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Cc: Michael Christie; Williams, Julia (ESH - ECM); Hawkins, Stephen

Subject: MCZ Project Wales - Social and Economic considerations

Importance: High

URGENT - RESPONSE REQUIRED BY 3PM FRIDAY 17 SEPTEMBER

All

At the Sub Group meeting on 10th I was tasked with refining the paper on the social and economic aspects of selecting HPM CZs and with developing a matrix for the key activities - in an attempt to identify those of most relevance and importance to the project. These papers, alongside the latest version of the methodology are now attached for your consideration:

- social and economic consideration - suggested tracked changes welcome, I have also included a few comments and questions that I need views on.
- matrix - I need views on how the information has been presented and I need contributions to the text esp see highlighted areas.
- methodology - any comments/tracked changes

Apologies for the short timescale but pulling this information together has taken me much longer than anticipated. I need comments by 3pm tomorrow as the deadline for circulating the full package of site selection guidance to the (full) TAG is Monday 20th.

many thanks
Louise

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THE SOCIAL AND ECONOMIC ASPECTS OF HPMCZ SITE SELECTION

Background

The Marine and Coastal Access Act 2009¹ provides that when considering whether it is desirable to designate an area as a MCZ the appropriate authority (Welsh Ministers in Wales) may have regard to the economic and social consequences of doing so.

The Welsh Assembly Government has stated its intention to give full consideration to social and economic consequences throughout the process of selecting HPMCZs in Welsh waters. “Protecting Welsh Seas,” (September 2009) sets out the Welsh Assembly Government’s approach to selecting HPMCZs in Wales: to develop a robust site selection process that incorporates ecological, social and economic considerations and is informed by stakeholder dialogue. The aim is to ensure that HPMCZs are chosen to maximise benefits (ecological, social and economic) while minimising any conflicts with the different uses of the sea, as far as possible.

Explanatory note 335 of the Marine Act states:

“Subsection (7) allows Ministers to take account of the economic or social consequences of designation. This ensures MCZs may be designated in such a way as to conserve biodiversity and ecosystems whilst minimising any economic and social impacts. Where an area contains features that are rare, threatened or declining, or forms a biodiversity hotspot, greater weight is likely to be attached to ecological considerations. Where there is a choice of alternative areas which are equally suitable on ecological grounds, socio-economic factors could be more significant in deciding which areas may be designated as an MCZ.”

The Welsh Assembly Government considers that the approach it has developed to social and economic considerations is in line with the explanatory note.

Social and Economic Considerations

The consideration of the social and economic aspects of selecting an area as a HPMCZ is an important step in the process and a Sub-Group of the TAG has been established to inform this process. The Sub-Group has identified the key social and economic activities and issues thought to be relevant in determining where to designate a HPMCZ in Welsh waters.

The social and economic activities and issues have been considered within an ecosystem services framework. This is in line with the new Natural Environment Framework² (September 2010) being developed by the Welsh Assembly Government. In developing this new framework we aim to ensure that the true value of ecosystems and their services is fully reflected in our decision making.

¹ Section 117(7)

² <http://wales.gov.uk/consultations/environmentandcountryside/eshlivingwalescons/?lang=en>

Ecosystems and their services:

- the provisioning services – products obtained from ecosystems e.g. food and raw materials
- the cultural services – non material benefits from ecosystems e.g. heritage and recreation
- the regulating services – benefits obtained from regulation of ecosystem services e.g. flood protection and water purification
- Supporting services – processes necessary for the production of other ecosystem services e.g. soil formation and nutrient cycling

For the purposes of this task we have focused on aspects of ecosystem services that are of social and economic benefit to humankind – the provisioning services and cultural services.

In considering the level of importance to apply to the social and economic activities and issues we have looked at each of the key activities in turn, to consider the likely impact a designation may have on that activity. Depending upon the level of impact, the social and economic activities and issues have been categorised as to whether they are incompatible, conflicting or negligible considerations in the decision making process.

An additional category has been identified as needing consideration alongside social and economic issues and that is the practical aspects of a potential HPMCZ - such as the manageability and enforceability of a potential site. These have been categorised as of high, medium or low importance.

Activities have been defined as follows:

- **Incompatible** – an activity known to be incompatible with HPMCZs as it involves the extraction or deposition of living and non-living resources. Designation will have an impact upon this activity therefore they are considered of high importance in the decision making process as a means of where possible refining potential sites to minimise any impact.
- **Conflicting** - an activity that is likely to be damaging or disturbing and may need to be managed/mitigated to be compatible with HPMCZs. Designation may have an impact upon this activity therefore they are considered important in the decision making process as a means of refining site options or [introducing/recommending] management measures to minimise any impact.
- **Negligible** – an activity that is likely to be compatible with HPMCZs. Designation will have no impact on this activity and it is considered of little importance in the decision making process.

Full details of the activities and impacts identified are provided within the matrix at [reference].

Incorporating social and economic considerations into the site selection process

The outputs from the ecological guidance will be prioritised potential sites that best deliver the desired ecological output. The social and economic considerations will then be applied to the potential sites to act as a filter – whereby ultimately the sites that deliver the desired ecological output with minimum negative impact on social and economic activities (and where possible the greatest benefits) are selected and recommended to Ministers for designation.

Incorporating the social, economic and practical considerations will be an iterative process between the MCZ Project and stakeholders, taking place over a period of 9-12 months where the social and economic benefits and costs will be considered on a site by site basis. [The methodology at [section x] provides a step by step guide to site selection and the role of the Project groups in this process].

[Whereas we have some idea of the likely impacts of a HPMCZ and the type of activities that will be affected, our understanding of the social and economic benefits that are to be derived (for example increased opportunities for eco-tourism) will be informed and developed during the public consultation exercise at the first and second iteration.]

Some of activities known to be incompatible with HPMCZ have been identified as being appropriate for consideration early on in the process – that is before the first iteration of potential sites is issued for stakeholder and public comment. These are where issues have been identified that present certain legal and physical constraints.

The key physical and legal constraints have been identified as:

- Ports/harbours areas where maintenance dredging is required
- Areas licensed for aggregate extraction
- Fisheries several and regulating orders
- Major cables and/or pipelines that require regular access for operation and maintenance

There may also be instance where, although we do not yet know what potential sites will emerge from the ecological guidance, the MCZ Project considers that the strength of certain social and economic implications associated with a potential site when compared to its ecological importance may mean that a potential site is considered unsuitable for further consideration. Such a site will be removed as a potential site before the first iteration of sites is issued for public view and comment. This is likely to occur where there are conflicts with Welsh Assembly Government policies including:

- WAG's future renewable energy agenda
- WAG's sustainable fisheries policy

If any site is considered unsuitable for the first iteration due to the strength of the social and economic implications, the MCZ Project will as part of the stakeholder engagement package identify the site(s) that have been eliminated and the reasons for the elimination, and also those sites that have been identified as having potential positive social and economic implications.

All other social and economic considerations considered to be critical and important to the process will be incorporated into decision making during the first, second and third iteration. Stakeholders and sea users will have the opportunity to input and provide information about their activity and area during these iterations.

Stakeholders will be able to respond as they think fit on all aspects of the package of information – including sites that may have been excluded.

The information and feedback received will be used to refine the potential site options in such a way as to minimise the impact on activities – and where possible maximising benefits.

Data and evidence

The MCZ Project has started to collate and map available evidence and data on the location of the critical and importance social and economic activities in and around the Welsh waters. The focus to date has been to collect Wales wide data for those activities known to be incompatible and/or conflicting with a HPMCZ. We know that there are gaps in this data and we will continue to work with stakeholders to fill data gaps and increase the confidence in the information. We envisage that more data and evidence will be [forthcoming/gathered] on a site by site basis during the iteration exercises.

REFERENCE MATRIX

Further information on the key stages for selecting sites is provided in [insert ref to methodology]

HPMCZ Selection - Social and Economic matrix

Ecosystem Service	Impact [of designation]	Activity	How and when considered in the process
Provisioning Service Cultural Service	Incompatible	Commercial fishing & Aquaculture	<p>Mike, Phil – will you update text please ...contribution to economy, communities, food s</p> <p>Recognising that fishing is relevant to all Welsh waters the need to minimise the impact will be considered at <u>all</u> stages of site selection.</p> <p>Consideration needs to include:</p> <ul style="list-style-type: none"> a) The number of dependant fishers from a proposed HPMCZ should be considered – r want to consider the size of the fishery yield. b) food production chain..... c) Displacement – are there alternative fishing grounds? It is likely that fishing activity w displaced to other previously less exploited areas that may not be as productive or may difficult to fish or be more costly to reach. d) Whether the proposed site critical for important life-history stages or vulnerable life h stages of commercially important species? Choosing such areas will increase the likelih an HPMCZ will benefit local fisheries although may lead to greater conflict. <p>Where a Several and/or Regulating order exists for the right to fish or cultivation fish in area then the impact of a potential HPMCZ on these areas will be considered while dev the first iteration where areas are likely to be excluded. [is it possible to revoke an order what are consequence?]</p>
Provisioning service	Incompatible	Dredging – aggregate extraction	<p>Dredging as an extractive activity is incompatible with HPMCZ designation.</p> <p>Aggregate dredging may only occur within restricted areas that have been [designated/ by TCE? as suitable for this activity. The opportunity for alternative sites is limited with classification of a new area [being costly? Time consuming? Restricted by the availability location of resources?]</p> <p>...contribution to economy, construction industry ...the impact of a HPMCZ designation considered carefully. Any potential HPMCZ identified within an area currently licensed f aggregate extraction is likely to be excluded from further consideration in developing th iteration.</p> <p>[need to justify this – why not revoke the consent? Are there any other areas that could instead?]</p>

			The impact of a potential HPMCZ on areas not yet licensed for extraction but identified for aggregate extraction in the future aggregates will be considered as part of the iterative stages.
WHICH SERVICE?	Incompatible	Dredging - disposal sites	A dispositional activity by nature therefore is incompatible with HPMCZ designation. The location of dredged material (e.g.) is restricted to areas of sea classified/designated by [TCE?]. to explain why important and consequence of not having them – are there alternative sites that could be used? The impact of any potential HPMCZ will be considered as part of the iterative stages.
Provisioning Service	Incompatible	Renewable Energy	Areas already under wind farms are likely to be excluded from further consideration as part of the ecological selection process - as permanently modified areas they are likely to be considered limited in ecological recovery potential. The construction of any new area/facility for renewable energy (wind, tidal and wave) will be both extractive and depositional activities – activities incompatible with HPMCZ designation....consider the contribution to WAG's renewable energy agenda, energy security, green economy, the economy.... A potential site identified within an area of sea recognised as vital as a future renewable energy source is likely to be excluded from further consideration whilst developing the first iteration.
Provisioning Service	Incompatible	Oil and Gas	Existing and the construction of new oil and gas facilities (platforms, well-heads, pipelines) are considered incompatible with HPMCZs. Recognising that and depositional activities and their contribution to economy, energy security... [Are these likely to be highly modified areas?] The impact of any potential sites will be considered as part of the iterative stages.
WHICH SERVICE	Incompatible	Cables	Existing major cables that require regular access for maintenance and operation will be considered whilst developing the first iteration of HPMCZs. Other cables where perhaps management measures can be introduced to minimise any impact and where plans for laying new cables are known the impact of HPMCZ will be considered as part of the iterative stages.
WHICH SERVICE	Incompatible Conflicting	Ports, Boats & Shipping	Maintenance dredging is required to enable a port/harbour to continue to operate and function, contributing to the economy, communities, jobs etc.... Recognising that the location of ports and harbours are fixed [?] any potential HPMCZ identified in an area that undergoes maintenance dredging is likely to be removed from further consideration at stage 1.

			For other associated activities and facilities (including slipways, piers, moorings, anchorages, navigational aides) the impact of any potential site will be considered as part of the iterative stages. Where possible management and mitigation measures may be considered to minimise impact.
Provisioning Service	Conflicting	Water management	Sewage, industrial and agricultural waste outlets allow waste to ...By their very nature as part of the infrastructure, there is therefore no option for relocating to another area. The location of an outlet may not exclude a potential HPMCZ as it will depend upon the features and type/amount of discharge. The impact of any potential site will be considered as part of the iterative stages.
Provisioning Service	Incompatible	Recreational Angling	...contribution to economy, communities, food security, well-being.... Recognising that this is relevant to all Welsh waters the need to minimise the impact will be considered at all site selection.
Cultural Service	Conflicting	Recreation - other	Is the site currently or could it potentially be used for public recreation? Consider the contribution to economy...communities, well being and health. Areas that have high use value in terms of public recreation may or may not be compatible with the site. Some recreational activities carefully managed may derive benefits from designation. The impact of any potential sites will be considered as part of the iterative stages.
Cultural service	Conflicting	Tourism	May or may not be compatible with HPMCZ....management measures may be required... Areas that lend themselves to forms of tourism that are compatible with conservation goals may be considered a priority. Consideration should also be made on the number of visitors a given HPMCZ can support. The impact of any potential HPMCZ will be considered as part of the iterative stages.
WHICH SERVICE	Incompatible Conflicting	Military areas	The impact of any potential HPMCZ on these activities will be considered as part of the iterative stages.

HPMCZ Selection – Practical considerations [matrix]

Activity	Importance	How and when considered in the process
Research & Monitoring	High	A key consideration for a HPMCZ is that its contribution to our understanding of the marine environment. It will also be necessary to carry out monitoring to inform 6-yearly report on achieving and maintaining an coherent network of m

		protected areas. Potential sites must present a positive opportunity for research and monitoring. To be considered the iterative stages.
Management & Enforcement	High	This refers to the ease and cost of managing and enforcing a potential area. The more straightforward the management and patrols requirements the more likely they are to succeed. Areas that are difficult to manage and enforce may be less likely to succeed in achieving HPMCZ goals. Also consider access to the area. Consider the use of voluntary management agreements and whether they are likely to be supported in an area. To be considered as part of the iterative stages.
Safety	High	Consider the principal users of the area after designation and the degree of danger e.g. if likely to be recreation the danger from strong currents, surf, submerged obstacles, waves and other hazards. Also consider those displaced from the HPMCZ where alternative areas may be more difficult or dangerous to access e.g. alternative sites for fishers displaced from the HPMCZ may be more difficult, costly and/or dangerous to fish. To be considered as part of the iterative stages.
Acceptance	Medium	How much social acceptance to a potential HPMCZ? What is the degree of community support for the creation of a HPMCZ in a particular area? HPMCZ success (and more broadly MPA success) has been shown to often be reliant on compliance and support from local communities. An area that is already protected through tradition or practice could represent a favourable site for an HPMCZ. To be considered as part of the iterative stages.
International/National Significance	High	If an area contains a proposed or possible features for international protection under an existing designation (e.g. a World Heritage Area of Conservation), or forms a link with a cross boundary MPA network it should rate highly. To be considered as part of the iterative stages.

SITE SELECTION METHODOLOGY – incorporating ecological, social and economic considerations

The process will contain the following key stages:

- **Stage 1:**
- **Stage 2:**
- **Stage 3:**
- **Stage 4:**

Whilst some of the detailed aspects of individual stages may be refined as the MCZ project develops it is envisaged that the key stages will progress as outlined below.

Stage 1: Developing the First iteration of HPM CZs

CCW will develop the ecological focus areas using the agreed ecological guidance (phase 1 of the ecological scoring system) and will present the ecological focus areas to the Technical Advisory Group (TAG).

The TAG will consider the focus areas in light of the agreed ecological guidance and from these areas will determine a prioritised list of potential sites (in line with phase 2 of the ecological scoring system). The prioritised potential sites will include different combinations and options that best deliver the desired ecological output. At this stage draft generic conservation objectives will also be developed which will help inform

The TAG will then consider the potential sites alongside the key critical practical, social and economic issues that have been identified for early [consideration/integration] into the process. Where necessary the suite of potential sites will be refined to remove any sites where there are obvious constraints and/or significant issues of incompatibility with a HPM CZ designation.

The major physical and legal constraints likely to be considered at this stage are:

- Ports/harbours areas where maintenance dredging is required
- Areas licensed for aggregate extraction
- Fisheries several orders
- Major cables and pipelines that require regular access for operation and maintenance purposes

The TAG will then agree the potential site options for recommendation to the Steering Group as the first iteration.

The role of the Steering Group is to endorse the first iteration of potential sites and agree that they be shared with stakeholders and the wider public for comment and feedback. However, beforehand the Steering Group may consider it necessary to refine the potential sites further in light of conflicts [or any potential positive associations] with the following Welsh Assembly Government (WAG) policies:

- WAG's future renewable energy agenda [should know more Sept/Oct]
- WAG's sustainable fisheries policy
- *may be others*

Consulting on the First Iteration

Once the Steering Group has agreed the first iteration of potential sites the Welsh Assembly Government will commence a 3 month period of stakeholder engagement.

The Welsh Assembly Government will issue a package of information outlining how the potential sites have been selected, details of any sites removed from consideration on social and economic grounds and any draft generic conservation objectives. The information will be available on Welsh Assembly Government's website and will be shared with MCZ Project's Stakeholder and Citizen Engagement Group (SCEG) and with wider group networks. The Welsh Assembly Government may also hold public meetings with regional communities and key sector groups.

During this phase the Welsh Assembly Government will be looking to stakeholders to provide:

- information on known current and planned human activities in an area within or adjacent to a potential HPMCZ,
- information of activities that are compatible with a HPMCZ proposal,
- information of activities that may be incompatible with a HPMCZ proposal,
- additional available data and evidence to inform the process,
- information on potential data/evidence gaps.

Spatial information about activities of interests will be most useful to the MCZ Project.

The Welsh Assembly Government will engage with UK Government departments, the Irish Sea Conservation Zone Project, the Finding Sanctuary Project and the National and International Stakeholder Forum established by JNCC. This will ensure wider government and stakeholder input to the process and coherence between the MCZ projects.

The information collected and collated during this stage will be used to inform the next iteration of sites.

Developing the Second Iteration of HPMCZs

Using the feedback and information received from the first iteration exercise the TAG will make recommendations for refining the site options. Where social and/or economic issues incompatible with a HPMCZ have been identified the TAG will consider refining the site options in order to minimise the conflict – however this will only be possible where there are ecological options to choose between. There may be situations whereby there is no viable ecological option and therefore the TAG will be unable to refine its

recommendations in such a way as to minimise issues of incompatibility. In such circumstance it will be for the Steering Group to decide how these sites are taken forward.

The TAG will identify any outstanding issues that require further consideration, for example the need for further research may have been identified to inform the next stage in the process.

Alongside this work CCW will continue to develop draft conservation objectives for the site options for consideration by the TAG. At this stage the conservation objectives will be more detailed and tailored to individual potential sites. This will allow the TAG to assess and identify those activities that are likely to be considered damaging and therefore require management and/or mitigation measures.

The TAG will present its recommendations for the second iteration to the Steering Group with full details of how the site options have been modified and refined since the first iteration. The recommendations will include any issues of incompatibility that remain unresolved by the TAG and draft conservation objectives with implications for management measures.

The Steering Group will consider the TAG's recommendation for the second iteration of sites. It may decide to refine the sites further, before deciding to publish the second iteration for stakeholder and wider public comments.

Consulting on the Second Iteration

As with the first iteration the Welsh Assembly Government will be responsible for sharing this information with SCEG and wider stakeholder networks. The process as outlined above for the first iteration will be repeated, although as the site options here, having been refined, are likely to focus on specific areas we expect the stakeholder engagement to involve more detailed deliberations in relation to the social and economic interactions.

Developing the Third Iteration of HPM CZs

The TAG will use the information and feedback from the second iteration to inform its final recommendations for the location of HPM CZs in Welsh waters. The TAG's recommendations to the Steering Group will include details of outstanding conflicts, conservation objectives, advice on site management and the management of any displaced activity, plus requirements for monitoring and enforcement.

The Steering Group will consider the package of information and agree its recommendation to Welsh Ministers.

Final recommendations to Welsh Ministers will include for each site:

- a map of the recommended site
- proposed name for the site
- description of the features of the site

- suggested conservation objectives
- pressures associated with any ongoing/planned activities
- outstanding objections

Formal Consultation and the Designation Process

On receiving recommended HPMCZs Welsh Ministers will consider how they meet, and are consistent with, the relevant statutory considerations³, Welsh Assembly Government policy objectives, the advice and recommendations of the MCZ Steering Group and any international commitments before deciding whether to proceed with formal consultation.

Welsh Ministers will also take account of the draft impact assessment outlining anticipated costs and benefits of the proposed sites including, where appropriate, information on individual or groups of sites, and identifying the nature conservation, sustainable development, and environmental, social and economic implications.

A formal period of public consultation will take place, for a period of 12 weeks. The impact assessment will be consulted on simultaneously with the HPMCZ designation order(s) to which it relates. The designation order will identify the boundaries of the HPMCZ, list the protected feature(s) and set out the conservation objectives for the HPMCZ.

If the MCZ project has worked as intended, new issues or objections are unlikely to be raised at this stage – this cannot be guaranteed and any unresolved concerns are likely to be reiterated as formal objections. Welsh Ministers will consider any objections and representations from the formal consultation exercise before deciding whether to make a designation order. The Welsh Assembly Government may correspond, discuss or seek further information before reaching a decision, and Welsh Ministers may decide to hold a hearing.

Welsh Ministers will designate MCZs by orders, in line with Part 5 of the Marine and Coastal Access Act.

It may be necessary to involve Welsh Ministers at each and every stage of this process. The Steering Group will be responsible for deciding when it is necessary to obtain a steer or decision from Welsh Ministers.

INSERT FLOW CHART OF PROCESS

³ Marine and Coastal Access Act 2009 Sections 117-118 and Section 123