



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Yr Is-bwyllgor Datblygu Gwledig
The Rural Development Sub-committee**

**Dydd Iau, 10 Chwefror 2011
Thursday, 10 February 2011**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn yr is-bwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the sub-committee. In addition, an English translation of Welsh speeches is included.

Aelodau'r is-bwyllgor yn bresennol
Sub-committee members in attendance

Andrew R.T. Davies	Ceidwadwyr Cymreig (yn dirprwyo ar ran Brynle Williams) Welsh Conservatives (substitute for Brynle Williams)
Rhodri Glyn Thomas	Plaid Cymru (Cadeirydd yr Is-bwyllgor) The Party of Wales (Sub-committee Chair)
Joyce Watson	Llafur Labour
Kirsty Williams	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Dr Haydn Edwards	Cadeirydd, Partneriaeth Cynghori ar Fwyd a Diod Chair, Food and Drink Advisory Partnership
Wynfford James	Pennaeth, Is-adran Datblygu Bwyd, Pysgodfeydd a'r Farchnad, Wales the True Taste Head, Food, fisheries and Market Development Division, Gwir Flas Cymru
Yr Athro/Professor Terry Marsden	Prifysgol Caerdydd Cardiff University

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Ryan Bishop	Dirprwy Glerc Deputy Clerk
Meriel Singleton	Clerc Clerk

Dechreuodd y cyfarfod am 1.00 p.m.
The meeting began at 1.00 p.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Rhodri Glyn Thomas:** Croeso cynnes ichi i gyd i'r cyfarfod hwn o'r Is-bwyllgor Datblygu Gwledig. Dechreuaf gyda'r cyhoeddiadau arferol. Dilynwch y tywyswyr os oes unrhyw arwydd o dân, a sicrhewch bod unrhyw offer electronig wedi'i ddiffodd, os gwelwch yn dda. Mae'r Cynulliad Cenedlaethol yn gweithredu drwy gyfrwng y Gymraeg a'r Saesneg. Mae clustffonau ar gael; mae'r cyfieithu ar y pryd ar sianel 1, a gellir chwyddleisio'r sain ar sianel 0, os ydych yn cael trafferth clywed. Nid oes angen cyffwrdd â'r meicroffonau, oherwydd byddant yn gweithio'n awtomatig.

Rhodri Glyn Thomas: I extend a warm welcome to you all to this meeting of the Rural Development Sub-committee. I will start with the usual announcements. Please follow the ushers if there is any indication that there is a fire, and please ensure that all electronic equipment is switched off. The National Assembly operates through the media of Welsh and English. Headphones are available; simultaneous translation is on channel 1, and amplification of the sound, if you are hard of hearing, is available on channel 0. There is no need to touch the microphones, as they work automatically.

[2] Yr wyf wedi derbyn ymddiheuriadau I have received apologies from Brynle

gan Brynle Williams, ac mae Andrew R.T. Davies yn dirprwyo ar ei ran. Mae'n dda iawn clywed bod Brynle yn gwella, ac edrychwn ymlaen at gael ei gwmmi yn yr is-bwyllgor yn fuan.

Williams, and Andrew R.T. Davies is substituting for him. It is good to hear that Brynle is getting better, and we look forward to having him here with us in the sub-committee very soon.

1.01 p.m.

Cynhyrchu a Hybu Bwyd Cymreig: Sesiwn Adolygu Promotion and Production of Welsh Food: Review Session

[3] **Rhodri Glyn Thomas:** I welcome Professor Terry Marsden to the meeting. I invite you to make a few opening remarks, if you wish. We would be grateful if you could keep them to about three minutes, and we will then go into questions.

[4] **Professor Marsden:** I have prepared an update on where we are—it was an interesting exercise to think about that. It was also good to have the opportunity to report on the research that we have been doing on these sorts of issues in relation to the promotion and production of Welsh food. I will keep my remarks brief, although I do have more detail, and you are welcome to have that.

[5] There are three aspects that are interesting to focus on at the moment, compared with the situation when the Rural Development Sub-committee produced its last report. One of them is on the continuing question about the resilience and vulnerability of the farming sector, now and in the future. We have undertaken a survey involving 1,000 farms across Wales, which was stratified and representative, and we have a pretty good picture of what farms are up to and what they are thinking with regard to the future, particularly post 2013. That has been interesting, and you are welcome to have a look at the report. The general point, from the point of view of farming, is that three different groups based on the types of farmers and how they look at the future are developing. It is difficult to put a number on it, but I think that those groups represent about a third each of all farmers.

[6] The first comprises what we might call the strugglers and the potential 'exiters'. We asked questions about what farmers were going to do post 2013, first of all if there will be a change in policy, for example if there is more environmental policy regarding pillar 1 and pillar 2, and secondly in relation to the cost/price squeeze and so on. We found that around 30 per cent of them were struggling to know what to do, and something like 10 or 15 per cent were thinking of leaving the business. That is obviously a concern.

[7] There was a second cluster, in relation to being policy-dependent. That is to say, they are very much reactive rather than proactive, particularly in respect of income under pillar 1 and payments as part of the common agricultural policy. That group, again, equates to around 30 per cent of farmers.

[8] The other group that makes up 30 per cent of the total includes the top-end or multifunctional cluster—those farmers who perform pretty well. They are more entrepreneurial, are doing different things, and are prepared to have a go at environmental policy and management, as well as diversification, adding value and moving into food production.

[9] We have quite a bit of data on the resilience and vulnerability of the sector. We all know about the ageing profile of farmers, and the question of who will be running the land is important.

[10] On the issue of supply chains, some interesting points have arisen. It is not all

particularly bad news, as we have identified many new producer groups and examples of conventional producers coming together often to negotiate on prices and brands with retailers. We have been doing work in that respect in Carmarthenshire and Pembrokeshire, for instance. There seems to be more stimulation for doing that among the top third of the farming community. In addition, brand marketing, developing forward contracting arrangements and creating more resilience and so on are occurring to a certain extent, but there is the potential to do a lot more. Our farm survey showed that only around 15 per cent of farms were involved in any form of co-operation, but that is developing. There is a question about how that is stimulated. Forty-one per cent of the farms that we studied did not use Farming Connect. We think that there is potential to develop more linkages between advice on how to develop and diversify. So, there are some results there.

[11] The other point that you mentioned in your last report was on the development of key hubs or food centres, whereby suppliers supply food, which can then be sold off to wholesalers and so on. We have seen some development of those hubs to varying degrees, from farm shops to bigger outfits such as abattoirs. For example, Calon Wen is a milk co-operative comprising 20 farmers, and it has branding that it uses in supermarkets. One thing that has come out of our work is the question of how capital can be reinvested to maintain those businesses. Capital investment and the role of credit and finance is always an issue, but it is a particular issue at the moment.

[12] My final comment relates more generally to the drivers that the food strategy has identified recently, and it is important that they are bedded in to build capacities and connections. There are key areas on which to focus attention. One of those is horticulture, and we have discovered that there is a lot of land that has potential in that respect. There is this image that Wales does not have any land available for horticulture, but that is not true. There are quite a lot of bits of land that can be used, but there is a need to upskill and improve the knowledge base for that.

1.10 p.m.

[13] Another issue of concern, which was in the report last time, related to local procurement and the role of local authorities in driving or creating demand in the sector. Clearly, with this new age of austerity in local authorities, that is an issue. Kevin, my colleague, who cannot be here today, has been working on some of this. Carmarthenshire is doing some interesting things building co-operation with other local authorities to try to procure creatively and to manage that process under quite difficult financial circumstances. You might know that, in England, some local authorities are getting out of the business altogether; they are privatising this sort of procurement. Croydon and Nottingham are good examples. Therefore, there is a question mark over how we are building effective procurement of local or good-quality foods into our schools and hospitals. That is still an area for consideration. With many of these things, you can make quite a bit of progress for a while, but the issue is sustaining it over the long term.

[14] Finally, the national UK and global trends continue to provide significant challenges, with high prices but also high input costs. There is more centralisation of some of the conventional processing out of Wales into concentrated dairy processing, for instance, in England, which is a concern. However, evidence shows that the demand for local products and locality products—that is, products that are branded locally but sold UK-wide or internationally—is growing. There are real opportunities to brand and to market Welsh products within Wales but, more significantly, outside of Wales, across the border and also in other parts of the world. It will be tough to keep an eye on meeting these challenges.

[15] **Rhodri Glyn Thomas:** Diolch yn **Rhodri Glyn Thomas:** Thank you, Terry, fawr, Terry, am y sylwadau agoriadol hynny. for those opening remarks. I would like to

Hoffwn eich cyfeirio at rai o'r datblygiadau sydd wedi digwydd ers inni gyhoeddi ein hadroddiad. Mae'r Gweinidog, Elin Jones, wedi sefydlu'r partneriaeth cynghori ar fwyd a diod, o dan gadeiryddiaeth Dr Haydn Edwards, yn ogystal â chyhoeddi strategaeth fwyd, 'Bwyd i Gymru, Bwyd o Gymru', ddiwedd y llynedd. I ba raddau y credwch y bydd y strategaeth honno yn arwain at fwy o gydweithio a chydlynu i gynhyrchwyr bwyd yng Nghymru?

refer you to some of the developments that have taken place since our report was published. The Minister, Elin Jones, has established the food and drink advisory partnership, under the chairmanship of Dr Haydn Edwards, and she also published a food strategy, 'Food for Wales, Food from Wales', at the end of last year. To what extent do you believe that that strategy will lead to greater collaboration and co-ordination for food producers in Wales?

[16] **Professor Marsden:** It is a key strategy document. I think that it should be welcomed. It is not just a visionary statement; it has these five drivers, on which it is working, which are linked to the work that you have done here: market development, developing a food culture, and sustainability—interestingly, that is not just simply sustainability as a good thing, environmentally, or as a protective function, but as a driver for market development, which is what I think it will be. The more that we can demonstrate that food from Wales is being produced in a sustainable manner, the more effective that will be in opening up market niches. Then there is supply chain efficiency and something to watch with the food strategy, in particular, is its ability to integrate across policy sectors and across Wales. That is a major driver. Therefore, I welcome the strategy. The question, of course, as we have said before with regard to all of these strategies, is about ensuring traction and ensuring that there is a monitoring arrangement in place by which we can see progress over the 10 years and see developments in that way. I think that it could be successful. It seems to be in line with what is needed.

[17] **Rhodri Glyn Thomas:** Mae'n dda clywed eich sylwadau ynglŷn â'r ffordd yr ydym yn gobeithio y bydd y strategaeth hon yn pontio rhwng y strategaethau sydd eisoes yn bodoli. Yr hyn a glywn drwy'r amser yn y dystiolaeth a gaiff y is-bwyllgor yw bod gormod o strategaethau ac nad yw pobl yn glir iawn ynglŷn â'r union gyfeiriad y mae'r Llywodraeth yn disgwyl iddynt fynd. Yn eich barn chi, mae'r strategaeth newydd hon yn cynnig y math hwnnw o weledigaeth i gynhyrchwyr yng Nghymru.

Rhodri Glyn Thomas: It is good to hear your comments on the way that we hope that this strategy will bridge the existing strategies. We keep hearing, in the evidence that the sub-committee receives, that there are too many strategies and that people are not very clear about the direction in which the Government expects them to travel. In your opinion, this new strategy offers that kind of vision to food producers in Wales.

[18] **Professor Marsden:** During the process—and I have to declare an interest as I was involved in its preparation as an independent consultant—it was clear that the partnership was aware of the growth in all sorts of strategy documents. This strategy recognises that—first, in the sense that it recognises that food is not just the territory of the Department for Food, the Environment and Rural Affairs—there is a much wider definition, so that food is seen as contributing to the delivery of the Assembly's sustainable development, health, tourism and economic development targets. Therefore, in the strategy, food is seen as a major vehicle for promoting and developing wider economic and social benefits. In turn, social and economic benefits can be delivered through food and food can be developed more sustainably. It has the opportunity to do that and the Minister has provided quite a bit of leadership, but it will need leadership within and beyond the Assembly to maintain the cross-cutting patterns. It would be good to think that that puts a marker in the ground for moving beyond where we were when we last gave evidence to you, when we thought that there were too many of these kinds of strategies all over the place, and not enough action. The strategy positions itself within the broader Welsh Assembly Government agenda. There is an opportunity to do things and, with

a potential positive result in the referendum in March, the Welsh Assembly Government will be more able to define its own priorities relating to agrifood. That is to be welcomed in a context where around 80 per cent of food that is produced in Wales is exported to England or other places. The strategy's vision is good: making Wales a major leader in quality food production.

[19] **Andrew R.T. Davies:** May I ask about the strategy? I was not present in the sub-committee's original evidence session—I am deputising for Brynle Williams—but I am a farmer and have a vested interest in successful agriculture. In the last few years, things have changed dramatically. We are in the middle of a price spike in cereals, for example, and if you look at stocking numbers throughout Wales you see that they are greatly down on what they were five or 10 years ago. Should there not be just two simple strategies—one to produce the food and a second to add value? There does not need to be a plethora of things around those two simple strategies. The real danger is that the way that the situation is moving could lead to a dearth in production. Look at the international market. Take Ireland, for example: there are 700,000 fewer heads of cattle in the Republic of Ireland than there were four years ago. We need to be stimulating production and then having the tools for economic development. Milk is a classic sector in this regard: there is not one bottling plant in the whole of south Wales. Arla Foods is going to open a mega dairy outside London. We failed to attract that, even though we have a massive milk field in west Wales. The two things are simple, but we are not doing them.

[20] **Professor Marden:** Those two things are important: we need to rethink production. Clearly, that is an issue for CAP reform and Welsh participation in that. One of the stories is that we have been losing capacity—not only in production on the land, but also in processing abattoirs and so on. That has been the story for many years now. There are signs that we can rebuild that, but we would have to do so in a different way. We may not be able to compete with bulk processors—the Arla Foods of this world—but we do not just want to be a nation of niche, speciality production. Therefore, we need smart ways of producing good quality and possibly more food to meet that demand at good value, and we also need to think smartly about organising ourselves into new networks and new co-operative arrangements, so that we can build robust and resilient organisational structures that will withstand market volatility and so on. You may say that this goes back to the problem of co-operation, but there are signs that we can begin to do that, through hub developments, new co-operative arrangements, new forms of collaboration and new procurement arrangements. That is why this strategy is broader, although you may say that it is too general. This is partly about structuring and encouraging demand from other parts of the framework: the public plate, so to speak. The catering sector is one example here.

1.20 p.m.

[21] **Andrew R.T. Davies:** A lot of questions arise from that. I noticed that the one thing missing from this was the use and promotion of forward contracts. In terms of co-operation, we could mention the Dairy Farmers of Britain and capital waste as an example, but that is old hat. The use of forward contracts and future buying is a big aspect of this that is not developed here in Wales.

[22] **Professor Marsden:** That is a very good point. In the work that we have done and the interviews that we have conducted, we have found evidence that new forward contracts, called cost-plus pricing arrangements, are being developed. So, there is a whole new set of innovations there. It would be good if we could share that practice and get Farming Connect or some such organisation to help oil the wheels in order to spread these new connections. In a sense, this is all about building economies of scale where you do not have critical mass; it is about being local but not being lonely in the marketplace. Making connections is quite important. I hope that this will be a big performance indicator for the relative success of the

strategy, and that, year on year, or whenever we review this, we will see the steady agglomeration of those sorts of resilient structures.

[23] **Kirsty Williams:** You mentioned the importance of common agricultural policy reform in terms of people leaving the industry, as your study shows, and in terms of production. Could you briefly outline what you perceive to be the risks and opportunities for production levels in Wales in respect of CAP reform, especially in the uplands?

[24] **Professor Marsden:** It is a good job that you mentioned that. We interviewed thousands of farmers across Wales. In the less favoured areas, in particular, there were significant problems for the types of farmers that I have mentioned: strugglers, potential-exit players or policy-dependant farmers. They are more concentrated in those places. I do not know how CAP reform is going to go, but we clearly have a big problem. There is a dependency on public support in the system, whether we are talking about Glastir or non-Glastir support. We also need to encourage diversification, and so forth. I hope that CAP reform will allow for more flexibility. That is a big issue for me. We want more flexibility at a national level to rearrange how we provide signals that more production is needed, as your colleague mentioned. It may be that we do not want to go down that road. We have been reducing production levels. We might want to come to an end on that point and to look at sustainable production. We need the flexibility in Wales to have bespoke policies—perhaps for different parts of Wales, such as the uplands and various catchment areas—that would deliver on those benefits. That is somewhat more sophisticated than discussing whether something is pillar 1 or pillar 2. Maybe we do not need any pillars; if we could have the money and arrange it along the lines of some of the things that are in the strategy, and if we could see public benefits from that, it would be a good thing.

[25] **Andrew R.T. Davies:** Is that a request to repatriate the CAP?

[26] **Professor Marsden:** Yes, I would like there to be more discretion. Part of what Brussels is thinking about in terms of regional policy is place-based approaches. However, my colleagues in Brussels do not think that that is on the cards, politically speaking. If there is to be a reduction in pillar 1 funding, which looks likely, and possibly more in pillar 2, the level of bureaucracy and accounting that surrounds it should be dropped so that the regions of Europe can deal with that more effectively. We have seen that with regard to problems with the LEADER programme as well. So, I think that it is going to be an interesting time in that development.

[27] We have particular problems in the Cambrian massif, if I can put it that way, and we have to think through the environmental sustainability elements with regard to populating that land with farmers, because it is not inevitable that a lot of them will be there in the future. The relationship between the socioeconomic and environmental aspects also needs to be thought through, and a more effective sustainable production base needs to be secured.

[28] **Joyce Watson:** That was very interesting. When you were last before the sub-committee, you mentioned that there was a lack of evidence as a basis to build upon. If we do not know where we are, how do we know that we have arrived at the other end? Has any progress been made on the development of sustainable food chains in Wales? Following on from that, has a sufficient mechanism for monitoring and evidence gathering been built into the new food strategy?

[29] **Professor Marsden:** No, not really. One of the points about the strategy is that it will need to be reviewed on an annual basis. This is much more significant than undertaking an annual farm business review, which we set up in the 1940s. However, we need more concerted effort to gather data to measure progress and to benchmark this using a different set of factors. One problem is the high level of integration, particularly in terms of markets and

the mobility of transporting foods across borders. It is not easy to get reliable data for the Welsh case, given that high level of integration. The strategy depends on that—it is not just an accounting mechanism, but a very important factor in the success or otherwise of the strategy. It means that the Assembly can be assessed on its performance in delivering that strategy, so it is really important.

[30] **Andrew R.T. Davies:** In your opening remarks, you touched on how some local authorities in England—you used Croydon as an example—were moving away from procuring their own produce and were getting the private sector to take it over. The figures in your paper show that public procurement in Wales has decreased from 25 to 22 per cent, when you would have expected it to increase, given all the rhetoric. Since the report was published, work has continued on public procurement. Are you confident that that decline has been arrested and that there has been an upturn, or is there a continuing decrease?

[31] **Professor Marsden:** No, I think that we are still struggling, although I do not have the data with me. Firms such as Sodexo produce and provide a lot of food for school meals in England, and it is looking at ways of providing more; it want to expand its market.

[32] **Andrew R.T. Davies:** There is nothing to stop you including a clause in contracts that x amount of content has to be local, or must have a certain brand or accreditation status; for example, the farm assurance scheme stipulates that the produce has to conform to certain standards. So, the fact that a local authority chooses to go to the private sector to do its procuring should not wipe the slate clean for that local authority in carrying out its obligations.

1.30 p.m.

[33] **Professor Marsden:** No, it should not.

[34] **Andrew R.T. Davies:** So, should the Welsh Assembly Government be playing a more proactive role in driving that forward?

[35] **Professor Marsden:** Yes. It should be working with local authorities to see how to do that. I get the impression that it has not been a big priority

[36] **Andrew R.T. Davies:** What would the realistic aspiration be? If we arrested that decline—as I say, the level has gone from 25 to 22 per cent—what level could we reasonably go up to in the public sector to show a healthy engagement in procuring Welsh food? Would it have to be a third, 50 per cent, 60 per cent, or will it always be around 25 or 26 per cent?

[37] **Professor Marsden:** No, it could be a lot higher—it could probably be double the current level, if you look across the public sector as a whole, for example at schools, hospitals and so on.

[38] **Andrew R.T. Davies:** So, if the will were there, doubling that level would be perfectly tenable.

[39] **Professor Marsden:** Yes, I would say so. It is partly about whether there is commitment at a local level, the extent to which the issues of food and health are really linked in local authorities, and the extent to which they can see the benefits of that, as opposed to short-term cost savings.

[40] **Andrew R.T. Davies:** In your report, you touch on the importance of developing food hubs, which you also mentioned in your opening remarks. There are two types of hubs: the public sector hub, which could be developed through various initiatives involving agri-

food development groups and so on, and the private hub, whereby supermarkets, for example, instruct their suppliers to act as the main conduit for smaller producers to feed into the larger organisation. I visited one in my region the other day, in Hirwaun. What is the situation like at the moment regarding the development of the food hub, given that the public and private sectors are quite distinct areas, and that the obligations on both might be different?

[41] **Professor Marsden:** That is an interesting question. We are finding that there is a continuum of different types of food hub, if you define that as a place where you are trying to organise the procuring of food from suppliers and then selling it on in various forms. I am quite impressed with the development of private sector hubs, which are proliferating in south-west Wales, where we have been working. That is being done through farm shops as well as through procuring horticultural goods from producers, for instance, and selling them on. There are other types of hubs that are linked into supplying the supermarkets. I get the impression that supermarkets are becoming a little more varied and flexible about the types of suppliers that they are willing to get involved with. There is an increasing number of bespoke and dedicated organisations—not just farmers, but processors—with which the supermarkets are working. We have always said that we need to work with the supermarkets. For example, Asda, as I understand, is procuring food from Puffin Produce Ltd for its Welsh stores—I do not know why it is not doing it in England as well; that is an interesting question.

[42] The issue of hub development is promising, and the link between the public and private sectors could work in the same way in many respects. There could be public sector incentives. For instance, why not use some of the rural development funding for developing the hubs? I do not know whether that is happening. Rather than concentrating on grants for processing and marketing, we should think about that. It is a new infrastructure, which is important in building a more resilient farm base and food base. I think that that is where things are going. Ten or 20 years down the line, consumers will want to see more dedicated supply chains, and the supermarkets are starting to realise that. That is where the premiums are, in bald economic terms. So, the more that we can focus on that middle area of hub development, the better, whether in relation to processing, for example, or small co-operatives of some form and so on—we can build social and community enterprises in relation to this as well; there is a lot of potential for bringing people in and creating employment in rural areas. You see some of that in some counties and so on, but there is always a concern that it is struggling.

[43] **Andrew R.T. Davies:** Could I just take that—

[44] **Rhodri Glyn Thomas:** We need to move on, Andrew. I call Joyce.

[45] **Joyce Watson:** I have a brief supplementary question, and then I will move on to my main question. You talked about procurement; we talked about companies such as Sodexo, which are expanding—there are plenty of others that we could name. You said that that does not necessarily mean that you do not use local produce. Are local producers being given the opportunities to be competitive? You are talking about public money and shrinking budgets, but we all know that, in the real world, it comes down to cost. The cost of the food, the raw materials, is going to be crucial. You have talked about Carmarthenshire being inventive as a local authority with regard to its procurement. How are we going to meet the challenges of using local food that is attractive to the buyer, when the buyer buys on cost? Or should we shift our focus to the quality of the food rather than the price?

[46] **Professor Marsden:** They are linked, I think, but the point about it is to try to capture more value within the primary and processing sectors through demonstrably improved quality. As I say, I think that that is a growing market, if it can be done on a long-term basis. We have various structures in place that, from my point of view, could work better in encouraging this. There is Farming Connect, there are the three food centres in Wales, and

there is our ability to give capital grants for assistance to producers and processors. All three of those could be looked at in the context of how they can be geared towards product development and helping the producer sector to do that. As I indicated in the bit of my paper on the types of farmer, you still have a rump of farmers who have said that they do not know what they are going to do—they have no way of trying to deal with it. We have got to be able to educate that sector in more ways. Compared with what is going on in England, we have some structures in place. We should be using those more effectively, not just for the agriculture end but the food end.

[47] **Joyce Watson:** Moving on to provenance, you have talked about people wanting to know more about where the food comes from. I am sure that you are right that it is a growing market. How would the mandatory place of origin labelling proposed in the European Commission's quality package be of particular benefit to Welsh producers?

[48] **Professor Marsden:** It opens the door to more quality labelling. In the strategy document, it is argued that we need more of those sorts of things—not just protected designation of origin or protected geographical indication labels, but other forms of quality labelling. However, I do not think that labelling is really the answer. I think that you have got to go along with some of that, and, obviously, labelling of Welsh brands is an important issue. However, it is long-term reputation that is more important. So, if we are opening up more export markets, we can continue to develop those through demonstrably providing the right supplier and the right quality. It is important to go along with that, to encourage quality labelling, and to get provenance more clearly developed and defined. That will reduce the confusion, which can only help. However, labelling is only one part of a bigger story.

1.40 p.m.

[49] **Kirsty Williams:** Professor Marsden, you mentioned the role of the supermarkets earlier, but love them or hate them, they have an important role to play. To what extent do you believe that Welsh food producers will benefit from the establishment of an independent body to oversee the UK grocery supply chain?

[50] **Professor Marsden:** You might know more than me. Is this to do with the ombudsman?

[51] **Kirsty Williams:** Yes.

[52] **Professor Marsden:** That post is still not in place. This is a long-term debate that has been going on. I think that it could benefit the sorts of producer groups that we are starting to see develop, who are supplying the retailers. It could protect them a little bit more. So, yes, it is very important. It is also important that it is not watered down. As far I understand it, this will be on a UK basis. The supermarkets do need to take their responsibilities more seriously. They are arguing that it will increase the cost, but I am not too convinced of that. I think that there are ways of doing it that do not necessarily increase costs. It is an important area and something that would benefit from having more free-flowing arrangements. It would also benefit from having more transparency and explicitness about the contracts and arrangements.

[53] **Kirsty Williams:** You will also be aware that the sub-committee has taken an interest in the wine, beer, cider and spirits industry in Wales; the drink side of things. The sub-committee's report received a mixed reception from the Minister. Given what we said earlier about the plethora—I think that that was the word that Andrew used—of strategies, to what extent do you believe that the Welsh drinks industry could benefit from a distinct promotion and branding strategy? In developing such a strategy, do you believe that the Welsh Government currently has the necessary expertise to support the development of the Welsh drinks industry?

[54] **Professor Marsden:** The issue of drink was kept out of the food strategy, so it is a job to do. The strategy did deal with fish, although I do not think that it dealt with fish and marine products more generally as much as it could have. I think that the drinks industry needs a good look, but so does the catering industry. The catering industry is just as big, in value added terms, as the retail industry. The strategies and opportunities for developing Welsh catering is another critical hub element in all this, and that includes drink and food. I would have thought that there would be a need for that, but I am not sure that we have the expertise.

[55] **Rhodri Glyn Thomas:** Diolch yn fawr am eich parodrwydd i ddod gerbron yr is-bwyllgor heddiw, Terry. Yr ydym yn gwerthfawrogi eich presenoldeb a'ch cyfraniad i'r is-bwyllgor. Cewch drawsgrifiad o'r cyfarfod hwn i'w wirio am ei gywirdeb. Os oes unrhyw beth yr ydych am ei ychwanegu, mae croeso i chi wneud hynny.

Rhodri Glyn Thomas: Thank you for your willingness to come before the sub-committee today, Terry. We appreciate your presence and your contribution to the sub-committee. You will receive a transcript of this meeting to check for accuracy. If there is anything that you want to add, please do so.

[56] **Andrew R.T. Davies:** Can we have the report? You kindly said that we can have a copy of the report that you have undertaken on a 1,000 farms.

[57] **Professor Marsden:** Yes, you can have that. I can send it in. It is a very useful report that was done by the Wales Rural Observatory.

[58] **Rhodri Glyn Thomas:** Diolch, Terry.

1.45 p.m.

Cynhyrchu a Hybu Bwyd Cymreig: Sesiwn Adolygu Promotion and Production of Welsh Food: Review Session

[59] **Rhodri Glyn Thomas:** Estynnaf groeso cynnes i Dr Haydn Edwards, cadeirydd y Bartneriaeth Cyngori ar Fwyd a Diod, ac i Wynfford James, pennaeth yr is-adran datblygu bwyd, pysgodfeydd a'r farchnad. Fe'ch gwahoddaf, Haydn, i ddweud gair neu ddau fel rhagarweiniad.

Rhodri Glyn Thomas: I extend a warm welcome to Dr Haydn Edwards, chair of the Food and Drink Advisory Partnership, and Wynfford James, head of the food, fisheries and market development division. Haydn, I invite you to say a few words by way of introduction.

[60] **Dr Edwards:** Diolch am y cyfle i ddod gerbron yr is-bwyllgor. Yr ydych wedi cael papur gennyf—yr wyf yn siŵr eich bod wedi ei ddarllen, ond fe af i drwy'r papur mewn ffordd wahanol, gan edrych ar ryw bedwar prif bwynt. Yn gyntaf, yr wyf yn cadeirio partneriaeth, ac fe nodir ei haelodaeth ar ail dudalen y papur. Mae arbenigwyr o'r diwydiant bwyd, a'r holl sectorau yn y diwydiant hwnnw, yn aelodau o'r bartneriaeth. Ein prif rôl yw rhoi cyngor i'r Gweinidog a'r Llywodraeth ar faterion yn ymwneud â bwyd. Mae gan y bartneriaeth is-

Dr Edwards: Thank you for the opportunity to appear before the sub-committee. I have submitted a paper—I am sure that you have read it, but I will go through it from a different approach, looking at four main points. First of all, I chair a partnership, the membership of which is listed on the second page of the paper. Experts from the food industry, and all of the sectors within it, are members of the partnership. Our main role is to advise the Minister and Government on food-related matters. The partnership has sub-groups—some would say that we have

grwpiau—byddai rhai'n dweud efallai fod gormod ohonynt, ond yr ydym yn y broses o adolygu strwythur y bartneriaeth i'w gwneud yn fwy effeithiol yn wyneb y ddogfen newydd hon.

[61] Hoffwn ddweud gair am y broses o gynhyrchu'r ddogfen hon, oherwydd mae'r broses wedi bod yn bwysig ac un y byddwn yn dadlau sydd wedi bod yn fuddiol. Dechreuwyd drwy benodi pobl i'n cynorthwyo—yr ydych newydd glywed gan Terry, a oedd yn un o'r arbenigwyr yng Nghaerdydd ac a fu'n gymorth mawr. Yr oedd gan y cynghorwyr bersectif arbennig ar bolisi bwyd, ar lefel Ewropeaidd a thu hwnt. Yr oedd gweithio gyda hwy ar nifer o bapurau i gyrraedd y ddogfen hon yn brofiad diddorol o ran cael y bartneriaeth a'r Ganolfan Cysylltiadau Busnes, Atebolrwydd, Cynaliadwyedd a Chymdeithas i ddeall ei gilydd, i gydweithio ac yn y blaen, ac fe fu hynny'n llwyddiant.

[62] Wedyn, cafwyd trafodaeth fewnol yn y gwasanaeth yn Llywodraeth y Cynulliad, gan gynnwys y gwahanol adrannau y mae bwyd yn gorgyffwrdd â hwy; mae llawer o waith y Cynulliad yn ymwneud â bwyd. Rhoddodd y Gweinidog ei sêl bendith ar y ddogfen ac wedyn dechreuodd y broses ymgynghori. Yr oedd yr ymgynghoriad hwnnw'n helaeth iawn, a chafodd Llywodraeth y Cynulliad a'r sefydliad yn gyffredinol eu canmol am natur y ddogfen, ac am y pwyntiau a wnaed ynddi a'r persectif a roddwyd o ran y sector yng Nghymru. Wedyn, ar ôl addasu'r ddogfen, cafodd ei lansio yng Nghwmcerrig cyn y Nadolig.

[63] Mae pwyntiau allweddol ac egwyddorion hollol sylfaenol yn cael eu gosod yn y ddogfen hon. Mae'n cynnwys y pum sbardun—tybiwn i Terry gyfeirio atynt yn gynharach—sy'n allweddol wrth inni gyfannu'r gwahanol bolisiau i'r dyfodol. Ar dudalen 5, rhestrir yr 14 prif bwynt sy'n rhoi'r math o gyfeiriad y dylem fod yn teithio iddo, ynghyd â'r pethau pwysig o fewn hynny. Gwelaf y byddwn yn delio â dau neu dri o'r pwyntiau hynny yn ein sesiwn y prynhawn yma.

[64] Yn olaf, y cwestiwn yw: beth sy'n digwydd nesaf? Nid oedd gennym ddogfen

too many, perhaps, but we are in the process of revising the structure of the partnership to make it more effective in light of this new document.

I would like to say a few words about the process by which this document was created, because it has been an important process and one that I would argue has been beneficial. It began through appointing people to assist us; you have just heard from Terry, who was one of the experts in Cardiff and was a great help. The advisers had a particular perspective on food policy, on a European level and beyond. Working on them on a number of papers leading to the document was an interesting experience in terms of fostering an understanding between the partnership and the Centre for Business Relationships, Accountability, Sustainability and Society, to enable co-operation and so forth, and that was successful.

Following that there was an internal discussion in the service at the Assembly Government, involving the different departments that overlap with food-related issues; much of the Assembly's work is related to these issues. The Minister gave her blessing to the document and so began the consultation process. It was a very wide-ranging consultation, and the Assembly Government and the institution in general were praised for the nature of the document, for the points made in it and for its perspective on the sector in Wales. Then, having modified the document, it was launched in Cwmcerrig before Christmas.

There are some key issues and fundamental principles set out in this document. The document contains the five drivers—I would assume that Terry referred to them earlier—that are crucial as we integrate various policies in future. Page 5 lists 14 main points that indicate the kind of direction we should be travelling in, along with what is important within that. I see that we are going to be dealing with two or three of these points in this afternoon's session.

Finally, the question is: what happens next? We did not have a document like this before:

fel hon o'r blaen; yr oedd gennym lawer o gynlluniau gweithredu, a heb fod yn orfeiriadol, efallai eu bod yn ddigyswllt—yn wir, mae'ch is-bwyllgor wedi beirniadu'r agwedd honno. Mae cyfannu'n digwydd bellach, ac o hyn ymlaen, bydd rhaid wrth un cynllun gweithredu yn deillio o'r ddogfen hon. Yr ydym yn y broses o greu'r cynllun gweithredu hwnnw, ac yn hwnnw y bydd y manylion o ran troi'r dyheadau sydd yma yn waith ymarferol ac yn dasgau lle'r ydym yn gallu mesur a ydynt wedi'u gorffen neu wedi'u dechrau. Bydd tasgau'n cael eu meincodi gyda data'n cymharu Cymru â gwledydd a rhanbarthau eraill ym Mhrydain, ac yn y blaen. Bydd adnoddau yn cael eu rhoi, gobeithio, ar gyfer y tasgau hyn er mwyn symud ymlaen. Mae cynhyrchu'r cynllun gweithredu ar ôl hwn yr un mor bwysig â chynhyrchu'r ddogfen. Dyna'n fras gefndir y bartneriaeth a'r broses o gynhyrchu'r ddogfen hon.

we had many implementation plans, and without being overly critical, perhaps they were too disjointed—indeed, your sub-committee has criticised that aspect. Integration is now happening, and from now on, we must have one implementation plan originating from this document. We are in the process of creating that implementation plan, which will contain further detail on turning these aspirations into practical work; tasks that we are able to measure to see whether they have been completed or begun. The tasks will be benchmarked with data comparing Wales with other countries and regions in Britain, and so on. Resources will hopefully be allocated for these tasks to move them forward. Producing this forward implementation plan is as important as the production of the document. That was a brief summary of the background of the partnership and the process of producing this document.

1.50 p.m.

[65] Nid wyf wedi mynd drwy'r pwyntiau sy'n ymddangos yn y ddogfen hon, gan eich bod oll wedi cael cyfle i'w gweld ond yr wyf wedi gosod yn fyr yr hyn fydd yn digwydd nesaf.

I have not gone through the points that appear in this document, as you will all have had an opportunity to see it, but I have briefly set out what will happen next.

[66] **Rhodri Glyn Thomas:** Mae hynny'n ddefnyddiol—gwnaethom gyffwrdd â nifer o'r pwyntiau hynny gyda Terry yn gynharach. O ran y strategaeth, mae'ch partneriaeth cynghori yn cynnwys bwyd a diod. Mae'r strategaeth yn ymwneud yn benodol â bwyd, ac yr ydym yn mawr obeithio y bydd hynny'n arwain at lawer mwy o gydweithio yn y sector bwyd. Beth am y diwydiant diodydd yng Nghymru? A fydd hwnnw'n gorwedd yn gysurus o fewn eich strategaeth fwyd ynteu a oes gwaith i'w wneud eto yn ei gylch?

Rhodri Glyn Thomas: That is useful—we touched on many of those points with Terry earlier. With regard to the strategy, your advisory partnership includes food and drink. The strategy relates specifically to food, and we very much hope that this will lead to much more collaboration within the food sector. What about the drinks industry in Wales? Will that sit comfortably in your food strategy or is there still work to be done in relation to that industry?

[67] **Dr Edwards:** I ryw raddau, mae'r ddogfen yn sôn am fwyd pan ydym yn golygu bwyd a diod. At bwrpas proffil yr ydym wedi defnyddio'r teitl hwn. Yn sicr, nid yw diod ar wahân i'r sector bwyd, ac mae rhannau pwysig o'r sector hwnnw, sef gwirodydd, llaeth, dŵr ac yn y blaen, yn cael eu hystyried i fod yn rhan allweddol o'r sector bwyd a diod. Mae'r sector diod yng Nghymru yn cynyddu yn ei amrywiaeth a'i

Dr Edwards: To some extent, the document talks about food when we mean food and drink. We have used this title for reasons of profile. However, the drinks sector is not separate to the food sector, and important parts of that sector, such as spirits, milk, water, and so on, are considered vital parts of the food and drinks sector. The drinks sector is increasing in its diversity and influence. It is not as important as it is to Scotland's food

ddylanwad. Nid yw mor bwysig ag ydyw yn sector bwyd a diod yr Alban, er enghraifft, ond mae newidiadau cyffrous yn digwydd. I bob pwrpas, caiff y sector diod ei ystyried yn rhan o'r gyfundrefn hon. Nid oes cynllun ar wahân iddo ac mae nifer o bethau, gan gynnwys y cynlluniau gweithredu, yn berthnasol i'r sector diod yng Nghymru.

and drinks sector, for example, but exciting changes are happening. To all intents and purposes, the drinks sector is considered a part of this system. There is no separate plan for it, and many things, including the action points, are relevant to the drinks sector in Wales.

[68] **Kirsty Williams:** Dr Edwards, when will you be in a position to provide a published implementation plan for the strategy?

[69] **Dr Edwards:** The work has started. We hope that the first draft will be available around May or June. Aspects will be in the public domain before then, but when you are starting from a draft, you need to consult with key parties before undertaking a wider consultation process, just like we worked with the centre for BRASS, in that we consulted with members of the partnership before we went to initial consultation. Do not hold me to that: it is not me personally who is doing that, I am just the conductor of the orchestra, if you like. May is our target and we will be meeting as a partnership next week, when we will be given details of the progress that is being made, the tasks ahead, how we will involve different parts of the food and drinks sector in it, and so on. So, the task is in hand. However, we would rather get it right than get it soon, because we would need to work out exactly what some tasks mean, and what the current baseline is. Certain strategies may be showing gaps in data and we would need to ensure that we know what our starting point is in several aspects. Rather than just saying that we want to improve X, we need to say that want to move X from A to Z, whatever it may be.

[70] **Kirsty Williams:** That is reassuring. When we see the implementation plan, there will be clear indicators by which we can measure whether the action that is being taken under the auspices of the strategy are delivering against the set of clearly defined and delineated goals.

[71] **Dr Edwards:** Yes. It would be inappropriate of me to make policy on the hoof, but I would expect it to be in the format of a business plan, where the resources, timescales and responsibilities are defined, with all the elements that you would expect. You would therefore know, once you reach a certain point, whether you have done something. The verbs we use will be measurable rather than aspirational ones.

[72] **Joyce Watson:** Because it is a policy or strategy in the making, I would ask that the strategy be linked to food production and food outlets in all ways. I am thinking about tourism in particular. I feel that we have missed a trick as regards food and tourism over the years. Are we looking at the link between food and tourism, and is there any mention of capacity building in the catering areas, because they are massive outlets for good-quality food and drink?

[73] **Dr Edwards:** Perhaps Wynfford can come in, after I have said what I want to say in response. Tourism can be a huge advertisement for food from Wales. Our restaurants and hotels are also consumers of our food, and it is important that we get those linkages right. We have seen tremendous progress in quality and in those linkages over the past decade. There are outstanding examples, but we need to have the majority of the food service sector thinking along those lines, so that we can take pride in the rich and varied food that we produce.

[74] **Mr James:** I will focus on the whole issue of the implementation plan, which answers your question, and also touches upon the previous question. Haydn Edwards referred to the role of the partnership with regard to the implementation plan. We will take the initial

draft matrix of the implementation plan to the partnership meeting on 18 February. We are working with an internal group across the Assembly in the development of the strategy. We established a working group with representatives from all departments so that there was an approach across the Assembly and, as I am sure that you are aware, that draft went to the Cabinet. That is what is happening internally.

[75] Externally, after the partnership has considered the matrix and the framework for the implementation plan, there will be a process of consultation or engagement with key stakeholders, in a similar way to what we did with the strategy. There were four open meetings across Wales, round table discussions with key stakeholders and four breakfast seminars with some of the key food companies in Wales. That process will take us forward and it includes engagement with both Visit Wales and the tourism sector. In fact, one of the morning discussions on the strategy was very much focused on this issue of food tourism and the hospitality sector. Hopefully, the implementation plan will reflect that work.

[76] **Andrew R.T. Davies:** Thank you for your evidence. I was not here when the initial evidence was taken; I am deputising for Brynle, so reading the papers has brought me up to speed to a point, but I am still a novice. Dr Edwards, you mentioned the advisory partnership. I was mightily impressed that you have had 12 chairs on that panel. As a farmer, who has been through God knows how many initiatives and organisations and everything, it did seem to be heavy on admirals, with not many sailors.

[77] **Dr Edwards:** That is a conclusion that I came to quite early on, when I started chairing 18 months ago. I asked what these groups did, whether they were effective, how were members invited, and a whole range of other questions. As part of the process of reviewing the calibre and output of public appointees, I interviewed each member partnership last September on their performance, how they thought the partnership was working and so on. I took the opportunity to pose the question to these chairs as to why we needed the group that they were chairing. I produced two papers that have been shared within the partnership, which recommended four major changes to get the partnerships far more focused on the prime work of providing advice to Government and the Minister, rather than being some kind of standing committees similar to well-known bureaucratic structures that we have in Wales. We need to remove committees; the work happens outside the committee, before and after it. We need to be fit for purpose. We are replacing the regional structure with a communications structure, as the department sees fit. We are now down to seven. Hybu Cig Cymru exists as a legal entity. We hope that the dairy partnership will mutate into the dairy group, whose adviser is Delyth Davies, who appeared before you last week, I believe. We hope that the organic group will be a part of Organic Centre Wales.

2.00 p.m.

[78] Other specialities will be brought to the fore as required by the partnership. We are not cutting other specialities out. For example, we are concerned about the relationship between supermarkets and the Government, but we have trade development experts, and we could ask others to join them in a small working group to look at that issue. I want it to be fit for the agenda that emerges from this, rather than have a standing committee. I will keep my answer that brief, if I may.

[79] **Andrew R.T. Davies:** To me, a novice in looking at this, it just seemed very top-heavy, although I am sure that everyone is doing their bit.

[80] I would like to touch on another point. In your evidence, you talked about promoting access across the food chain and promoting the sustainability of the food chain. How is the strategy or the partnership that you chair doing that, so that people aware of the work that you are doing and the sustainable nature of that work?

[81] **Dr Edwards:** There are disadvantages in having so many people, but one advantage is that they go out to various groups and promote this work and create linkages. A lot of them are involved in food tourism. There are certain projects that are part of the rural development plan and that are to do with how the food chain interacts. We get the whole food system together, in which there are interesting tensions, interrelationships and synergies, and those are developed. However, it is in terms of the implementation plan that we will move forward on the kind of agenda that you are proposing and in terms of sustainability. It might not be the case that we are involved in this exclusively. There are other departments in the Welsh Assembly Government that will be responsible for driving this through. We also have to look at those synergies to see how we interrelate and overlap.

[82] **Andrew R.T. Davies:** I wish to raise one other small point. We have an election in May, and it is interesting to hear you talk about Government departments. Obviously, the way that Government is configured is in the gift of the First Minister, whoever that might be after the election. Are you confident that the structures that you are building and developing within the strategy would fit in with any reconfigured Government? Some departments might disappear and others might grow in terms of responsibility. The strategy needs to be mindful of the political process that ultimately sanctions resources and the direction of travel, does it not?

[83] **Dr Edwards:** That is right. The food strategy itself is a 10-year strategy. I do not think that there have been any major political disagreements on the general themes and thrusts of the strategy. The implementation plan will be presented to the Minister for Rural Affairs after the May election, if such a post still exists. However, the issue of food goes wider than one department, which is what this strategy addresses. It may be that the responsibilities need to be different, but that is for a new Government to decide. There are advantages in having the responsibility for food where it is, but there are disadvantages if one has to deal with different silos. There are certain examples of policy initiatives undertaken by the Welsh Assembly Government where the Government has taken a cross-cutting approach. Science is one example of that, and food is another subject that does not quite fit into tidy structures.

[84] **Kirsty Williams:** You will be aware that recommendations 5 and 6 of the sub-committee's report related to food procurement. My first question on this is probably more appropriate for Mr James. What action has been taken to promote the development of food hubs in Wales, which was recommended in the report? My second question is to Dr Edwards. How will the food strategy ensure that the public sector procurement of Welsh produce is strengthened?

[85] **Mr James:** First, I will address the overall issue of food procurement. In previous evidence that I gave to the committee, I referred to the fact that the Welsh Assembly Government had undertaken three surveys of the public sector since 2003. The information in the briefing provided to the Minister was based on the fourth study that we carried out. The statistics tell a very positive story. In the national health service, 69 per cent of the products purchased are of Welsh origin, and the view is that this is probably close to the capacity that we would expect, with no further improvement. There is also little market opportunity in one or two categories.

[86] In 2003, the Welsh purchases in local authorities amounted to 36.5 per cent. In 2009, it amounted to 52.5 per cent, but there certainly is a market opportunity for the meat and milk sectors in local authorities. In higher education, again, Welsh purchases amounted to 28.7 per cent in 2003, and, in 2009, rose to 41.3 per cent. I can certainly provide the committee with these statistics; I will not go through all of them. However, there is a positive story in terms of the increase in the purchase of Welsh food by the public sector from 2003 onwards.

[87] To look specifically at some of the work that has been carried out by the division in this area, during the last year, we held two workshops or meetings—one in north Wales, and another in south Wales—for food producers who had the capacity and were interested in supplying the public sector. There were a number of significant buyers from the public sector present. We are also working with Value Wales, and across the Assembly, in trying to focus and continue the work on this.

[88] In terms of food hubs, I think that a previous report that was carried out by Cardiff University quite clearly gave advice and direction that these food hubs were successful in terms of the private sector. According to the research carried out, the public sector food hubs had limited contribution to be made to increasing the public sector procurement process. We can look at the work that we have done with the private sector hubs to ensure that the linkages and those opportunities are there, through the two meetings that I have mentioned and the work that we do in terms of relationship management with some of the companies that are leading these food hubs.

[89] **Kirsty Williams:** What were the outcomes of those meetings? You had the meetings, but what happened as a result of those meetings?

[90] **Mr James:** The role of the Government, in this respect, is to create those linkages between the public sector and potential suppliers. We provide, on an ongoing basis, the information that we collate on any new contracts that are announced, but it is very much for that relationship to develop. It is not the role of the Government to negotiate on behalf of the private sector.

[91] **Kirsty Williams:** No, but if you are going to have more of these meetings it is only worth while having more of them if you know that it leads to benefits. Therefore, how do you know whether it is worth while having more of these meetings, or whether that is a process that you should not bother with?

[92] **Mr James:** The two meetings have been held, and we are awaiting a final report on the outputs that you have requested.

[93] **Dr Edwards:** I have two or three points to make. It is a very complex question to answer, so I will only touch on the answer. We need to be constantly vigilant regarding procurement. I was telling a story the other day about a Ministry of Defence contract being changed because there had been a change at a senior level in a local base. As a result, Welsh meat was not available in that base. Therefore, we need to be vigilant; the process cannot be an ad hoc process. We really need to benchmark how we are doing in Wales against how Scotland is doing, for example, so that we are aware of what the limit is, if you like, and how well we can do. The strategy is also about diversification in the Welsh food sector. If we produced more and different foods, I would argue that we could get better local procurement. We are only producing a third of the vegetables and fruit that were produced 40 years ago, for example. Therefore, the more diverse our production is, the more opportunities there are.

[94] Also, in terms of having a food debate in Wales, and looking at food from a Welsh perspective, one is raising the awareness—and I hope that the strategy and its work does that—of consumers to demand, which is a powerful way forward. I am amazed that I see bottles of water from exotic parts of the world in Wales. I do not see similar things in Switzerland. So, there are several opportunities to develop the procurement agenda within the strategy.

2.10 p.m.

[95] **Kirsty Williams:** The first point in your paper is that local and locality branded food

from Wales should be developed and promoted. In her statement to this sub-committee, the Minister for Rural Affairs stated that there would be a reduction in the food promotion budget. Promotion is your key goal, yet the resources for promotion are being cut by the Minister's own admission. Mr James, what evaluation has your department carried out of the effectiveness, success and cost-effectiveness of the marketing initiatives that you have implemented to date, in light of the fact that the resources available for this sort of work are going to be reduced? We need to ensure that we are spending those limited resources on initiatives that represent good value to the taxpayer and that will make a difference in terms of stimulating demand for Welsh produce. Have you carried out an evaluation?

[96] **Mr James:** We have been tracking the awareness of the food and drink offer since 2003. There was a decision to commission research by Beaufort Research Ltd to gain an understanding of whether there was an increased awareness and purchase of food and drink. That research, which was done initially in 2003 and which has been carried out within Wales and the rest of the UK since then, clearly identifies that awareness of the True Taste brand, awareness of food and drink, and the purchases of food and drink have increased during that period. That is the big picture. Pieces of work have also been carried out that look specifically at food fairs, for example. We have just received a substantial piece of work on the impact of the investment in food festivals. The investment in food festivals goes back to 2004, when a decision was taken to provide a financial contribution of £400,000 to food festivals. During the past three years, there has been an investment from the rural development plan. We have only just received that, but it shows—and it will be published—a significant impact and value for money. With regard to food exhibitions, we carry out post-event evaluations with the individual producers who were present to assess the value of leads and business that they have received as a result. So, there is an ongoing process of assessing the individual activities and of trying to gauge the overall position of food and drink.

[97] **Kirsty Williams:** As you know, I have a particular interest in the web-based marketing of Welsh food. Do you have an initial analysis of web-based marketing initiatives?

[98] **Mr James:** With regard to the web-based promotion that we carry out, there is an evaluation of the Wales the True Taste website at *www.truetaste.tv*. At this time, we are looking at how we can integrate that site with *www.walesthetruetaste.co.uk*. Obviously, an evaluation is also carried out of the number of hits and so on.

[99] **Dr Edwards:** We are all familiar with the statement that Henry Ford spent double what he should on marketing, but did not know which half to cut. We cannot be like that in the public sector. As the challenges of reduced budgets for marketing and promotion come through, we must prioritise and the prioritisation will be based on evidence of what is effective as the result of evaluation.

[100] **Andrew R.T. Davies:** I am slightly confused, but many people in this building would say that about me all the time. Mr James, you gave us some figures about public procurement, including 69 per cent for the NHS, and I think that you said that local government was the worst performer at 28 or 29 per cent. However, evidence that we received earlier this afternoon stated that the figure for public sector procurement in 2005 was 24 per cent, and in 2008 it was 22 per cent. That is a significant variation. You can see the reason for my confusion given that, if I average your figures, Mr James, we are up nearer to 50 per cent, I would suggest. Can you explain that?

[101] **Mr James:** I can only provide you with the evidence from the studies that we have carried out since 2003. I could certainly provide a more extensive paper for the sub-committee to consider. This is the result of the survey that we have carried out.

[102] **Andrew R.T. Davies:** Would you provide that evidence, please? There is obviously

quite a discrepancy there.

[103] **Mr James:** This information is based on the Welsh public sector food purchasing survey. The fourth one was done in 2010, last year, and the first was done in—

[104] **Andrew R.T. Davies:** It might be good for us as a sub-committee to get the two sets of evidence—yours and that of the previous witness—so that we could ascertain the differences. My main question at this juncture of the evidence-taking is about provenance and the labelling of produce, which the EU raised back in December. It is a perennial issue that raises its head and just when you think that you have made progress, some legal spanner in the works pushes it back three steps. I appreciate that you highlighted this in your paper as an important part of the strategy. Could you tell us how you propose taking forward the labelling of Welsh food to show its provenance, and how that could be promoted? If you would like to answer on the drinks sector as well, that might be helpful.

[105] **Dr Edwards:** Perhaps I can ask Wynfford to respond on that.

[106] **Mr James:** I am sure that you are aware that the Minister has been consistent in her support for food labelling and is supportive on the wider issue of mandatory country of origin label positioning. You mentioned the European level of the discussion. There are two elements here. There is the labelling issue, which I just referred to, and there is the brand issue. On labelling, it is clear that the Minister has provided substantial support for the mandatory labelling of food and she is aware of the work carried out by the Food Standards Agency, which was published in January 2010. She supported its view that country of origin labelling needs to be clear and meaningful for consumers, and that consumers particularly identified meat, and meat products, as an area where information on origin was important.

[107] So, you have that labelling issue, and then there is the brand issue. One aspect of that is the whole area of protected geographical indication and protected designation of origin. I think that you are aware that the Minister announced at the Royal Welsh Show, last year, further investment in terms of working with different sectors in Wales, including the drinks sector, on the possibility of identifying applications for PDOs and to work with companies to look at PGIs. We are aware of the value of the PGI for Welsh lamb and beef, and the opportunities it creates for marketing. On the wider brand positioning—that is, the Wales the True Taste brand—I referred earlier to tracking awareness of that brand, and the importance of a consistent message from food producers from Wales related to the brand positioning. So, those elements are being taken forward.

2.20 p.m.

[108] **Joyce Watson:** I will be asking about the wine, beer, cider and spirits industries in Wales. I suppose this question has been given to me because I am an ex-licensee. We made recommendations in our report on this industry to the Minister. She rejected the principal recommendation that called for the Government to improve its expertise and capacity to support the drinks industry in Wales. Following on from that, how many members of the food and drink advisory partnership have any current or past experience in the Welsh drinks sector? I will leave it there at the moment.

[109] **Dr Edwards:** I am also a former licensee. I am not aware of the direct involvement of any of the other members; however, I know that others would be aware of the importance of the drinks sector in Wales. Those who are interested in marketing Welsh products would be interested in the whole range of new and exciting beers that we have and would be aware of the importance of promoting brands such as Penderyn and the many others that are emerging in Wales. Many companies from the drinks industry won awards and gained recognition at the food awards event in Pembrokeshire in November, which will be valuable

for their future promotion. I am not trying to defend the expertise of all members, but it is impossible for 19 people to be specialists in every area. However, in terms of appreciating the work that needs to be done to promote the sector and to work with it, that will be part of the implementation plan that will be drawn up later on in the year.

[110] **Joyce Watson:** I have been trying to promote the idea of the Welsh meal deal, which I believe has mileage, so that everyone buys into the idea of a meal deal and what that might mean, so that the big multinational companies would see value in that. It would mean that there has to be value if they have invested a huge amount of money in the idea of a meal deal. Are we thinking outside the box in terms of promoting the Welsh meal deal and where we eat it—which goes back to my question on tourism—to maximise the benefit for the consumer and producer? My idea is that all of the meal, from the starter to the finish and anything that goes with it—even the condiments—is Welsh. In talking about food and drink and tourism, you could incorporate the promotion of all of those elements. Is that how you are thinking as a group?

[111] **Dr Edwards:** No, not specifically on that issue, although it is very interesting to hear what you have to say. There are all kinds of initiatives that are needed to link food to consumers and to make people value it, and what you propose is interesting and novel. I am sorry to sound like a politician, but there is a limit to what Government can do. We need to encourage innovative thinking among processors, retailers and so on, so we will note what you have said.

[112] **Mr James:** On the expertise in the food and drinks sector, the view taken by the Minister in her response to the report was very much a question of specific resources to look at the sector, in addition to the work that we are doing in terms of the strategy. However, the division is able to draw on any expertise that is required, especially when we are working with producers in the drinks sectors who require specialist advice.

[113] **Rhodri Glyn Thomas:** Diolch yn fawr iawn ichi'ch dau am gyflwyno eich tystiolaeth. Wrth gloi'r sesiwn, byddwn yn dweud fod yr is-bwyllgor yn teimlo'n gryf iawn fod angen strategaeth glir ynglŷn â datblygu'r diwydiant diodydd yng Nghymru. Bydd Wynfford yn gwybod bod yr is-bwyllgor braidd yn siomedig gydag ymateb cychwynnol y Gweinidog. Fodd bynnag, pan ddaeth yn ôl i'r is-bwyllgor, yr oedd ei sylwadau yn llawer mwy adeiladol, a dywedodd y byddai'n ystyried rhai o'r materion hyn ymhellach. Dymunwn weld cyfeiriadau llawer cliriach at ddatblygu strategaeth ddiodydd nad yw'n ychwanegiad nac yn atodiad i'r strategaeth fwyd.

Rhodri Glyn Thomas: Thank you very much to you both for giving evidence. In closing the session, I would say that the sub-committee feels very strongly that there needs to be a clear strategy for the development of the drinks industry in Wales. Wynfford will know that the sub-committee was rather disappointed with the Minister's initial response. However, when she came back to the sub-committee, her remarks were much more constructive, and she said that she would give further consideration to some of these matters. We would like to see much clearer references to the development of a drinks strategy that is not an addition or a supplement to the food strategy.

[114] Diolch eto ichi am fod gyda ni heddiw. Bydd cofnod o'r drafodaeth yn cael ei gyflwyno ichi er mwyn ichi gael ei wirio o ran cywirdeb. Yr ydym yn ddiolchgar am eich cynnig i anfon nodyn atom i ychwanegu rhai ffeithiau mewn cysylltiad â'r cwestiynau a ofynnwyd y prynhawn yma.

Thank you again for being with us today. A record of our discussions will be sent to you so that you can check it for accuracy. We are grateful for your offer to provide us with a note on some additional facts in relation to the questions that have been asked this afternoon.

2.26 p.m.

Cynnig Trefniadol
Procedural Motion

[115] **Rhodri Glyn Thomas:** Cynigiaf fod **Rhodri Glyn Thomas:** I move that

yr is-bwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog Rhif 10.37. *the sub-committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37.*

[116] Gwelaf fod yr is-bwyllgor yn gytûn. I see that the sub-committee is in agreement.

Derbyniwyd y cynnig.
Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 2.26 p.m.
The public part of the meeting ended at 2.26 p.m.