder, in line with the polluter pays principle.

We should also consider monitoring of the environment under this heading. There is widespread criticism of the complexity involved in WFD classification, and application of the 'one out all out' rule. It is difficult for a lay audience to understand. Bringing focus to ecological resilience under WFD (its original purpose), separating and strengthening chemical monitoring under a separate Directive and determining separate public health requirements would drive better prioritised decision-making for the environment. Duties for monitoring needs to be considered for protected sites and species and strengthened as part of the targets under the EPGBT.

Question 16: How should civil sanctions and enforcement powers be applied proportionately?

Afonydd Cymru is broadly supportive of civil sanctions for certain types of offence. These represent a form of restorative justice, ensuring that perpetrators of relevant environmental offences take measures to try to rectify the damage they have done. They are therefore a more constructive option as compared with criminal prosecution, particularly whilst court fines are returned to the UK Treasury and not made available to Wales.

Having said that, there should be a clear framework put into place to establish their use. For example, repeat offenders should not be able to avoid prosecution by offering numerous enforcement undertakings. We also consider that criminal prosecution remains the appropriate option against those who commit the most serious pollution offences. We would urge Government to establish this framework rapidly to ensure that a clear governance structure is in place. We would welcome a clear direction to the new OEGW to audit its implementation.

Question 17 to 20 – questions on sludge

Do you agree that tighter regulatory control on the application of sewage and septic tank sludge to land in Wales is required?

Afonydd Cymru strongly agrees that tighter regulatory control on sludge, slurry and digestate to land is needed. In 2024, we challenged Welsh Government, in partnership with Fish Legal, on failures with respect to land spreading across Wales. We have evidenced failure with planning, with permitting, with lack of and gaps in regulatory oversight, , with a failure to meet legal requirements under the Habitats Regulations for our designated sites, with lack of planning authority inspection of nutrient management plans, on failures on cumulative or excessive spreading to land and on waste import failures cross-border. Given we have already provided all this evidence, we have not included it again within this response directly but would be happy to highlight or discuss all of these concerns as necessary.

If Wales is to reform water, and deliver the necessary improvements to rivers, it is imperative that Welsh Government provides regulatory control of application to land by bringing all elements under EPR. The benefits of this would be to provide a robust, regulatory position for land spreading in Wales, implement a centralised waste management system at catchment level, close the current gaps between organisations primarily NRW and local planning authorities. It would also provide a fair and proportionate response across all sectors and provide the framework to support NRW to undertake the role of regulator, providing a necessary charging mechanism. EPR, based on farm system approach, would enable tighter legislation to be applied to the more industrialised elements of farming in Wales. We have concerns regarding EPR being linked to thresholds based on the impact of the threshold systems on poultry farming in the River Wye catchment and how this has been manipulated in planning applications.

All sludge to land, regardless of its source, must be considered on crop and soil need. Farms should be undertaking nutrient footprinting to drive individual responsibility and to allow better catchment management of nutrients to be realised. Current legislation is clear that application in excess of this is a waste and accordingly, must be treated as so under the waste regulations.

There is clear evidence of excessive nutrient levels across Wales and impact to freshwater habitats. A duty is needed to control all sources and forms of application of sludge across Wales.

Question 18: Should crop fed anaerobic digestion be subject to regulation and its output controlled? Is action needed to strengthen existing regulation of anaerobic digestion fed from other feed sources or to improve compliance and if so, how might this best be delivered?

Anaerobic digester failures have resulted in the worst fish kills on record in Wales. We have evidenced a catalogue of concerns in relation to this industry, across a number of different application types (farming, waste, energy production, food processing). There are examples of good practice and extremely poor practice. We consider that controlling this industry under EPR will support those operating well and deliver step-change improvement to those that are not.

Some elements from crop fed anaerobic digestion are also considered in other Welsh Government reviews, particularly Dr Boltons review of the Control of Agricultural Pollution Regulations. We have separately evidenced concerns on poor practice of soil and crop management in Wales, lack of adherence to good practice guidelines for maize and the implications of this to land management, soil loss and water quality. We would welcome this industry coming under EPR to provide consistent regulation with other sectors, to ensure environmental assessment from development to operation is undertaken and to control the spreading of digestate to land.

Question 19: Do you think having a waste exemption for anaerobic digestion is correct based on the risks of the process?

Based on above, we do not consider this exemption appropriate based on current failures and high level of risk.

Question 20: Are there better ways to valorise digestate for beneficial application to land, what are these and what is the evidence that shows this could lower the overall environmental risk of current digestate application to land.

Afonydd Cymru is not equipped to respond to technological innovations in this area. However, we would also emphasise that we are not against anaerobic digestion, per se, as there is clear evidence that it is effective and beneficial. This is a matter of ensuring that the industry is regulated and meets standards which are proportional and fair across sectors.

Question 21: What measures would strengthen governance standards and senior accountability in Welsh water companies?

Question 22: How can financial resilience requirements (e.g., minimum capital levels, environmental bonds) support sustainability, and what principles should guide decisions on alternative ownership models?

Joint answer to questions 21 and 22

Afonydd Cymru is not equipped to answer questions relating to water company finance, except in the broadest terms.

Wales' dominant water and sewerage company, Dŵr Cymru Welsh Water, is owned by Glas Cymru. Its not-for-dividend structure is unique in the privatised water sector in England and Wales and has meant that water bill payers' money has stayed in Wales rather than, for example, heading offshore to foreign owners, as has been the case with some of its English counterparts. Unlike other utilities operating here, Glas and Welsh Water are firmly rooted in Wales and proud of their Welsh identity.

That said, Welsh Water's unique model must be made to work better for the benefit of its customers and the environment. We note that customer bills have gone from being the second lowest in the UK to the highest in the country, and Welsh Water has had a 2-star 'requires improvement' rating for the third consecutive year in the NRW's 2024 report.

We hope that the Water (Special Measures) Act 2025 will go a long way toward rebalancing water companies' focus and improving corporate governance, including in the water companies operating in Wales.

The question of affordability and sustainability could be considered in alternative billing structures, driving changes in behaviour by rewarding sustainable use of water and drainage, and charging higher rates for higher water usage. Additional rewards could be applied during drought periods. These mechanisms should be considered for both household and non-household customers.

Overall, financial confidence must be restored in water companies in Wales by delivery of a timely, clear and well-considered reform to Water.

Question 23: What outcome-based resilience standards would be most appropriate for Wales, and how can asset health mapping and forward-looking metrics be strengthened without disproportionate costs?

In future periodic reviews of water industry prices, the need for more investment in the maintenance of existing infrastructure should be given higher priority. The different treatment of operating expenditure and capital expenditure in the price setting process can lead to the focus being on the provision of new assets, diverting attention and funds away from ensuring that rapidly aging water infrastructure is kept fit for purpose and climate change resilient. One option might be a more rigorous assessment of asset life-expectancy, so that maintenance can be better targeted.

The most important outcome-based resilience metric for the water industry is that of resilience to climate change, i.e. climate change adaptation. Writing this in the winter of 2026, there is extensive flooding across the UK, and there was significant drought in many regions of the UK in 2025. The infrastructure that has been built by previous generations is struggling to cope with the rate and intensity of climate change. We must empower and incentivise the water industry to deliver investment which makes catchment resilient to these pressures.

Water and sewerage undertakers have a reasonably good grip upon asset location and condition, and perhaps a slightly more uncertain grip upon future asset capacity because of climate uncertainty.

The most challenging part of this question is that relating to 'disproportionate costs'. Water companies are very good at calculating costs - this is what periodic reviews are for - but to work out whether costs are disproportionate one needs to first calculate the benefits that arise, or are lost, by action or inaction. This has, for example, been a major stumbling block for the WFD over three cycles. The benefit from delivery of actions to ecosystem and provisioning services will be a key consideration to set how public money should be prioritised in the future. It is for this reason that we consider that economic regulation should be at catchment level, and not focussed on the water industry solely.

It should be noted that the WFD, where measures for river water quality are driven, does not, per se, account for climate change resilience. Therefore, the Programme of Measures, provides actions against current failure and in a snapshot of time. Consideration should be given to how to plan nationally to embed climate change adaptation.

More generally, Afonydd Cymru believes that ecosystem resilience must be a key outcome underpinning Welsh Government policy for water. The EGPBT Bill will enable the Welsh Government to set biodiversity targets: measuring success against those targets, especially key indicator species that rely on the water environment, would act as a surrogate for assessing how well efforts to protect the water environment are working.

Question 24: What steps should improve supply chain and workforce capacity for future infrastructure delivery?

Some steps are already underway which has included the establishment of the first water industry eNGO framework in Wales, to trial delivery outside of typical consultancy/contractor arrangements by third sector organisations. We are confident that the third sector in Wales is well-placed to support delivery across a range of water functions but requires support to do this.

There is a clear lack of integrated connection between school curriculum, university degrees, apprenticeships and graduate placements in Wales, and we would urge Welsh Government to give priority to integrating the future needs on the supply chain and employment in Wales to a long-term strategy which recognises these needs. For example, Welsh Government established unique educational support for high priority roles in the NHS in Wales and we consider that similar thinking for water reform is needed. Identifying critical supply chain and workforce shortfalls and embedding routes to enable them would not only support water reform but also support social and economic strategy in Wales.

The power and delivery of volunteers in this should not be under-estimated. Citizen scientists have undoubtedly led much of the recent improvements in catchment understanding.

Question 25: What should be the key priorities in the Welsh Government's transition plan for water sector reform to provide clarity and stability?

To provide clarity and stability Welsh Government's transition plan should be bold and swift. The greatest destabilizing factor will be uncertainty, and this will increase over time. The longer that plans remain uncertain, the more that people and institutions will fret and the slower outcomes will be delivered. Afonydd Cymru's most significant concern with regard to the Green Paper is the pace at which reform is required versus the pace outlined in the paper.

Whilst there will be macro effects such as investor uncertainty, we would direct Welsh Government's attention to the people employed by all organisations in this debate as

deserving of clarity, stability and a rapid resolution of the situation. Any success of water companies and regulators in Wales is largely based upon the skills and dedication of the people who work for them, and all have undergone repeated reorganisations in recent years. It is important that their skills and morale are retained in this transition.

We therefore think that the proposed transition plan to have system planning established by 2028/2029, and an economic regulator in place by the early 2030's is too slow. It undermines Welsh Governments commitment to the nature and climate change crisis.

We would urge the following. An initial transition plan is detailed specifically for the water industry which sets out priorities and requirements for delivery during AMP9. This should focus on the key outcomes required for Wales, including co-design, catchment delivery and priorities. This must be in place to inform PR29 and reporting to existing regulatory structures by 2027.

Following this, future transition must consider:

- 1) The structure of the economic regulator, including whether this will be Wales only, or remain as an England and Wales body. This will need to be urgently progressed between the new Welsh Government and the UK Government in the summer of 2026. We would ask that this considers a new, wider remit for Wales to deliver integrated catchment economic assessment.
- 2) Depending upon this, resolution of the future of the DWI is required. Given the effectiveness and value for money provided by this organisation, we remain concerned about proposals to separate the body. If this is to be given a Wales-only identity, consideration needs to be given to where it will sit, retention of its independence from both the economic regulator and NRW and its, potential, wider remit for Wales to consider integrated catchment protection of drinking water. This could report as a new Wales-body alongside the economic and environmental regulator.
- 3) Whilst the paper proposes no changes to NRW, we would urge Welsh Government to consider its performance and effectiveness with respect to regulation. We consider that as the only body in Wales with statutory responsibility for environmental regulation, NRW should be directed to establish a robust enforcement culture driven from the top and to have this function as its primary focus. This could be reinforced by establishing it further principles under the EGPB and also giving the new OEGW responsibility for monitoring its performance.
- 4) Finally, much of the current lack of delivery and action on river catchments can be attributed to the failure of the WFD. Afonydd Cymru has again provided much evidence to Welsh Government on this but would be happy to support on this again if necessary. It is a legal requirement to monitor to provide the necessary evidence for action; it is a legal requirement to identify a programme of measures at waterbody level; it is a legal requirement to deliver a programme of action against those measures. These requirements are all within existing legislation but have not been delivered over previous WFD cycles. Therefore, as a matter of urgency Welsh Government needs to determine reform of water legislation in Wales, the future of WFD and, as a result, the necessary additional targets for the EGPB in order to meet commitments already made for 30x30 by 2030.

- 5) Therefore, to redress the focus between regulation and delivery currently sat with NRW, we propose that delivery mechanisms are separated into a new body apart from regulatory and compliance function. This delivery function would have primary responsibility to provide consistent governance to catchment partnerships in Wales, allow localised catchment knowledge to be coordinated into the RBMP's and maintain prioritised delivery on the ground. Current NRW delivery functions should be moved to this new body, thus providing a clear separation between regulatory and delivery functions.
- 6) Finally, therefore, Afonydd Cymru would suggest all the functions from (1) to (5) should report to a Water Commissioner for Wales.

Question 26: How can governance and advisory mechanisms ensure effective stakeholder engagement during the transition period, and would independent oversight add value? If so, what form should it take?

It is interesting to consider this question from a systems planning point of view. There is currently a plethora of advisory and stakeholder bodies concerned with the water system in Wales – the Wales Water Management Forum, the Land Management Forum, the Fisheries Forum, Better Water Quality Taskforce, River Summits, etc.

With the slow transition plan currently proposed, the tendency will be towards a scope creep of advisory bodies and panels. We note that the Cunliffe report's recommendation 87 is for an implementation advisory group for England and Wales. This is probably inevitable and necessary, but please limit the creation of any other panels, boards or stakeholder organisations in Wales during the transition. We would also strongly urge for a rationalisation of the existing groups to better deliver the priorities required.

Question 27: What, in your opinion, would be the likely effects of the proposals in this Green Paper on the Welsh language? We are particularly interested in any likely

No comment / Dim sylw

Question 28: In your opinion, could the proposals in this Green Paper be formulated or changed so as to:

- ***have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or***
- ***mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?***

No comment / Dim sylw

Question 29: We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:

One of the core principles of economic regulation for the last twenty years has been the concept of the level playing field. It is from this model that the 'Glas advantage' was derived and the not-for-profit/dividend model came into being for Welsh Water. Whilst we support the creation of an independent economic regulator for the water industry in Wales, we think that there is significant thinking to be done around how concepts such as comparative competition will actually work when it comes to price setting in Periodic Reviews. How can an economic regulator judge efficiency in a company without looking at the metrics and performance of similar companies in England?

After reading this consultation paper, and looking at the EPGBT, we are uncertain how and when the proposed environmental objective and environmental principles will apply to the various actors in this reorganisation of responsibilities.

It appears that Welsh Ministers and NRW will have duties under the bill when making policy, so presumably the Ministerial Statement of Water Industry Priorities would fall within scope, and that water company environmental assessments for things like Water Resource Management Plans would have to have regard to the principles?

It is however unclear what duties would be placed on a new economic regulator under the bill, and as Periodic Reviews are financial plans, whether they fall outside of the new regime. We assume, for example, that the new economic regulator would be within the scope of the new Office of Environmental Governance Wales.

Water and sewerage undertakers are, alongside agriculture, some of the largest users of the ecosystem services provided by Wales' natural resources. We think there is opportunity in this reset of water systems in Wales for water companies to be given a clear and statutory environmental purpose. This could potentially echo the NRW's purpose for the sustainable management of natural resources in the 2016 Act; but could also or instead require that water company business plans have regard to the environmental principles set out in the bill.

However, the future of Welsh rivers is dependent upon reforming all pressures and impacts to them, not just those posed by the water industry. The role of the National Systems Planner will be critical to delivering a prioritised and delivered action plan for rivers. Reform of the water industry will be totally ineffective if the same level of focus is not also given to other sectors.

Afonydd Cymru
March 2026