



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

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

**Dydd Mercher, 20 Mai 2009
Wednesday, 20 May 2009**

Cynnwys
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Inquiry into Production and Promotion of Welsh Food

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg. Mae hon yn fersiwn ddrafft o'r cofnod. Cyhoeddir fersiwn derfynol ymhen pum diwrnod gwaith.

These proceedings are reported in the language in which they were spoken in the committee. In addition, an English translation of Welsh speeches is included. This is a draft version of the record. The final version will be published within five working days.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mick Bates	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Alun Davies	Llafur (Cadeirydd yr Is-bwyllgor) Labour (Sub-committee Chair)
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales
Brynle Williams	Ceidwadwyr Cymreig Welsh Conservatives

Eraill yn bresennol
Others in attendance

Michael Ash-Edwards	Y Co-operative The Co-operative
Justin Baird Murray	Cynghrair Twristiaeth Cymru Wales Tourism Alliance
David Chapman	Cynghrair Twristiaeth Cymru Wales Tourism Alliance
Gary Chappell	Y Co-operative The Co-operative
Steve Garrett	Cymdeithas Marchnad Gymunedol Glan yr Afon Riverside Community Market Association
Mark Grant	Tesco Tesco
John Glasby	Bluestone Leisure Ltd Bluestone Leisure Ltd
Felix Gummer	Tesco Tesco
Allison Lloyd	Asda Asda
Simon Michaels	Localfoodshop Localfoodshop
Maia Riley	Grŵp SPAR DU SPAR Group UK
Stephen Shearman	Marchnadoedd Ffermwyr yng Nghymru Farmers' Markets in Wales
John White	Asda Asda

Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol
Assembly Parliamentary Service officials in attendance

Claire Morris	Clerc Clerk
Meriel Singleton	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 9.39 a.m.
The meeting began at 9.39 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **Alun Davies:** Galwaf y cyfarfod i drefn. Diolch yn fawr am eich presenoldeb y bore yma, pan fyddwn yn parhau gyda'n ymchwiliad i fwyd yng Nghymru. Nid wyf wedi derbyn unrhyw ymddiheuriadau ar gyfer cyfarfod y bore yma. Nid oes gennyf ddatganiadau eraill i'w gwneud. Felly, awn yn syth at eitem 2 ar yr agenda.

Alun Davies: I call the meeting to order. Thank you for your attendance this morning, when we will continue with our inquiry into Welsh food. I have not received any apologies for this morning's meeting. I have no other announcements to make. Therefore, we will go straight to item 2 on the agenda.

9.39 a.m.

Ymchwiliad i Gynhyrchu a Hybu Bwyd Cymreig Inquiry into Production and Promotion of Welsh Food

[2] **Alun Davies:** Croesawaf gynrychiolwyr o'r marchnadoedd ffermwyr a'r siopau bwyd lleol i drafod cynhyrchu ac hyrwyddo bwyd yng Nghymru. Gwerthfawrogwn eich amser. Diolch yn fawr hefyd am eich sylwadau ysgrifenedig. Mae'r Aelodau wedi cael cyfle i'w gweld ac yr ydym yn gwerthfawrogi'r amser yr ydych wedi ei dreulio yn eu paratoi. Yr wyf am ofyn i chi gyflwyno eich hunain ar gyfer y cofnod ac wedyn byddaf yn gofyn i chi wneud unrhyw sylwadau agoriadol sydd gennych am ddau funud. Ar ôl hynny, bydd yr Aelodau'n gofyn eu cwestiynau, os ydych yn hapus â hynny. Fe'ch croesawaf yn gyntaf a gofyn i chi gyflwyno eich hunain ar gyfer y cofnod.

Alun Davies: I welcome representatives from the farmers' markets and local food shops to discuss producing and promoting food in Wales. We appreciate your time. Thank you also for your written comments. The Members have had an opportunity to see them and we appreciate the time that you have spent preparing them. I will ask you to introduce yourselves for the record and then I will ask you to make any opening remarks that you have for up to two minutes. After that, the Members will ask their questions, if you are content with that. I welcome you first of all and ask you to introduce yourselves for the record.

[3] **Mr Shearman:** My name is Steve Shearman, and I started running farmers' markets 10 years ago in small local towns in Monmouthshire and since then I have developed a website for the whole of Wales, on which we publish information about individual markets, producers and their products. I have also worked for quite a long time to encourage markets to promote themselves collectively, and to try to get some clarification about the definition of farmers' markets. The markets are run under different management structures—some are under the local authority, some are private, and some are run by farmer co-operatives—and there is a lot of variation in how they interpret the term 'farmers' markets'. Do you want me to say any more than that?

[4] **Alun Davies:** Na, mae hynny'n grêt, diolch yn fawr.

Alun Davies: No, that is great, thank you very much.

[5] **Mr Garrett:** Good morning. I am Steve Garrett. I run four farmers' markets in south-east Wales—three in Cardiff and one in Newport. I first started this work 10 years ago. We also run a community garden project in Cardiff to encourage people to get involved in growing more food for themselves. We run a community food outreach programme in Riverside and Grangetown to try to get more people involved in eating fresh food and improving their diet. We are working on setting up a small-scale horticulture enterprise on the outskirts of Cardiff to help address what we feel is a shortfall in the supply of locally

produced fruit and vegetables. I know about that from my experience of running farmers' markets: at the market that we have opened most recently in Newport, we do not currently have a vegetable supplier because there is not a sufficient supply of locally produced vegetables. It is one of the issues that we are trying to address. We applaud all the efforts being made to develop the marketing side for locally produced food in Wales, but we find ourselves facing the interesting dilemma of a shortage of supply at the moment.

[6] **Rhodri Glyn Thomas:** What do you define as 'local' in your market in Newport?

[7] **Mr Garrett:** It would probably be down to 'within Wales'. We have not restricted ourselves. Particularly with these urban markets, had we restricted ourselves from the outset to something like food from within a 30-mile radius, which I know that they do in some areas, we simply would not have had the necessary level of supply. So, our definition has tended to be 'as close as possible', with preference always given to producers who are as close as possible to the point of sale. Of course, there will always be a trade-off between the distance that people have to drive and how cost-effective it is for them to come and market their products, but, at the moment, we have a gap there. Looking longer term, we support any policies that will encourage more new people to come into the small-scale horticulture production business as entrepreneurs, so that people like me, who are working more on the marketing side, have an adequate and consistent supply.

[8] **Mr Michaels:** Hello. My name is Simon Michaels and I wear a number of hats. My main occupation is as chief executive officer of a company called f3, which is a network of consultants around the UK, advising on local and sustainable food systems. We get involved in looking at feasibility of supply chain issues, looking at the marketing of local foods and assisting the smaller enterprises and smaller producers with finding routes to market, which can be quite difficult, costly or time-consuming for a small producer. We are just starting a new project for the Assembly, the Wales sustainable supply chain initiative. That is an 18-month pilot in south-east Wales to assist small enterprises in collaborating and, in doing so, to enable them to reach markets that they could not otherwise. In the process, they should also become more efficient in their business operation. I am also the director of a company called Localfoodshop. It is a project that kicked off in Wales but is now nationwide. It provides an e-commerce facility for local producers. As a customer coming to the website, you can put in your postcode and identify the nearest producers of whatever commodity you are looking for. You then go to the web page of the identified producer, whose product list is updated by that producer, and you can then buy from them online. So, it provides e-commerce for free to those who do not already have it; for others, it widens their marketing opportunities. I am also one of the directors of the organisation of which Steve is the chair, and I am very involved in projects local to Cardiff.

[9] **Ms Riley:** Good morning. My name is Maia Riley, and I am representing Capper and Co. Ltd. We are part of the SPAR group in the UK, and we look after 500 stores altogether, 220 of which are in south Wales. We have a network of local direct suppliers to these stores. At the moment, there are about 60 such suppliers who will go directly to the stores to service them. We also buy from Welsh suppliers into our regional distribution centres and distribute nationally, but I understand that, today, you want to concentrate on the small local suppliers who supply direct to our stores.

[10] **Mick Bates:** Thank you for your opening statements. I would like to begin by asking you two questions. First, why would you start a farmers' market or local shop? Secondly, if motivated to do so, what are the main barriers?

[11] **Mr Shearman:** At the outset, to manage a vibrant and sustainable market, you need a complete range of produce. That is extremely difficult to achieve. Some areas of produce—and Steve has mentioned vegetables—have already discovered their market outlets, so they

are not available to start new markets. Another problem is the fact that the markets tend to need loyalty from the producers, and new markets starting up can sometimes poach producers from other markets. There is no co-ordination between them; at the moment, they operate individually and consider the other markets to be competitors. So, it is extremely difficult to set up a new market at the moment.

[12] **Mick Bates:** Apart from the competition between farmers' markets or normal markets in any town, can you assess how much of your trade is displaced from the local shop to the farmers' market? Is there displacement of trade, or is it a new business?

[13] **Mr Shearman:** It would very rarely be displacement from retail outlets in the town. The markets have generated their own supply, with producers switching from their own direct marketing. Most of the producers that attend the markets are direct marketers, so they are not using retail shops. There is always fractiousness with local butchers, who consider them to be competing, and, where the market is subsidised or run by a local authority, that is a very understandable argument. However, it is not a competition in supply; it would be distinct.

9.50 a.m.

[14] **Mr Garrett:** It is an interesting question why someone would want to do this. I would say that we, as a social enterprise, since starting out on this path of setting up farmers' markets, have been values-driven as much as we have been driven by consideration for the bottom line. Those values include a real concern about the big issues to do with sustainability and the importance of reducing food miles, with the food industry being recognised, statistically, as the No. 1 contributor to greenhouse gas emissions and therefore global warming. It is inevitable that one wants to think of alternative types of food chains and alternative ways of getting food to the consumer than the ones that we have, which seem to be potentially quite damaging to the environment. Alternatives could also contribute to the local economy, making it more possible for local producers to sell directly rather than all the profits going to large multinationals. If people buy locally, there is less packaging involved. For me, it just seems to be a very intelligent way of doing it. It is certainly not a new way, because that was how food was always marketed in the past; it just seems that we now have a rather crazy system that ships food around the world. For example, we export as many potatoes as we import. Moving food around creates profits, but there is no intelligence to it, as far as I can see, and it is potentially dangerous. So, there is a value side to it, but one must also link one's values to economic realities.

[15] It is also about the satisfaction of improving the quality of life of the people who are shopping at the market, and I believe that the food there is of inestimably better quality. Once you have eaten it, you will see that there is no comparison with food that has been shipped around the world. You are also creating employment. Generally, I think that a market helps to create a community, and I am a real believer in communities that are developed in a very practical way. I have always loved markets wherever I have gone, and the market has always seemed to be at the hub of a real community. That was my starting point.

[16] Why should we set up new markets? Although we mentioned that there is a shortage of supply in some areas, in others, I have a waiting list. I could run quite a number of markets selling nothing but cakes and beef. There is a large supply in certain areas. However, when we got to the point of having a large waiting list and a sense of a potential demand, or a gap in supply, it made sense to set up another market. I do not feel that we are in competition with other farmers' markets. I do not feel the same as Stephen about that. We try to collaborate as much as we can. To date, the markets that are most established in Cardiff have proved themselves to be quite successful. Hopefully, the new one in Newport will be the same. However, one thing that we have learned is that it takes a long time to change people's food shopping habits. Food more than any other thing seems to be a very habitual thing, so getting

people to start to shop somewhere new when they are used to going to a particular place seems to take at least a couple of years. So, we hope that we can hang in that long.

[17] **Alun Davies:** Thank you. I can see that Members wish to ask questions, but I would like to invite all the witnesses to answer this round of questions before I bring in Members. I also ask witnesses to be succinct in their answers.

[18] **Mr Michaels:** I would add that the motivation varies according to who is managing and inaugurating that market, and there are very different models for doing so. There are three models, in essence. The first is the producer-led and producer-managed markets. They suffer the most problems, because there can be a problem with self-interest, and the other producers will argue that there is a bit of a cartel and they can find it difficult to get into that market. The second model is the local authority-led market, where there is recognition that it makes a contribution to the economic and social life of the area in which it is located. However, such markets can be hampered by some of the public sector criteria and protocols within which they have to operate. The third model is an independent community-led market such as the one in Cardiff. Such markets are a lot freer to operate, and the motivation comes from social entrepreneurs who can see that something needs to happen, just that it takes a little assistance in some instances with capital expenditure or whatever, and they build on the energy of the community to make it happen.

[19] **Ms Riley:** The majority of our stores are owned by independents and not by a big group. What happens is that an independent or an entrepreneur sees a need in an area, a gap for a store, or a local store may have just closed, and they then come to us and say, 'I need help to set up a grocery store in this area'. We will give them our backing and our help to set it up. People are choosing symbol groups like ours because they look to set up on their own but find that there are so many laws and things to think about that they get scared. We have all the processes in place, and we can say, 'This is the wages section; this is food safety; this is trading standards; and this is health and safety'. We have all that covered, and we can help them through it, but, at the start, it is usually that someone sees the need in the community. Perhaps they will see that a store has just closed or that a community is in desperate need of a store, and come to us.

[20] **Mick Bates:** Thank you very much for those responses. As a member of a co-operative and someone who sells produce at a farmers' market, I have found that customer loyalty is a key factor. Recently, the recession has had an impact as far as our experience goes. What are the big challenges that you now face because of this economic recession—or are there none?

[21] **Mr Shearman:** In my experience, the markets are holding up surprisingly well—better than we had predicted at the end of last year. You are right to say that the people who are committed to the markets are making more than a lifestyle choice; they are committed to the whole idea. Their future growth is limited. They are not particularly good retail outlets, because, mostly, they trade only monthly, which is not convenient for customers, and that is also not convenient for some types of products. It is a disaster for soft fruits, for example. The real limitation is the total lack of overall identity or collaboration. A market is made up of an ad hoc collection of producers and market managers and there is no regulation of any form of standard or definition. The worry is that a customer will go along, trusting that what they are buying comes directly from the producer, but that is not always the case. So, it is about trying to protect the idea of producers not only attending the market but also evolving them, because producers have little time available to market in that way. I have just come from the smallholders' market, where we had 70 stalls, and the performance was dramatically different between those who were skilled at doing it and those who were not. It ranged from some hardly doing any trading at all to others having record sales. There are many limitations to their further growth because of a number of factors.

[22] **Mick Bates:** Therefore, you do not think that the recession has made an impact.

[23] **Mr Shearman:** The markets are not as buoyant as they were two or three years ago, which was the peak of the honeymoon period, but they seem to be stable. Again, performance is variable. Three years ago, a producer could turn up, just plonk their stuff on a table, and it would fly off the shelves, as it were. That is not happening anymore. Those who lack the skills to engage are suffering, but the ones who can handle that situation seem to be doing fine and are not worried by the recession.

[24] **Mr Garrett:** From the informal feedback that we receive, I know that people are definitely feeling the pinch. Such feedback has always been informal, because we do not ask stallholders to give us details of their turnover and so on. Our response to date has been to identify what our unique selling point is as a market. What do we offer that is as different as possible from other types of outlets? That is about creating events, the social aspect, the pleasure of the people who are there, and emphasising that and getting it across to people. In other parts of Europe, weekly markets are a part of life and always have been. Each one may be slightly different and idiosyncratic, and I am happy with each market being different and specific to its locality, because that is what we offer that is different from the majors: the uniqueness of each outlet. It is a challenge, but I am optimistic because the difference in price is relatively small if there is a difference at all. If there is a major obstacle, I would say that it is a perception among the public that produce that is local and fresh must be posh and expensive, which is not the case. We really want to get across to people that, in many cases, we are competitive with other outlets, but they need to look at the quality of the produce and appreciate the pleasure of shopping there. We are not trying to put the supermarket out of business, but we want to be an established part of people's shopping habits.

10.00 a.m.

[25] **Alun Davies:** I am interested, Mr Garrett, in your assertion that the food sold in your markets is of a higher quality than the food sold in Tesco or Asda, for example. How can you demonstrate that?

[26] **Mr Garrett:** You are right. That is a heck of a generalisation; it is a blanket statement. I will say it in the simplest way that I can. It makes sense to me that something that was picked the night before, or even that morning, brought to market and is on the table—bought and eaten—that day is bound to be tastier and fresher. There is science to back that up. The nutritional content of vegetables tends to degrade after they have been stored for a particular period. Perhaps we could also say—

[27] **Alun Davies:** I will stop you there. This is an important point for us to explore. Are you saying that, at your markets, the produce on sale has been picked that morning or the night before? Is that always the case? Do you have systems in place to guarantee the provenance of the produce available at these markets?

[28] **Mr Garrett:** That is a very fair question and it is certainly an issue that comes up. In our case, to take vegetables as an example, we personally know our two vegetable producers. Wales is a very small place; if anyone is cheating, you can believe me that the news gets around pretty quickly. In some cases, we have been to the farms. In 10 years, you get to know people pretty well. As I have said, there have been cases—

[29] **Alun Davies:** Do you have any systems in place? I am sorry to keep coming back to that question.

[30] **Mr Garrett:** At present, there is no formalised system of accrediting producers, but it

is something that we are involved in bidding for. It is a process in which we hope, within a relatively short period of time, the National Assembly will sponsor a programme, which will enable this to happen. You have identified an important issue.

[31] **Alun Davies:** Okay. I will bring Brynle Williams in now.

[32] **Brynle Williams:** Provenance is a very important issue and I take what you say. Earlier, you touched on pricing. On pricing, I find that the major multiples seem to have a better publicity machine and so on. Is this the next step that you should be looking at? Also, as the Chair was trying to get at, the other issue is that of provenance. I hear that there may be farmers' markets that are not genuine. Regrettably there are farmers' markets even on high streets. I, for one, have been trying to get one market to change its trading name. How do we go about this? What can the National Assembly do now?

[33] **Mr Shearman:** You are quite right. To touch on the quality issue, we do not have a formal way of checking the provenance of the product. I work as a farmer but I am not licensed; I am an amateur. I am not entitled to say, 'This is not good animal welfare', or 'These chickens are not free range'. A legal situation could be quite tricky. If we interfered with someone's trading on the grounds that we did not think that they were kosher, we could get into trouble. Given that most of the producers have followed the whole productive process right through, the chances are that it will be higher quality. There is no guarantee; it could be crap. Also, on the nature of the trading, 70 per cent of my customers are regulars. If there was any question of quality, I would lose their trade. That is the only guarantee that we have at present.

[34] There is a problem with promotion, because the markets are so diverse. It is a question of what you are marketing. You cannot market something as a farmers' markets but then, when people go there, they find that it is a glorified trading market. Therefore, the two things have to go hand in hand. We need structural support in that. The best way forward for the markets is to set themselves up as collaborative, self-governing structures, where there is some definition of what it means. 'Farmers' markets' is not a legal term; therefore it is open to a lot of abuse. If we could have some collaborative method of defining the markets and how they operate, to be able to say, 'Well, that is a real farmers' market', with a logo or some sort of marketing device to show that, it would be possible for the customers to tell what is a real farmers' market. At present, there is no way of doing that; they take their pick when they go.

[35] **Brynle Williams:** I will stop you there, if I may, Chair. I have concerns that, to establish this provenance, we need to be working more co-operatively. Part of the problem is that we have a lot of small entrepreneurial businesses providing services, products and what have you, and we have to find a way around all the red tape, because that strangles an awful lot. We need it to a degree, but I would like to know how you think we could get around the problem. We have seen red tape strangling production all too often at the producers' end, and with so many farm assurance schemes throughout the country, it is a shame that we could not use one.

[36] **Mr Sherman:** The growth of the farmers' market happened when the public was generally disenchanted with all the farm assurance schemes, because it was clear that they were not delivering. The argument is that, if you are honestly buying direct from the producer, there is no great need for that type of assurance, because assurance is usually required in distance selling. Many resources are available from the Assembly, and you are quite right in that, because there is no collaborative ethos in the markets or the producers—they are all violently independent—if they wish to participate in a collective promotion, they will have to define themselves in a certain way. They will not collaborate unless there is a tangible and clear benefit for them in doing so.

[37] **Alun Davies:** Thank you for that evidence; it is very useful to us. I disagree with your assertion that there is no need for assurance if food is sourced reasonably locally. I think that the consumer would want a level of assurance regardless of where the food comes from. Can you describe to us how you can guarantee the products' quality? We have heard from Mr Garrett, and there does not seem to be any structure in place to prevent somebody, such as me, from going to Bessemer road, buying a whole load of produce and then coming to market and saying, 'This is Alun Davies's best effort', while selling it. If you live in Newport and the definition of local includes produce that comes from the north Wales coast, is there not a risk that public trust will break down and that you will lose public confidence? With regard to one of the issues that you identified in your last answer, I agree with you that the popularity of farmers' markets is sometimes a reaction to a lack of trust in big multiples, but in not having any systems, structures and guarantees in place, is there not, in a sense, a danger of losing something by using terms such as 'local' to refer to something that does not mean very local at all? Certainly, in Aberystwyth, if something is labelled as being local, I would expect it to come from Montgomery, Ceredigion or south Gwynedd—from the surrounding area; I would not expect it to come from Newport or Monmouthshire.

[38] **Mr Garrett:** May I very quickly respond to that? There are a couple of key things to mention. One is that there is no getting away from your hypothetical Bessemer road example. That is partly because of the relationship between the person standing behind the table and the customer, which is one of the key elements in how a farmers' market operates. It is not true to say that there is no means of control; we have to see a fairly complex set of paperwork that includes evidence of insurance, all the health requirements and so on. Part of my job as a market manager is to check that every stallholder has those things. If I had any reason to doubt anyone who was to come to me, it would be because they were not already known—Wales is not such a big place and we know pretty much everybody. If there was any doubt about somebody appearing on the scene saying, 'I'm growing vegetables', if we did not already know them, we would first go out to see the farm. We would take steps to make sure that we knew them. You have identified a key point, because if customer trust in the markets is ever weakened, it could quickly prove to be a slippery slope, so we are very protective of that trust.

[39] **Alun Davies:** We have all seen what has been going on at Westminster over the past two weeks, with this sort of, 'We know the territory; we know what works, so we can right ourselves'. Can you understand why such an approach might not carry much weight anymore?

10.10 a.m.

[40] **Mr Michaels:** It is clear that something needs to be done here, which is to develop an accreditation system. I do not think that it involves a huge amount of red tape. There is a good parallel with organic certification. I used to be a breadmaker, and I made organic sourdough. The accreditation from the Soil Association took a half-day visit once a year. It also wanted to see a great deal of paperwork, which we should have had anyway, to assure it that we were not selling more bread than we were buying organic flour, for example—the two had to match up. It is not hugely onerous if your record keeping is already good, but an accreditation system needs to be provided by the public sector, by the Assembly, because the markets have neither the skills nor the resources to do that.

[41] **Alun Davies:** Mr Shearman, I did not give you an opportunity to answer the previous question.

[42] **Mr Shearman:** On the process that I undertake, I visit the farm, and if a customer approaches me and queries it, I say that that is my opinion; that is as far as we can go. So, the

whole fabric is based on trust. We are all very aware of how fragile that is. There are two issues: one is that farmers really do not want to get involved in any red tape, and the other issue is the cost. I have produced a product registration that will cost something like £700 a year. There is no way that these small producers can afford that. There have been schemes before that have not taken off because they are not particularly trusted. We need to engage in a structure that goes beyond us in order to achieve the sort of verification that the customer needs. We require the underpinning of the markets, because we are all aware that their long-term sustainability is largely based on their reputation. The way in which these markets have developed has been very informal, so it is understandable that we have come to this point, but we have come to a watershed now. If we are going to underpin them and make them a regular part of the future, they need some form of accreditation.

[43] **Alun Davies:** Rhodri Glyn Thomas has the next question. We only have 10 minutes left for this session, so I am anxious for us to move along reasonably quickly.

[44] **Rhodri Glyn Thomas:** Mae gennyf ddau gwestiwn, a gofynnaf y cwestiwn cyntaf i Stephen a Steve. Mae strategaeth twristiaeth bwyd Llywodraeth y Cynulliad yn addo cynorthwyo marchnadoedd fferm a chynnyrch lleol. A ydych yn teimlo bod y strategaeth honno wedi cynnig rhywbeth? Yr ydych wedi cyffwrdd ar beth allai'r Llywodraeth ei wneud i wirio eich cynnyrch a rhoi sicrwydd i gwsmeriaid, ond beth yn benodol y byddech yn chwilio amdano o fewn y strategaeth honno a fyddai'n eich cynorthwyo wrth ichi sefydlu a hyrwyddo marchnadoedd fferm?

Rhodri Glyn Thomas: I have two questions, and I will address the first to Stephen and Steve. The Assembly Government's food tourism strategy promises to support farmers' markets and local produce. Do you feel that that strategy has offered anything? You have touched on what the Government could do to verify your produce and to give an assurance to customers, but what exactly would you look for in that strategy that would help you to establish and promote farmers' markets?

[45] **Mr Garrett:** I had my first view of the strategy last week. In a very practical way, we have tried to get ourselves listed in the websites that market Wales to the world. Food is one of the special things that Wales can offer, and it would hopefully be one of the pleasures of visiting Wales that people would want to experience. So, in a practical sense, wherever there is a possibility, whenever somewhere like Cardiff is being described, we would like the markets to be included in the list of pleasures that the city has to offer. That would be the main thing: getting us in the picture, because we have tended not to be in the picture to date; we have tended to come second to the more traditional attractions.

[46] **Mr Shearman:** The farmers' markets are very supportive of the micro-artisan sector of food production, which is what identifies Wales's food culture. A lot of the promotion that we have enjoyed in the past has not made the distinction. It has been across the board and can include quite large organisations that are producing in Wales but that are not necessarily producing a product that is identifiably Welsh. If you are making cheese from a cheese paste and are giving it a Welsh name, it does not have the Welsh provenance, but cheese made on the farm with milk from that farm has. In the past, they have been the paupers in the scale of support, and they are the ones who need the support. The benefit to tourism would be that we would have a distinct national identity in our food.

[47] **Alun Davies:** Do any of the other witnesses wish to contribute to this?

[48] **Ms Riley:** We mentioned competition. We have been hit in competition terms like anybody else because of the recession, but, like Steve, we have found that the unique selling point of our stores happens to be the local stuff. It happens to be some of the things for which we do not need to look at the price. Heinz beans are Heinz beans, are they not? With local

produce and local meat, we work with local butchers' shops in our area so that they can sell their meat in our stores. That makes it easier for them, because, in the majority of cases, we are open between 6 a.m. until 10 p.m. which means that they have a longer opening time. We open on Saturdays and, because we have small stores, we open on Sundays. So, we try to get together with local stores, even though they are competing with us during the day, to sell their stuff so that we have a point of difference.

[49] **Mr Michaels:** There is a task to join up agencies with different responsibilities. There are often very useful overlaps and crossovers, for example, the health agenda, the social development agenda, the skills agenda and the environmental agenda. You can carry on looking at the areas that food relates to and find that people are working in silos and are not talking to each other. It would be very useful if there were structures that included tourism that allow those agencies to work together.

[50] **Alun Davies:** Thank you very much, Mr Michaels; that is a very useful contribution. Rhodri, will you ask the last question and I will then bring this session to an end?

[51] **Rhodri Glyn Thomas:** Mae'r ail gwestiwn yn benodol i Simon a Maia. O brofiad personol, mae'r ffordd y mae SPAR wedi gweithio gyda chigyddion lleol yn ddefnyddiol iawn, yn enwedig i bobl nad ydynt yn gweithio yn lleol ac sy'n teithio yn ôl ac ymlaen—mae'r ffaith eich bod ar agor yn gynnar yn y bore ac yn hwyr gyda'r nos yn golygu bod pobl yn gallu siopa'n lleol y tu allan i oriau arferol. Fodd bynnag, oherwydd y dirwasgiad presennol, mae nifer o siopau yng nghanol trefi yn wag ar hyn o bryd. A gredwch ei bod yn bosibl gwneud defnydd o'r rheini drwy gydweithio â llywodraeth leol er mwyn sicrhau bod cynhyrchwyr lleol yn cael y cyfle i arddangos y cynnyrch mewn siopau dros gyfnod byr tra bod y siopau hynny'n wag? Y cwestiwn i Maia yw: a fyddai hynny'n creu problem i'r rhai sydd eisoes yn ceisio hyrwyddo'r cynnyrch hwn? Yn benodol i Simon: a oes unrhyw opsiynau o ran datblygu cynnyrch lleol?

Rhodri Glyn Thomas: The second question is specifically for Simon and Maia. From personal experience, the way in which SPAR has worked with local butchers is very useful, especially for those who do not work locally and who have to travel back and forth—the fact that you are open early in the morning and late at night means that people can shop locally outside normal hours. However, due to the current recession, a number of shops in town centres are currently empty. Do you believe that it would be possible to make use of those through co-operating with local government in order to ensure that local producers have the opportunity to sell their produce in shops in the short term while those shops are empty? The question for Maia is: would this create a problem for those who are already trying to promote this produce? Specifically to Simon: are there any options with regard to developing local produce?

[52] **Mr Michaels:** That is a very interesting thought. Steve has mentioned that one of the issues with food shopping is that people develop habits. My experience in facilitating e-commerce leads me to think that it is very difficult to do that if they are used to shopping in a different way. So, you need to split the food market into different sectors. One of the growth sectors has been supermarket online shopping. The reason for that is its convenience. People order their shopping online, they are willing to pay £5 to have it delivered and it is all very easy. In fact, statistics show that people put their orders in when they are at work; funnily enough, they do not do it at the weekend in their own time. That is working because it exactly meets a particular need. The simple shops like SPAR and local convenience shops hit another marketplace well. The temporary use of high street shops for local produce would struggle to work, simply because of the need to establish a new way of shopping and to get people to use it.

[53] **Ms Riley:** One of the major problems that the farmers' markets have is that they are only open once a month or periodically. We could collaborate on getting their produce into

our stores to sell it seven days per week, or whatever they can provide. The problem that we have with some of the butcher shops is that we rely on them to stock our meats. If they have had a good trading day, they may say that they have not had enough time to do our meat, so we may be out of meat one day. It would be nice to get together and say that, because they meet only once a month, perhaps we could have their products even once a week, because we can create a demand for it once a week and then direct them towards a farmers' market once a month when there is a bigger group. We are trying not to compete against ourselves because we already sell Pembrokeshire potatoes and such things, but it offers a new selling point and it is local. We are desperately crying out for things like that to work with.

10.20 a.m.

[54] **Alun Davies:** I will just interrupt you for a moment, Brynle. I want to hear from the panel before we bring this session to an end.

[55] **Mr Michaels:** I do not think that there is competition between the different types of outlets; we should all work together on this. There should not be a perceived issue of competition between local shops and farmers' markets. If we all work together, we can help the local food sector to grow. There are definitely untapped opportunities. Again, if you segment the marketplace, you will see that around 10 per cent of the population will go to farmers' markets; we also know that another 30 per cent are interested in them, but cannot quite be bothered to go to them. That is an opportunity. If we can fulfil the needs of that segment, then we are not competing with farmers' markets; we are simply adding to the opportunities afforded by supplying local produce.

[56] **Mr Garrett:** If we could find an empty shelf and access that for a couple of years so that some consistency could be built up, it would be wonderful and that could work well; it would be an exciting project, and a few weeks would be long enough.

[57] **Rhodri Glyn Thomas:** My thinking was based on the fact that empty shops create a perception in market towns. We are facing that situation with the current recession. Perhaps it would be possible for local authorities to come to an understanding with the owners of those shops, so, for example, if a shop cannot be let at the moment, an agreement can be reached to let it for six months rather than for years. That would allow for what Simon says, but it would also contribute towards the promotion of that town or even city centre these days given the recession. We might be able to consider that as a possibility.

[58] **Alun Davies:** We will consider that and since all the witnesses are nodding furiously, we will accept that as their contribution to this issue. Thank you for your time this morning. I will bring this session to an end and we will take a break before we start the next session. I thank you for answering Members' questions; it has been a great help to our inquiry and we appreciate that. You will receive a copy of the transcript before it is published in the next week and we ask you to take a look at that.

*Gohiriwyd y cyfarfod rhwng 10.23 a.m. a 10.27 a.m.
The meeting adjourned between 10.23 a.m. and 10.27 a.m.*

[59] **Alun Davies:** Diolch yn fawr am eich presenoldeb y bore yma. Yr ydym yn gwerthfawrogi'r amser yr ydych wedi ei roi i ddod yma'r bore yma i ateb cwestiynau gan Aelodau. Yr ydym hefyd yn gwerthfawrogi'r amser yr ydych wedi ei dreulio yn paratoi tystiolaeth ysgrifenedig. Cymrwch yn ganiataol bod Aelodau wedi cael cyfle i

Alun Davies: Thank you very much for your presence this morning. We appreciate the time that you have taken in coming here this morning to answer Members' questions. We also appreciate the time that you have spent on preparing your written evidence. You may take it for granted that Members have had the opportunity to read the written evidence.

ddarllen y dystiolaeth ysgrifenedig. Yr wyf am ofyn i chi'n gyntaf i gyflwyno eich hunain ar gyfer y Cofnod ac mae croeso ichi wneud rhai sylwadau agoriadol, ond cyfyngwch y sylwadau hynny i ddau funud, os gwelwch yn dda, oherwydd yr wyf am sicrhau bod gennym amser i drafod ac i ofyn cwestiynau. Yr wyf am ddod â'r sesiwn hon i ben am 11.00 a.m. felly gofynnaf i Aelodau ofyn eu cwestiynau a'r tystion i'w hateb mewn ffordd mor gryno â phosibl. Diolch yn fawr. Hoffwn ddechrau gyda chi, Mr Chapman.

First, I will ask you to introduce yourselves for the Record and you may make some opening remarks if you so wish, but please restrict those remarks to two minutes because I want to ensure that we will have enough time for discussion and to ask questions. I want to bring this session to a close at 11.00 a.m. and therefore I hope that Members will keep their questions, and that witnesses will keep their answers, as brief as possible. Thank you very much. I would like to start with you, Mr Chapman.

[60] **Mr Chapman:** Good morning, all. I am David Chapman. I am the policy and communications consultant for the Wales Tourism Alliance. The alliance is the umbrella organisation for the tourism industry in Wales and it represents about 7,000 operators. We have in the region of 20 or so member organisations that make up the alliance and take part in its monthly business and an annual conference. My role here today is to support Justin, who is the industry representative, and to try to help out if any issues of policy arise that we can help you with. Justin is here because he is an exemplar of not only a sector of the business—the hotel sector—and a tourist operator of high quality, but because he has also taken a leading role in making sure that local food plays a strong part in the product that he offers at the Metropole Hotel in Llandrindod Wells.

[61] **Mr Murray:** Good morning. I am Justin Baird Murray. I am the managing director of the Metropole Hotel in Llandrindod Wells. It is a hotel of 120 bedrooms, a major conference hotel in mid Wales, and a large consumer of local Welsh produce. I am here today to talk to you about our experience of purchasing that produce and the quality of it. That is all; thank you.

[62] **Mr Glasby:** Good morning. My name is John Glasby. I am the food and beverage manager for Bluestone down in Pembrokeshire. For anyone who is not aware of Bluestone, it is a five-star holiday village with just under 200 units of accommodation. We can sleep up to around 800 people, depending on how that accommodation is used. My involvement with local produce goes back two years, to when we started planning Bluestone—we opened last July—and we did a lot of research into local and Welsh produce generally, with the help of some people in the Assembly Government and food officers from Pembrokeshire and Carmarthenshire county councils. We developed a model to try to measure our suppliers on a variety of factors, one of which was their locality to Bluestone. We assessed all the interested suppliers, a number in the region of 400, on that basis, which took a lot of work. From that, we selected our current suppliers. It changes on a regular basis, but, at the moment, approximately 90 per cent of our food suppliers, which is the side that I deal with, are from Pembrokeshire or Carmarthenshire.

10.30 a.m.

[63] **Alun Davies:** Thank you very much for those brief opening remarks; we are very grateful to you.

[64] **Rhodri Glyn Thomas:** Clywsom dystiolaeth yn gynharach am y strategaeth twristiaeth bwyd. Beth all Llywodraeth Cymru ei wneud i'ch cynorthwyo chi yn y Metropole a Bluestone i ddefnyddio

Rhodri Glyn Thomas: We heard evidence earlier about the food tourism strategy. What can the Welsh Government do to assist you in the Metropole and in Bluestone to use local produce and to ensure that you have links

cynnyrch lleol ac i sicrhau cysylltiadau â with local producers? How can the chynhyrchwyr lleol? Sut all y Llywodraeth Government assist you to develop the eich cynorthwyo i ddatblygu'r sgiliau sydd eu necessary skills locally in order to promote hangen yn lleol er mwyn hyrwyddo cynnyrch local produce and to introduce it into hotels lleol a'i gyflwyno mewn gwestai a and holiday destinations such as Bluestone? chyrchfannau gwyliau megis Bluestone?

[65] **Mr Baird Murray:** The desire exists, not just at the Metropole or Bluestone, but throughout the trade, to use local produce. As far as the Welsh Assembly Government is concerned, its assistance in that process should be, as much as anything, to ensure that part of the promotion of our businesses is that we are using local Welsh produce. It is about spreading the word and the message that we are doing that. An awful lot of people are already taking advantage of the good produce that is out there.

[66] The one area in which we can struggle is in getting hold of the products that we require. Distribution and supply is perhaps the biggest area with which we have a problem. For example, in our trade, there is a problem in getting hold of fresh fish, which seems absurd when we have such a fabulous coastline and fishing industry. However, it is extremely difficult to get hold of unless it has gone on some circuitous route to reach us. So, the supply chain is definitely a problem for us.

[67] **Alun Davies:** Can you describe those problems in more detail?

[68] **Mr Baird Murray:** To start with meat, there is no problem with meat. If we need to get local Welsh meat, we simply phone a local supplier—a butcher or one of the bigger catering suppliers in Wales. You can get hold of Welsh meat without any real difficulty.

[69] **Alun Davies:** I am sorry to stop you, but is that a problem at any time during the year?

[70] **Mr Baird Murray:** No, not for us. Fish is a completely different matter. It is virtually impossible to get hold of local fresh fish in the quantities that we might require. I was under the mistaken impression that we were using a company that was supplying us with Welsh fish, because its name suggested, and I will not mention its name, that it was a Welsh supplier—

[71] **Alun Davies:** I ask you to give us that name. You are covered by privilege in this meeting. The reason why I ask that is that we had a meeting last week on labelling at which it was said that a certain 'Mr Welshegg' appeared not to be as Welsh as he was an egg. It would help our deliberations were we to understand better the problems that you face.

[72] **Mr Baird Murray:** Sorry, were you asking me to mention the name?

[73] **Alun Davies:** Yes, please.

[74] **Mr Baird Murray:** It is Celtic Seafoods Ltd, which is a very fine business. I have absolutely no problem with Celtic Seafoods Ltd, which has supplied us with good-quality fish. However, I was under the impression, because of its name and the fact that it was based in south Wales, that my fish was coming from south Wales, but actually it was coming via south Wales having being purchased somewhere else altogether and brought into Wales and moved on to us. That might not be true of all the company's products, obviously, but certainly of some of them. That is the kind of problem that one might have.

[75] **Alun Davies:** I am sorry to keep repeating this question, but which products did you have in mind when you made that statement?

[76] **Mr Baird Murray:** Which fish products, do you mean?

[77] **Alun Davies:** Yes.

[78] **Mr Baird Murray:** Oh, everything—it is across the board, really. The same is true of vegetables. You can buy Pembrokeshire new potatoes and know that they have come from Pembrokeshire. That is not really a problem. However, when you are getting through large quantities of carrots, onions and so on, it is more difficult to get hold of them locally. Throughout the year, it clearly will be more difficult to get hold of some of these things because they are seasonal by nature. Getting the supply is definitely a problem for some of these products.

[79] **Alun Davies:** That has been very useful. I appreciate that. Mr Glasby, would you like to respond?

[80] **Mr Glasby:** I will pick up pretty much from where Justin left off. We have the same sort of problems. As a one-liner, I would say that any help that the Assembly Government and other bodies could give us would just make the whole thing a bit easier. We deliberately went off to source local products, and it was a lot of work. We were helped by various people, as I mentioned before, from the county councils and the Assembly Government. However, not all companies necessarily can or want to make the time commitment that we have made—which Justin has obviously also made—to go off to find local producers, so if we want to increase the volume across the country, you will have to help those people who cannot be bothered to do that, for whatever reason, or are driven only by commercial factors and nothing else, and make local produce more accessible to them generally.

[81] I agree with Justin that there is a really difficult and confused supply chain for vegetables and fish. With Bluestone, there was a misconception initially, because we held various roadshows to which anyone interested in supplying us could come along, and every Tom, Dick or Harry who produced anything came along, which was great, but they thought that every time that they had a few spuds, some asparagus or whatever they had harvested, they could just turn up and sell it on the door. Obviously, it does not work like that in a big business; we have to have continuity of supply and, consequently, we have to go to wholesalers, particularly for vegetables. As a result, the emphasis is on them buying locally, and our relationship with them is to encourage them to buy locally, but obviously that is a more confused supply chain than going straight to a local organic meat producer, as we do in Whitland, or a cheese producer, of which there are dozens in the local area, where you can just deal with them direct and it is dead simple.

[82] **Alun Davies:** Thank you very much for that. It is very useful. It is interesting that you are based on the border between Pembrokeshire and Carmarthenshire. We know that there is a diverse range of produce produced in that area. Were there any particular sectors that you found more difficult or less difficult, and were there particular products that you found easier to source?

[83] **Mr Glasby:** Meat, cheese and dairy were generally easy to source. There is a wealth of quality suppliers in the local area.

[84] **Alun Davies:** Did that meet all your requirements on continuity of supply and quality?

[85] **Mr Glasby:** We still had to root through them and do an audit on them. For those who put themselves forward as a supplier we applied the model, which had four elements, which were locality, quality of produce and supply, commerciality—price versus quality if

that was a trade-off issue—and the last element was environmental factors, because the people who set up the business also wanted that taken into account. Therefore, we involved Green Dragon in that process. On the areas in which we had real trouble, fish is just a mess. From our point of view, trying to buy fish is just a mess. We can have mussels from Ireland easily, and prawns from south-east Asia. We know that those products are available locally, but to access them is really tricky. So, we would like some help on the supply side.

[86] **Alun Davies:** Do you have an understanding of why that is?

[87] **Mr Glasby:** Not really, to be honest. My understanding is that most fish landed at Milford Haven end up on the continent. I guess that it is down to large-scale economics.

[88] **Alun Davies:** Okay. Thank you. I will bring Brynle in now. I am aware that Rhodri Glyn wants to come back on this.

[89] **Brynle Williams:** On vegetables in particular, is it the case that the major multiples have the larger producers that could supply your businesses on a regular basis tied up? The other side of the coin is that there is an abundance of stock feed carrots, potatoes, parsnips and Lord knows what, but these do not seem to be coming from major producers; they seem to be surplus to what is going to the major multiples. I am aware that you cannot get the volume—continuity of supply is the whole problem—but is it the case that another sector of the business is affecting the hospitality industry?

10.40 a.m.

[90] **Mr Glasby:** I could be wrong, but I do not think it is that. I think that it is almost about organisation into a co-operative or a wholesaler of local produce generally.

[91] **Rhodri Glyn Thomas:** I want to come back to the skills issue. I know that the Metropole and Bluestone try to ensure that people understand that they are sourcing locally and try to give people a Welsh experience. However, is there an issue about skills, Dave? I think that you were in the public gallery yesterday when an Assembly Member said that, when she had been in Pembrokeshire, she failed to find a restaurant in the area offering food that had been sourced locally. Is there a skills issue here? That is not my experience of Pembrokeshire, I must say. I know that there are several very good restaurants in Pembrokeshire that make a great deal of local produce and of the fact that they are sourcing locally and offering a Welsh experience.

[92] **Mr Chapman:** I think that it was an unusual occurrence to find the set of circumstances to which the Member referred, which all coincided to mean that no local food was on offer. It is very disappointing that that should happen to any visitor. However, Pembrokeshire has some very good and well supported food schemes and food tourism schemes. The regional tourism partnership and the tourism associations down there are working very hard to raise the profile. That is one of our stronger areas in fact. However, you need it to be consistent. From a policy point of view, that is what we are striving for and looking to you for assistance with. On the skills side alone, it is very important that the skills related to the tourism industry are given as much support and development as possible. That means that we must concentrate very strongly on a Welsh industry-led delivery that will enable us to be nimble and effective when the opportunity arises to take different gaps in the market, which is essential in a recessionary climate.

[93] On the other side, it is very important that we have a unified identity and product. That is what needs to be done, and it would help to prevent the disappointment that occurred in that particular instance being a wider spread thing. It is quite difficult given that Government naturally falls into different designated areas. The people who work in those

departments and ministries quite rightly concentrate strongly on their own areas, and it is not always easy to achieve the overlap. However, all four Members here, to my knowledge, have made strong statements in recent times about the need for greater unification. Mr Williams's comment yesterday about bringing the farm to the school is a really important point about mixing up the education process with the economic benefits. In the same debate yesterday, Mr Davies made a very good point about the link between heritage and training in tourism in Valleys areas. Mr Bates has been supportive of this for years with regard to food procurement, and the cultural tourism work and other related matters that you have been involved with are all about moving around traditional Assembly departmental areas and bringing them all together.

[94] The difficulty of having a national food tourism policy is that, if it is going to work, it must make a difference when the visitor crosses the border. We must add value to the visit. At the same time, we must keep the economic performance within Wales as much as possible. To do that, we must bring together the key players at the top level. That is the suggestion that the executive of the WTA has put forward. There are some very good people working in the food and tourism areas, and they are designated areas, but we need to bring them all together and produce what we would call a 'supergroup', which shows my age. It is about the key players being brought together, including the red meat, dairy, and tourism industries—Visit Wales, for example—so that we can look at how we can develop the industries and help the rural economy.

[95] My final point on the policy and skills area is that they are integrated, and we need to work together on that. If possible, I would be very keen to see a stronger emphasis placed on the rural economy, with agriculture and tourism combined. Too often, they are seen to be separate, even by communities to an extent, and yet both are absolutely beneficial to each other. The environmental work that farmers do alongside the economic work is vital to the tourism industry; it is the linchpin in the same way as the people whom tourism brings into the area to buy the products are vital to the farmers. The Assembly Government is in an ideal position to build on that. If it could do that, it would be of great benefit.

[96] **Mick Bates:** Thank you for your comments so far. I want to examine two issues. The first is image and how we promote Wales. To what extent does the green image play a part in your businesses? 'Sustainability' is a big buzz word today. Is that important to you or is it irrelevant? Is it all down to your own promotion as an individual business? How does the marketing of Wales from the Government level integrate down to your level—and David hinted at this—so that you feel part of a total image for Wales, whatever that might be, in your opinion?

[97] You have all talked about sourcing local food, and you both made a point about the supply of fish. Would it be helpful to have a Welsh kitemark that would assure people that food is produced, processed and packed in Wales?

[98] **Mr Murray:** On the green image, one has to be commercially realistic about a sensible way forward. Yes, it is important that we are portrayed as a country that promotes environmentally sustainable tourism. As a relatively small country, that gives us something to stand up and be proud about. So, I think that it is very important and is a good and positive way forward. You can hang your hat on that. The Unique campaign that was done in conjunction with the Wales Tourism Alliance and Hybu Cig Cymru was an extremely good way of getting across the message that we are using local produce—and, in that case, it was meat. It was very direct, upfront and clear to the consumer. What was particularly good about it—and this goes back to the skills issue—was that the staff were very clear about what we were trying to achieve. The campaign was not just about consumer awareness; it was also about staff awareness, and there were chit pads that staff could write orders on and that kind of thing. So, it was a very good way of getting the message across to everybody in our

organisation and our guests that we were promoting and supporting the Welsh meat industry, which was very useful.

[99] Having a kitemark sounds rather bureaucratic, as though we would have to fill in forms and that kind of thing, and whenever that might be the case, commercially, we start worrying slightly that it will be time consuming, that we will have people checking up on us, and that kind of thing. However, in principle, I can see that it would have benefits.

[100] **Alun Davies:** Would it have benefits for the consumer of produce? For example, if fish came in a packet with a mark on it that guarantees that it was caught in Swansea bay—

[101] **Mr Murray:** That would be passing the problem on to the suppliers. It would be of some benefit to us if they were responsible so that all that we had to do was see that they had been registered and that they had the kitemark or whatever.

10.50 a.m.

[102] **Brynle Williams:** On provenance, you say that you would be passing the problem on to the retailer, but it is up to him to source it if he can. As a farmer, it is quite fascinating going around several of the hotels, restaurant and pubs up in north Wales to see where it is posted on the menu that this week's beast, or beef, came from here, and this week's lamb came from there. You can see that those businesses are growing. People are demanding that. They want that. Is enough being done in the hospitality industry? I do not think that enough is being done in the hospitality industry to promote that. Only 35 or 40 per cent of the meat that the hospitality industry is using is sourced from the UK. The rest is imported. If we can get the provenance aspect right, it will help your business, our business, and the local economy.

[103] **Mr Baird Murray:** I cannot comment on the statistics that you have mentioned, but one needs to be absolutely clear about where one is looking as regards the tourism market. Is one talking about the leisure tourism market in north Wales or about the corporate market in, say, Cardiff? Those are two completely different types of commercial organisations. You probably have a small, family-owned operation in north Wales, which has strong links to the local community; someone else might have a commercial property in Cardiff with a central head office in another part of the world, and would probably have a completely different purchasing attitude and approach. It is very hard for those of us who are closely in tune with the Welsh tourism industry to influence that.

[104] **Alun Davies:** Did anyone wish to add anything?

[105] **Mr Glasby:** No.

[106] **Mick Bates:** Are you both satisfied that enough is being done? For example, Justin, with all the skills that are built up in mid Wales at Coleg Powys or at the Cambrian Training Company, is there a good labour supply for your businesses, or do you have to travel far out of Wales to get enough labour?

[107] **Mr Glasby:** On the whole, we do not have a problem recruiting labour locally, with just the exception of chefs, to be honest. Sometimes, we have to trawl a bit further afield to get the more highly skilled chefs. I cannot speak for Justin, but, in Pembrokeshire, people have traditionally either stayed in the local area, and so their skillset has not been as expanded as it might have been, or gone off to seek the bright lights of London and other places, and have not come back because there is nothing to come back to—unless they wanted to open up their own small restaurant, which would be seasonal. So, there has not really been a good career structure for serious chefs, but we think that we can offer that now.

[108] **Mr Baird Murray:** At a lower level of staffing, one is struggling to find people who are interested in coming into the hospitality industry, to be honest, certainly in mid Wales. That does not mean that you cannot train people from outside Wales and make them understand the importance of sense of place. You can say, ‘This is where we are, and we intend to promote our Welsh produce and culture’. With the opportunities that one has through Cambrian Training and others for national vocational qualifications and so on—of which we do an awful lot—you do not have to be Welsh to promote Wales.

[109] **Mr Chapman:** There is a very important point about this, namely that the industry has not traditionally had a high status, attracting entrants from school leavers and others. That could be changed by bringing all these different points together, so that we are seen to be adding value in all areas and we are seen to have a higher quality and status. Welsh food of a certain provenance and high-quality tourism establishments, linked with a greater sense of being somewhere different for the visitor, will help to encourage people to move into the industry. I also hope that one benefit of a recessionary climate—and there are few of those—is that it is not as hard as it has been in recent times to find workers. Those workers then need to be properly trained and skilled to form a career in their local areas within a local industry. So, skill training and provision for skill training in our industry is vital at the moment. It has to be industry-led, locally delivered and adequately funded.

[110] **Alun Davies:** Thank you, Mr Chapman. I am going to bring this session to an end with a question from Brynle Williams.

[111] **Brynle Williams:** How do you think the hospitality sector should respond to the growing consumer demand to know more about where food comes from and its traceability, quality and environmental credentials? How do you think the Welsh Assembly Government would better support the hospitality sector in achieving that goal?

[112] **Mr Baird Murray:** That is quite a big question.

[113] **Alun Davies:** You have two minutes in which to answer it. [*Laughter.*]

[114] **Rhodri Glyn Thomas:** Would you like to phone a friend? [*Laughter.*]

[115] **Mr Chapman:** That is a very wide-ranging question. The reason we are struggling a bit with it is because you have to look across the whole of the food-delivery process to work out how that could be resolved. For example, with Welsh lamb and beef, you have the tremendous advantage of protected geographical indication status. That offers clear traceability of its provenance, an assurance of quality, and a plentiful supply, as Justin has said. However, things are different in the dairy and fish sectors and with vegetables. So, that needs to be brought together.

[116] Existing organisations can help to make more of it. The Wales Tourism Alliance is very supportive. In fact, I have brought some information for you to see relating to a pilot project that we did two years ago in association with the British Hospitality Association, which looks after hotels and restaurants, and Hybu Cig Cymru, the red meat authority. It was limited because of resources, but we wanted to see whether we could make an impact, and I think that we did across the major outlets. The information that was provided is available for you to look at. It involved bringing together three key organisations. We really have to move it back to you and say that the tourism alliance is very supportive, as is the British Hospitality Association. They have a tremendous range of support across Wales, and that is available to you. If you would like to take things further forward with those organisations—whether on an informal or a formal basis—we would be very happy to take part and do anything that we can to increase the amount of local food used and its profile within our establishments.

[117] **Alun Davies:** I am very grateful for that. Would either of the other witnesses like to add anything?

[118] **Mr Glasby:** Our customers are generally interested in the provenance of the food, to a degree: the fact that it is local and Welsh is important to most of them. At this stage, that is about as far as their inquiries go. I guess that that is where we are now as regards going down that road.

[119] **Alun Davies:** Thank you very much for the time that you have taken to answer the questions and coming here this morning. We appreciate it greatly. This discussion has been very helpful to us in our inquiry and has provided us with some information and issues for us to consider. We are very grateful to you for the time that you have taken. You will be provided with a transcript of this morning's session. We would be grateful if you could review it before the final version is published. We intend to publish a report on this inquiry at the Royal Welsh Show in July. The remarks that you have made this morning have been helpful to us as we gather our thoughts on that.

[120] We will take a short break before we begin the next session. There will be a change to the agenda for the rest of this morning's session, and we will start the next session with the large retailers early. I hope to begin at 11 a.m. or shortly after that, and we will seek to finish that session at 12.30 p.m.. Item 5, the motion to exclude the public from the meeting for item 6, and item 6 itself will not be discussed this morning. These items will be placed on the agenda for a future meeting. So, we will now take a short break.

*Gohiriwyd y cyfarfod rhwng 11.00 a.m. a 11.04 a.m.
The meeting adjourned between 11.00 a.m. and 11.04 a.m.*

Ymchwiliad i Gynhyrchu a Hybu Bwyd Cymreig Inquiry into Production and Promotion of Welsh Food

[121] **Alun Davies:** Galwaf y cyfarfod i drefn. Diolch yn fawr am eich presenoldeb ac am eich parodrwydd i ddod yma i ateb cwestiynau. **Alun Davies:** I call the meeting to order. Thank you for your presence and for your willingness to come here to answer questions.

[122] Translation is available through the headsets. Please turn off your mobile phones and even your BlackBerrys. I know how difficult that can be.

[123] Diolch am y dystiolaeth ysgrifenedig; yr ydym yn gwerthfawrogi hynny'n fawr. Cymerwch yn ganiataol bod Aelodau wedi cael cyfle i edrych dros eich tystiolaeth ysgrifenedig a'i darllen. Bydd Aelodau am eich holi chi am y dystiolaeth yr ydych wedi ei darparu i ni. Fe'ch gwahoddaf i gyflwyno eich hunain ar gyfer y cofnod. Mae croeso i chi wneud sylwadau agoriadol, ond gan fod chwech ohonoch, gwerthfawrogwn pe bai un ohonoch yn unig yn siarad ar ran pob busnes gan gadw'r sylwadau i oddeutu dwy funud. Gofynnaf i Aelodau hefyd ofyn cwestiynau cryno. Gyda hynny, dechreuwn gyda chi, Mr Ash-Edwards. Thank you for the written evidence, which we greatly appreciate that. You make take it as given that Members have had the opportunity to look over your written evidence and have read it. Members will wish to question you on the evidence that you have provided to us. I invite you to present yourselves for the record. You are welcome to make opening remarks, but, as there are six of you, we would appreciate it if one of you could speak for each business, confining your remarks to around two minutes. I also ask Members to ask succinct questions. With that, let us move along and start with you, Mr Ash-Edwards.

[124] **Mr Ash-Edwards:** Good morning. I am Mike Ash-Edwards, and I am the regional secretary for the Cymru/Wales region of the Co-operative Group, which means that I am responsible for the membership and democracy of the Co-operative Group in Wales.

[125] **Mr Chappell:** Good morning. My name is Gary Chappell. I work for the Co-operative Group. I am an operational manager, and I look after shops in the Cardiff and Swansea area, which is south and west. My job, basically, is to look up the customer needs in the business and to help to introduce new Welsh products into the retail market, as well as to look at Welsh suppliers to see what we can do to support them. Unfortunately, our technical team could not make it here today, but I did not want to miss this opportunity. So, I have come to represent the Co-op on the retail side of the business.

[126] **Ms Lloyd:** I am Allison Lloyd, the local sourcing and technical manager for Asda, covering all of Wales and based in Swansea. Asda is the UK's second-largest retailer, with 356 stores, 22 of which are in Wales. We have been Britain's lowest-priced supermarket for the last 11 years. We are fully supportive of local products in Wales. We now have a team in Leeds that is dedicated to local sourcing, and there is me, based in Wales. We have an extensive range of Welsh products, and by forging relationships with the communities that we serve, we are able to bring our customers the best products grown, reared and manufactured in Wales.

[127] **Mr White:** My name is John White, and I am senior buyer manager for Asda for local sourcing. Allison works from Wales, doing the sourcing and technical side. I will just take you through the three key schemes that we have in Wales: we have the Welsh and Asda lamb link and the Welsh and Asda beef link, driving our meat industry in Wales; there is our dairy link with dairy milk farmers; and there are our key produce initiatives. Around £30 million goes to the Welsh industry on meat, including lamb, and the beef link puts a good £10 million back into the Welsh economy. About £40 million returns to the Welsh rural economy through milk and milk products.

[128] **Mr Grant:** Good morning, everybody. My name is Mark Grant, and I am the senior buyer for Tesco in Wales. I have been with Tesco for 18 years, 10 of them at our head office in Cheshunt. I have recently come back to Wales to take on the senior buyer job as part of the local sourcing team. I have been here about 15 months. We are building on the good work done by Enfys Fox, Brian Walker and a few others who were in place prior to my return. We now source 450 products throughout Wales across 70 different suppliers through our 78 stores.

[129] **Mr Gummer:** Hello. I am Felix Gummer, Tesco's corporate affairs manager in Wales.

[130] **Brynle Williams:** Good morning, ladies and gentlemen. Could you tell the committee something about your relationship with producers in Wales? How do you ensure that the consumer gets value for money while ensuring that the primary producer gets a fair price for the product?

11.10 a.m.

[131] **Mr Chappell:** In the Co-operative Group, we tend to hold certain fora throughout the year to which we invite various product suppliers from all over Wales. They normally have about 30 minutes to talk to us and we talk to them; we look at the marketplace, what they have to offer, the ingredients in their product and everything else that goes with it. Also, the margins are talked about, as are buying costs and travelling costs, which we have to take into consideration, because the Co-operative Group is one business and we do not put our products into central distribution. A lot of our products come directly from the Welsh supplier, because

they prefer it that way. We also have companies like Welsh Pantry and Castell Howell, down in Cross Hands, which collate Welsh products. That all helps to keep costs down. We look at the overall profits and buying margins of our competitors, to try to get an even price and an even deal for the Welsh suppliers.

[132] **Mr White:** At Asda, we have a slightly different stance. To try to get a product on the shelf that is sustainable for the producer and, equally, offers value for the customer, we have to put quite a lot of investment in. To try to take complexity out, we have our local sourcing hub. At the moment, that hub is Taylors Regional Foods, which is based in Wales. It is a Welsh company and it has approximately 32 local suppliers. That allows us to cost out distribution and the individual suppliers do not have to think about invoicing materials or set-up costs by translating orders through our electronic data interchange system. It allows us to offer technical support free of charge and, equally, from a packaging perspective, the costs of purchasing packing are moved out. I am nervous that we do not make it sustainable; we have to make it sustainable for the people who want to supply us. We are quite an open book as far as our producers are concerned. We ask what they need and what they need to be paid to make it a sustainable business that, in turn, will allow us to put the product on our shelves.

[133] **Mr Grant:** I echo John's sentiments. We negotiate with our suppliers on an annual basis or, if the suppliers are having difficulties on an ad hoc basis, we negotiate as and when they approach us. We are very much of the same ilk. We sit down with our suppliers and we see what operator margins they need to look at. We try to be as streamlined and as operationally efficient as we can with them. We found that the best route is to use the depot structures that we have in Wales, with Chepstow, Magor and local depots. That works incredibly well for us. We pay our suppliers a fair price. It is important that our suppliers can make a good, healthy profit on their lines, so that they can continue to invest and stay with us in years to come. If suppliers do not make a profit, they will ultimately cut corners or go out of business, which is not where we want to be if we are to grow our local sourcing business in Wales.

[134] **Alun Davies:** What freedom do you have as buyers to source products from, in this case, Wales? To what extent does the overall corporate policy of your businesses give you the freedom to determine the sort of products and suppliers that you wish to use? I assume that anything that takes up space on your shelves is displacing something else, so I am assuming that there is also a corporate structure in place that demands that you sell particular products in all stores. To what extent do you have the freedom to make these choices and to source products locally? Mr Chappell, would you like to start, again?

[135] **Mr Chappell:** Yes. I do not actually work in the buying department, but I do speak to the guy in the department—I work alongside him. You are absolutely right that, whenever we bring in a new product, something else has to move over. Normally, what we tend to do in the Co-operative Group is that we always put in 1m bays of local product lines; when we merchandise our cabinets, if it is an 8m cabinet, we will say that 1m will be dedicated to local products. Also, you have the flexibility within the business to reduce the facing of certain products in order to introduce new products or to open up on fast-selling products. I would like to say, to be fair to our buyers, that they are very flexible. Of course, we do look at our competitors—Asda, Tesco and Morrisons—to see exactly which Welsh products they are stocking, as well as at our local markets. I can honestly say that, when we have our fora and open markets, and talk to the suppliers, it is very rare, unless there is a good reason, that we do not introduce their products.

[136] **Ms Lloyd:** At Asda, local sourcing is one of our key strategic goals for 2009. We have no limit on the number of Welsh products that we can put into stores. We know from research that our customers are very keen to get as many Welsh products as possible and that is certainly our goal for this year. Obviously, we have to ensure that they are products that our

customers want, so that they are the right products at the right price and in the right store. Having said that, there is an abundance of producers in Wales to enable us to achieve that. So, there is no limitation on the number of products. The promotion and introduction of Welsh products is encouraged from the top of the company.

[137] **Mr White:** What helps to back that up is the fact that the majority of our local lines in Wales outsell our own brands and some national brands. So, to sell more Welsh produce is viable from a sales and commercial sense, because people want it. There is a big buy-in and we have had to change our buying structure; for example, our core local buyers are now aligned to our core buying teams, including the local meat buyer and the national meat buyer, so that there is a line strategy. When we plan the space and consider our objectives, we link those up, hence the Asda link with Welsh lamb.

[138] **Mr Grant:** I have 100 per cent autonomy in Wales to decide what ranges we stock and what we buy. I liaise with my colleagues in head office; you are right in that we do not have limitless space in our stores, so we pick victim lines—we decide which lines will come out so that Welsh lines can take their space. On selling products and ranges, we purposefully made the decision that the products should stand alone in the appropriate ranges, so Welsh cheese and butter would be included in the butter range; we do not have a bespoke dairy fixture or space where we try to pigeonhole all of our Welsh customers. We think that it is important that, when customers shop for cheese or butter in our stores, they can trade across to the Welsh option when they see it, based on price and quality, rather than just allow them to shop in four feet of space.

[139] **Mick Bates:** I am interested in your statements on your support for local food. Could you indicate, Allison, what percentage of milk sold in Asda is sourced and processed in Wales?

[140] **Ms Lloyd:** Forty milk producers in Wales supply the milk for our Welsh stores, so Asda brand milk is Welsh milk in our Welsh stores. In addition, we have branded milk producers in Wales. We work with South Caernarfon Creameries in north Wales, which produces milk for the north Wales stores. We also work with Cadog in south Wales. So, we have two offerings: an Asda brand offering that is Welsh from our 40 Welsh dairy farmers, and we have the two branded offerings.

[141] **Mick Bates:** Can you provide us with figures on the percentage of Welsh milk or produce that you sell? I would like to know about milk in particular.

[142] **Ms Lloyd:** All of the milk sold in Wales is Welsh.

[143] **Mick Bates:** Is it also processed in Wales?

[144] **Ms Lloyd:** I would have to get back to you on that. I know that we have 40 Welsh farmers.

[145] **Alun Davies:** On the technical questions, we would be happy to have witnesses' answers in note form after this meeting, rather than take up time now. So, Ms Lloyd, you can guarantee that if I went to Asda anywhere in Wales—

[146] **Ms Lloyd:** You would find Welsh milk.

[147] **Alun Davies:** The milk has a little dragon on it.

[148] **Ms Lloyd:** All the Asda brand milk is Welsh and there are also two branded offerings. In small stores with limited space, you might just find the Asda brand line, but in

the majority of our 22 stores, you will find both offerings.

[149] **Rhodri Glyn Thomas:** On the Cadog brand, could you tell us where that milk is processed?

[150] **Ms Lloyd:** I believe that it is processed in Cardiff.

[151] **Mick Bates:** I think that we need further information to understand what you mean by 'local' and what percentage of your products is sourced and processed locally.

[152] **Alun Davies:** I am sure that there will be correspondence on this matter following this session. Mr Grant, could you answer that question?

[153] **Mr Grant:** Yes. The bulk of our milk, probably 95 per cent, is Welsh. Our organic own label is British, so that is not Welsh, but we sell the organic brand, Calon Wen, which is 100 per cent Welsh. One hundred per cent of own-label milk is from Welsh farms, but is processed in the midlands and then comes back into Wales. We also sell the Cadog brand, which is produced out of our Bridgend creamery.

[154] **Mick Bates:** Are there producers with whom Tesco has a contract price?

[155] **Mr Grant:** Yes. Many of our producers supply directly to us. We have found that setting that up has given us the best results. We now pay a premium to most of the Welsh farmers—I think that it is the highest in the industry. I think that we pay our producers around 26.9p.

[156] **Mick Bates:** It is around 27p per litre.

11.20 a.m.

[157] **Mr Grant:** Okay, we will go for 27p per litre. So, we pay a really good price for our milk, and outside of going across to England to be processed to come back, we think that we have the best deal for our farmers, which offers them a good long-term future with us.

[158] **Mick Bates:** It may not be possible for you to answer this now, but what percentage of your supply is paid at the premium rate of 26.9p per litre? What proportion of milk sold in your stores is paid at that rate?

[159] **Mr Grant:** As far as I am aware, all of our standard milk is paid at 26.9p per litre. I will double check that and come back to you with our notes. However, as far as I am aware, we pay a set rate to all of our producers on contract, with very little product bought on the direct market.

[160] **Alun Davies:** Thank you very much, Mr Grant. I will bring the Co-operative in on that point.

[161] **Mr Chappell:** I would have to come back to you with actual figures. A lot of our milk comes from Haverfordwest, and we also receive supplies, as do my colleagues, from the Llangrannog creamery and South Caernarfon Creameries. As a milk product, our cheddar cheeses come through the same process, which is packed in Maelor. I do not have the specific figures, but I will make sure that they are fed back to you.

[162] **Brynle Williams:** I am aware that Tesco uses the cost-plus pricing method with its milk producers. Do any of you other ladies and gentlemen use the cost-plus pricing method, or do you just operate in the marketplace?

[163] **Mr White:** [*Inaudible.*]—with our farmers. We provide 1p a litre as a bonus above the standard litre worth, and that is worth about £12,500 a year to the average Asda farmer.

[164] **Mr Ash-Edwards:** I am sorry, but I cannot answer that at the moment. However, I will come back to you on that.

[165] **Alun Davies:** Could you supply us with a note?

[166] **Mr Ash-Edwards:** Yes, I will do.

[167] **Alun Davies:** What about Tesco?

[168] **Mr Grant:** We operate on the direct contract of 26.9p per litre.

[169] **Brynle Williams:** We have previously heard evidence that some of the major supermarkets have been extending their payment periods on invoices for smaller-scale producers and suppliers. How do you respond to this, and what is your standard timeframe for paying invoices as applied to all types of supplier? Cash flow is a serious problem for smaller producers.

[170] **Mr Chappell:** Local suppliers deal with us directly. I am also in direct contact with many of those local suppliers. Our policy is 28 days for paying invoices, and I personally speak to many suppliers in south Wales, west Wales and north Wales. I know for a fact that that is not a problem within the Co-operative business.

[171] **Brynle Williams:** What is your timeframe for paying invoices? Is it 30 days, 60 days or 90 days?

[172] **Mr Chappell:** It is approximately 28 days.

[173] **Mr White:** Our standard for paying invoices is 28 days. However, it can vary from two days to 28 days, particularly in the current climate. We have shortened the timeframe to 28 days on individual merit by producer. We have checked this with producers by asking them what cashflow terms they would like us to consider, because the net result is to keep them in business and sustain them.

[174] **Mr Grant:** Our payment terms on average across the total business ranges between 30 days to 40 days. You will find that the non-food suppliers, such as furniture and items that take longer to sell, will be at the higher end of that spectrum. Within the farming sector and the fresh food areas, the typical timescale is around 14 days for paying our suppliers. We treat our smaller suppliers exactly the same as any other supplier in the same sector, because they receive the same payment terms. Most of the feedback that we receive from our producers is not about the payment terms—it is about the fact that they know that they will get the payment on a guaranteed day, and it is the assurance that they will get it on that day as opposed to whether or not the payment timeframe will be 21 days or 20 days.

[175] **Mr White:** The biggest concern is the education phase behind it. The payment date can be set, but the education that local hubs can use through paperwork, invoicing, receipting and having the correct items in the correct boxes, because it can be something tiny that knocks the payment term out. There is a big education phase behind it, particularly with a small producer that does not involve a retailer, so a hub that is efficient will guarantee payment quicker and put the product on the shelf.

[176] **Brynle Williams:** In previous evidence sessions, the committee heard that although

there is a place for direct contracts, there is a danger that these could become too widespread. How do you respond to the comments that direct contracts take flexibility and control away from the producer?

[177] **Mr Chappell:** Again, beyond the legal side of it, I will have to come back to you with the answer to that question; I apologise.

[178] **Alun Davies:** Do any of the other witnesses wish to comment?

[179] **Mr Grant:** Where we have moved to direct supply on meat and milk, it has worked exceptionally well for us. Producers within industries are benefiting from direct supply because it gives them the certainty to invest for a longer period of time, whereas other organisations might decide to play markets and rates, which does not give that certainty or long-term investment. To date, the direct supply model has worked well for us, and I cannot see us changing it in the long to medium term.

[180] **Mick Bates:** There are two parts to the question that I would like to ask you. First, you all support local food. If you are so convinced that local food is a good selling point, would it be possible for any customer to walk out of your stores, and look at their bill and see that they have spent £100? You could put on that bill, 'You have just bought £30-worth of local food or product'. Is it possible to do that in your modern system, because you could then show real commitment and show customers how much you are supporting the locality?

[181] **Mr Grant:** On the technology, it must be achievable. I am not sure how we would do it, so that is something for us to take away. We know that, currently, 5.1 per cent of all the Tesco stores' food sales in Wales is Welsh product—

[182] **Alun Davies:** Can you tell us the value of that?

[183] **Mr Grant:** We are currently selling about £1.8 million-worth of local products through our stores in Wales each week, so about £90 million a year. As I said, about 5 per cent of our total food sales are Welsh products, which is up by about 1.5 per cent from last year, which is great progress.

[184] **Mr Chappell:** I have to agree with Mark, because the technology that the business currently uses allows us to put a lot of messages on a lot of receipts, but it is only certain things that you put on there. However, that is a good idea, especially when you are supporting local products. The customer would know exactly how much they had spent on purchasing local products. Our sales are not quite as high as my colleague's. We sell about £30,000 of Welsh products per week, but it is worth remembering that we have 140 stores. We have just acquired Somerfield, which has come on board and has a limited Welsh range, so we are introducing a wider range as we convert them into Co-ops. There are Co-operative stores in communities in which there is no large retailer and where customers do not drive to large stores. I have some packs here, which I will leave with you, that contain information about our community stores and how we have branded them with Welsh products and Welsh points of sale and so on. As a business, we go that little further to promote Welsh products.

[185] **Ms Lloyd:** It is a great idea and it would be an option with the technology that is available. Our business is about keeping things simple and limiting costs, so it would be a long-term issue to look into, but anything that draws the customer's attention to how much of what is in their basket or trolley is Welsh is a great idea.

[186] **Mr White:** We get feedback that we should show more of our local product in the store, so, we have a comprehensive range, but we could do more to promote it internally.

[187] **Mick Bates:** Thank you very much for those replies. I am quite heartened. I look forward to getting a bill at one of your stores showing me just how much local food and product I will have bought.

[188] **Mr Chappell:** May I add that it is also worth noting that we were the first to advertise Welsh products in all our stores over the speaker system, not only in English, but also in Welsh? So, all our in-store promotions were bilingual, which happened through the Welsh Assembly Government.

[189] **Mick Bates:** Much has been made of provenance in our discussions with other groups. We want to be certain when we put a label on milk or meat that it is Welsh. How do you confirm that the product that you are selling is Welsh?

11.30 a.m.

[190] **Ms Lloyd:** My role is sourcing, but it is also technical, so the product is thoroughly traceable. For example, where we have a product like Welsh lamb, we have the protected geographic indication system in place which literally goes from the code on the packaging so that you can trace it back, not only to the ear tag, but to the herd or the flock of sheep and the farm on which the animal was born, and trace this product through its entire life. With a more processed product, it is done literally through traceability tests to look into where the product is produced. We confirm that through supplier audits, which our hub works with, and supplier accreditation. Therefore it is done through a full traceability system.

[191] **Alun Davies:** I will stop you there. We understand the lamb issue, but what about other products and produce?

[192] **Ms Lloyd:** All of our suppliers, who work with us, are accredited either on a formal accreditation or through our hub technical managers. As I said, traceability is part of that system. In taking part in a traceability test, not only would we confirm the site of manufacture as part of the audit, but the product would be broken down into ingredients so that the customer can see where the ingredient is from. We are not claiming that every single ingredient that would make up a processed meal would necessarily be from Wales; a good example of which is the Authentic Curry Company, which we work with, and is based just outside Merthyr Tydfil. We know that the product is produced in Wales and where we make the claim, for example, that the beef curry is made of Welsh Black beef, the traceability tests would confirm who the supplier of the beef was.

[193] **Mr Grant:** We would be the same with beef and lamb, which come from our biggest Welsh meat producer in Wales, St Merryn in Merthyr Tydfil. It is all certified by the Meat and Livestock Commission. Our relationship with milk suppliers, where we have a direct supply, helps us to manage our traceability well. Again, we have bespoke technical teams looking after that supply chain. We have a dedicated technical manager for Wales who would work with our suppliers on the own-label products and on branded products to guarantee that the product is Welsh. With some of the products, such as eggs, for example, we would carry out mass balance audits unannounced a couple of times a year to check that what was coming from the farms actually balanced with what was going into our stores. So, there are quite robust checks to make sure that if we declare that a product is Welsh, that we actually get a Welsh product on the shelf.

[194] **Alun Davies:** I am sure that we will return to that issue later in the session. What about the Co-op?

[195] **Mr Chappell:** We are exactly the same. I can only mirror what has just been said. I know that we have full accountability and traceability within the business, and we have a

scientific labelling office in Manchester that follows audits on all new suppliers and products that are brought into the business.

[196] **Mick Bates:** Do you think that there is a role for the Government to communicate with the public about what is Welsh? You are very powerful people sitting in front of us today. I tend to suspect that regulation is not something that you would jump at. What role do you see for the Government in promoting Welsh products?

[197] **Mr Grant:** From our perspective—and I would echo John’s sentiment—it is difficult for consumers to understand what is Welsh in-store. It is limited; when you look at stores of such a size, it tends to be quite patchy. We struggled to get a real clear blocking in stores. Therefore, I think that we would welcome anything around advertising, marketing or additional work that the True Taste and the Welsh Assembly Government can do with us. As retailers, I think that the three of us here are probably the better three within Wales at promoting local produce. I think that we do an okay job but I think that there is a lot more that we can do to get the point of sale up and getting more information to our customers. We would welcome any support that we could get from the Welsh Assembly Government.

[198] **Mr Chappell:** I totally agree.

[199] **Mick Bates:** We took evidence a few weeks ago from a gentleman who sat just where you are, Mr Grant, who produced a box of eggs.

[200] **Mr Grant:** It was not at Tesco. [*Laughter.*]

[201] **Mick Bates:** The company in that example was called Mr Welshegg. I cannot recall the exact story about the purchase of those eggs; I am not sure whether it was put on record—

[202] **Alun Davies:** It will be put on the record today.

[203] **Mick Bates:** You just mentioned eggs and your audit trail. If you saw that package, would the fact that it is called ‘Mr Welshegg’ be sufficient for your audit?

[204] **Mr Grant:** No, it would not. I have brought some examples of egg boxes. All of our eggs come via Farmhouse Freedom Eggs Ltd from Monmouthshire and Abergavenny. All of our free range and organic eggs in our stores are 100 per cent Welsh. We ensure that by auditing the supplier and carrying out mass balance audits.

[205] **Alun Davies:** I do not want this to dominate the whole of our discussion, but, from memory, the egg packaging said that the eggs were sourced and packaged in Wales; it did not say that they were laid in Wales.

[206] **Mr Grant:** To be honest, we would use the word ‘sourced’ in a generic way.

[207] **Alun Davies:** What does ‘sourced’ mean?

[208] **Mr Grant:** On our beef, ‘sourced’ would mean reared, on our fish products it would mean farmed or wild-caught, and on our eggs it would mean laid. We are just using generic terms that our customers would understand. All of the eggs that we sell that are labelled as Welsh are laid in Wales, packed and distributed in Wales and sold through Welsh stores.

[209] **Mick Bates:** So, the Welsh dragon on Tesco eggs, which was your first example, assures me that they are laid and packed in Wales?

[210] **Mr Grant:** Yes, absolutely, 100 per cent. The supply is 100 per cent Welsh. In my

previous job, before coming back to Wales as a senior buyer, I was a senior egg buyer for Tesco. So, when I was a buyer in the centre, the checks that we put in place had to be a bit more robust because I was a bit more removed from Wales. Therefore, we have done full traceability checks and mass balance audits to ensure that we pay for what we get.

[211] **Alun Davies:** As I say, I do not want to labour the point, but our previous witness informed us that the markings on the packaging of those eggs demonstrated that the eggs were not from Wales but, in this case, England. Whether it was England or not is irrelevant; the fact is that eggs sold in packaging with a dragon on it claiming to be Welsh were from another source. It is up to you to describe your view of his comments, but how would you respond to that?

[212] **Mr Grant:** Obviously, we do not deal with that other egg supplier, so it would be wrong of me to share my views on what it is doing, but my view is that for there to be eggs in a Welsh box with a Welsh dragon on it, they need to be laid in Wales, ideally packed in Wales, and then sold through our Welsh stores.

[213] **Ms Lloyd:** The lion code stamped on the egg needs to reflect that it comes from a Welsh farm.

[214] **Mr Ash-Edwards:** We see it as essential that labelling does not attempt to mislead people. With the products that we brand with a Welsh dragon, such as eggs, we are conveying a message to the consumer that Wales is the primary place from which the product comes.

[215] **Brynle Williams:** I must admit I have not looked recently, and I am not naming anyone, but it has been the practice in various supermarkets, particularly for pork products, such as ham hocks and so on, to mix everything up in the same chiller cabinets. Some of the packaging looks very similar until you turn it over and, in my case, put on your glasses to see that it says that it is the product of another country—Holland, Belgium or wherever. Is this still going on? Is Welsh lamb mixed in with New Zealand lamb, for example?

[216] **Mr White:** I think that the fact that we have not been able to guarantee that 100 per cent of our lamb comes from Wales has stopped us from actively promoting the fact that we consistently have Welsh lamb. Therefore, we have packaging and a point-of-sale route in stores that we can use to shout about local produce, but we have not put those in place in an attempt not to mislead people. The challenge for the producers is that, when they have packaging and the product is truly from Wales, they must shout about the provenance and source right in the consumer's face. It is a challenge that I would put to any producer: if an egg is laid and packed in Wales or you had a fantastic herd that you have slaughtered for retail, tell people about it.

[217] **Alun Davies:** Let us address this issue, which was the subject of debate last week in the Chamber. I am sure that at least some of you followed that debate. A clear concern has been expressed to us by a number of different witnesses in different parts of the supply chain that labelling is, and has been, misleading, and that, to refer to evidence that we have received, supermarkets have quite deliberately sought to mislead consumers as to the contents of packaging. The product may be labelled as being Welsh, but in fact only one element, or the last element, of the processing enabled that claim to be made. What you are saying to us very clearly—the Co-operative has given us very comprehensive written evidence on this, and we are very grateful to you for that—is that that is simply not the case.

11.40 a.m.

[218] **Mr Grant:** Yes, that simply is not the case. I would agree with honest labelling; it is important to tell our customers where the product is from. If we can get that down to a level

where we can be more specific about farms or farmers, we do that, and that happens with some of the product ranges, and it is important. What we are pushing towards, particularly for the Welsh stores—and, luckily, I have some more examples—is having a product with bilingual packaging on the shelf, so that where you have packets of steaks, for example, you can see bilingual writing on the side of the packs, which distinguishes them from steaks from New Zealand or anywhere else. If we get our labelling and flags right and get the bilingual writing on the packaging, it should allow customers to choose that product and not make those mistakes when they shop with us.

[219] **Alun Davies:** I can see that Mr Gummer has done some—

[220] **Brynle Williams:** [*Inaudible.*]—your feet, or we are going to have Welsh scrambled eggs underneath the table. [*Laughter.*]

[221] **Alun Davies:** I can see that Mr Gummer has done some shopping, and we appreciate that. So, to be absolutely clear, when you advertise a processed product, for example, as being a Welsh product, does that mean that the materials, if you like, that go into that product are Welsh, or has that product simply been through a processing element to enable you to make that claim?

[222] **Mr Grant:** In our own-label ranges, all of the products that we have are 100 per cent Welsh, and we can clearly stand behind those. Not all the ingredients of some products—Allison touched on this earlier with regard to curry from the Authentic Curry Company Ltd and some of those lines—for example, ready meals, will be 100 per cent Welsh. We try to be honest as we can with the consumer, and we will just call the product ‘chicken curry’ or ‘chicken masala’, and we will not put ‘Welsh’ into the main title of the product for the consumer. So, we are as honest as we can be, but the more you add value to the product and the more you take it away from being a natural product, the harder it becomes to dictate that with the label.

[223] **Ms Lloyd:** There are certainly some ingredients that are impossible to source in Wales. Using that example of the ready meals, it is not possible to source every ingredient in Wales, but they are produced in Wales and, in several cases, the key ingredient is from Wales. All of the retailers here have purchased that product and are selling it as a Welsh product and that means that we are supporting 50 or so jobs outside the Merthyr Tydfil area. I do not think that having products produced in Wales using as many Welsh ingredients as possible and, obviously, in some cases, using some ingredients that are not from Wales, is necessarily a bad thing. Where possible, we should use Welsh ingredients, but I do not think that it should be a limiting factor if those ingredients are not available within Wales.

[224] **Alun Davies:** I agree with you. Curry has been used as an example, and we have probably all enjoyed that product at one time or another, and I think that there is a recognition on the part of the consumer that not all the ingredients are Welsh. With Welsh black beef curry, we understand that the meat is sourced in Wales but that it is put together with other ingredients that could be from anywhere, and that it is then created in Wales. I do not believe that anybody has an issue with that. Where the issue arises is where, for argument’s sake, there is a meat product that has been through a processing element and is then labelled and advertised as a Welsh product, even though the meat has not come from a Welsh farm and the animal never grazed in Wales but is very cheap meat imported from another country and processed in Wales. The implication of the advertising and the packaging, from the consumer’s point of view, is that the meat is Welsh. That is the sort of example that we are looking at and that previous witnesses have raised concerns about with regard to the policies followed by supermarkets. Would any of you like to comment on that?

[225] **Ms Lloyd:** I will use the example of a branded, value-added line such as a sausage.

We work with several Welsh sausage producers. All of us here know that Wales does not have a great amount of pork and, in certain instances where people are producing Welsh sausages, they have to source pork from outside Wales. I do not think that the branded suppliers would necessarily label the product as Welsh or make any claim that the pork is Welsh. However, if they can at that moment in time purchase Welsh pork, their practice and policy is to endeavour to do that.

[226] **Mr White:** As part of the traceability work that we do, which is from where the product is reared, slaughtered, right through to the packaging, we have to put the whole picture together, and follow it through from beginning to end. When you actually see the product, what is it going to look like on the shelf? What are the claims that the product is making? It is making the right claim, the one that it should be making, so that we are not deceiving people?

[227] **Brynle Williams:** I think that Alison—

[228] **Alun Davies:** Sorry, Brynle, I would like to hear from Mr Grant, if possible.

[229] **Mr Grant:** I would agree. Where we label a product as Welsh, the primary component of that product should be Welsh. I do not believe that we have any packs in our business for which we are bringing meat in from foreign climates, but which we are declaring as Welsh. It is something that we should not do; we should be honest with our customers and let them decide what they purchase.

[230] **Alun Davies:** Would anyone from the Co-operative like to answer?

[231] **Mr Chappell:** I totally agree. That is absolutely right, because everywhere you go, you will see the Welsh dragon on products, but when you turn the pack over, it can be something entirely different. Within the Co-operative group, we do honest labelling and when we do point-of-sale marketing, we try to put it in front of a product that we know is 100 per cent Welsh from traceability. It is not just about food, we also sell a lot of Welsh non-food items, because, at the end of the day, we are out there supporting Welsh business, and people in Welsh businesses. I can give you the example of Pendragon. If you look at Pendragon products, from Bridgend, they are labelled as Welsh throughout, but if you dig into the actual products, it is only the Welsh slate products that are actually produced in Wales. However, it is a Welsh-established business, with Welsh workers, and we are there to support them. Going back to your first question, you are absolutely right: we need something on the packaging that determines that that product is 100 per cent Welsh.

[232] **Alun Davies:** If Mick has finished, I will bring in Rhodri Glyn Thomas in a moment. Before I do so, I want to ask you about traceability. We have received evidence from various sources describing different means of achieving traceability. You have all discussed that in different ways and have emphasised its importance to the consumer and to yourselves for your ability to sustain the claims made on packaging, and to demonstrate provenance and the validity of the packaging and the marketing that you do. We accept that. Do you have any comments to make on how, for example, the Welsh Assembly Government could help you to improve traceability, and make it more robust?

[233] **Ms Lloyd:** With regard to anything technical, including traceability, there is a huge opportunity for the Welsh Assembly Government to provide support to small producers. The cost to a small business of having a dedicated technical member of the team is significantly high, and puts a lot of them off. I know that there are schemes currently in place, which we have been part of, to mentor small businesses in Wales on technical issues. The more schemes that the Welsh Assembly Government can run educating suppliers on issues such as traceability, the more benefit that will have as regards the finished product.

[234] **Mr Grant:** I would echo Alison's comments. For me, it is about education of the smaller suppliers and providing them with technical support and assistance to help them label and package their products according to what is in the pack. So, any support that you could add to that would be welcome.

[235] **Alun Davies:** I will just pre-empt your comments, Mr Chappell. You all see that the ability of a small producer to demonstrate the provenance of its product would be a great marketing and sales opportunity for it. Many small producers have said to us and have indicated in different ways that they see it as a hassle, a difficulty, and sometimes as red-tape bureaucracy, which they would have to go through. You are saying to them, 'Live with this. You should be looking at this as a positive means of enhancing the saleability of your product.'

[236] **Mr Grant:** From our perspective, we try to work with our suppliers, and we, Alison, and the Co-operative have dedicated technical resources to support the suppliers. It is important that the suppliers have the correct standards and traceability in place, because that is brand protection for them as much as anything else. With them having the right checks and being able to prove where their products are sourced, should anything go wrong with their products and we need to trace it back and check it, their brand can survive any scrutiny. That is important for them as they are building a brand and as they develop with the supermarkets.

11.50 a.m.

[237] **Brynle Williams:** I have one brief question. The one thing with traceability that grates on producers in the UK is that they have to adhere to certain criteria of traceability, provenance and farm-assurance schemes and yet they see products coming in from abroad that appear not to have to. I am not saying that it is you in particular, but supermarkets bring products in from abroad for which—as was proven with the beef from South America—the provenance was not specified. This has been grating a lot on Welsh producers in particular. I hope that those of you on the other side of the table agree with me. We need assurance about quality, starting with animal welfare standards and going right throughout the process. As we found last week, products are being brought into the country that are not produced to the same welfare, health and hygiene standards as those in the UK. There is an unfair disadvantage. I apologise. I am not even waiting for the answer.

[238] **Alun Davies:** Do any of the witnesses wish to respond to that?

[239] **Ms Lloyd:** It is certainly true of Asda—as it is, I am sure, of all other retailers—that all companies that supply produce have to adhere to the same standards as those that apply to our UK suppliers. They all have to have British Retail Consortium accreditation, which covers traceability, or an equivalent. They also have to maintain similar welfare standards and are audited to ensure that. So, there is that assurance that a product that has gone through retailers, and certainly the larger multiple retailers, has had the necessary technical inspections that cover traceability.

[240] **Rhodri Glyn Thomas:** I just want to finish off, as we have covered a great deal of ground in this session. You referred to traceability and a role for the Government of Wales in that. Mark, you mentioned the True Taste awards. What could the Government of Wales do? You have all talked a lot about what you do to try to highlight and promote produce from Wales. I accept that we probably have the best three examples in Wales of promoting Welsh produce. What could the Government of Wales do side by side with what you are doing to help you to promote Welsh produce and to highlight the quality of production in Wales?

[241] **Ms Lloyd:** The simple answer is 'education', both of suppliers and consumers. I live

in Swansea and have spent most of my life in Wales. I often see advertising campaigns on the television that relate to dairy, beef and lamb. I cannot remember having seen any other categories of product being advertised on the television, or marketed by the Welsh Assembly Government or other bodies. I would certainly like to see more education for the consumer to inform them of the other great Welsh products that there are out there in addition to meat produce and dairy. However, producers need to be educated as well. Any assistance that the producers could have that we could all take part in would be welcome, such as educational schemes. I know that you run the retail initiative, the Going for Growth programmes and various other educational schemes, but more investment is needed. In other parts of the UK where we work with food groups, there are grants available for technical improvements and assistance is available for suppliers to undertake technical accreditation. So, anything in the form of financial or educational support for the producer would be welcomed.

[242] **Mr Grant:** From my point of view, it is quite simple. We need to make the True Taste logo and scheme come to life. To be honest, the feedback that we have had previously shows that the scale or size of the supplier whom we are rewarding does not always match up to what retailers can achieve with marketing and by further pushing the product. At last year's awards, a massive number of great suppliers were producing products that we struggled to scale up to the right size to supply retail. So, from our point of view, it is about having different divisions within True Taste so that you are still rewarding and encouraging the smaller suppliers to do what they are doing, but also trying to reward the medium-sized suppliers who have the ambition and the drive to get up to retail status, so that we can market their products better within our stores. It was a real shame that I did not see last year's event moving Welsh food on at the pace that it could have done. So, if we get True Taste right we can promote it more in store. You would see more of it in the shops of all the retailers represented here in this room, and we could do a better job of promoting and selling Welsh food.

[243] **Mr Ash-Edwards:** To pick up on that last point, it is about the Welsh Assembly Government supporting the capacity of small suppliers so that we are then in a position to work with them to put their produce on our shelves. In bringing that forward and helping them to make that step up, we also need to do what we can to enable that process, and there is a role for the Welsh Assembly Government in that.

[244] **Alun Davies:** Before I bring in Mick Bates—and I recognise that this session has gone on for longer than anticipated—I want to ask you about something that was raised by other witnesses. Many said that they would like to see a kitemark or some type of stamp on packaging stating that a product is guaranteed to be Welsh. To be honest, I think that that indicates a lack of faith in your current marketing and branding, and so I would be interested to hear your comments on that. It is certainly a theme in the evidence that we have received in this inquiry. Would you find it helpful if the Assembly Government were to create a kitemark or stamp for your product? Going back to our egg example from last week, if you wanted to use that stamp, you would have to demonstrate where that blessed hen laid its eggs. As a result, the supply chain would have integrity and a system of external regulation that demonstrated a product's provenance independently and authoritatively. Would that be a help or hindrance?

[245] **Mr Chappell:** Personally, I would see that as a help. It would give accreditation to the supplier and confidence to the customer. Many products in the business are marked with a Welsh dragon and the customer can look at that and feel that the product is totally Welsh. However, when you turn the package over, further ingredients are sometimes outlined but often they are not, and, from my perspective, as a representative of business, I think that the kitemark would go a long way towards helping with that.

[246] **Ms Lloyd:** It would be a great marketing tool, but my only slight reservation would

be the criteria of the audit that the producer would have to undertake. I would not want it to be limited to certain categories. For example, it would be easier to place a kitemark on an egg than a ready meal. As long as it encompassed all categories and was achievable in promoting the good work of many Welsh producers, it would be a great idea.

[247] **Mr Grant:** We may have differing opinions on this, because I think that it would be a hindrance. Packaging is difficult enough for customers to understand as it is. The integrity of the Welsh flag on our product shows that it is a Welsh product, and we should stand behind that. Most consumers do not understand marks on packaging, and I am thinking of the red tractor scheme, as I do not know how many years it has taken to get that across to consumers. That is the best-known logo on packaging, but even that is still limited as regards the percentage of people who understand it. You would need a huge marketing effort to make people aware of the logo. If we are proud, honest, and have the integrity of the Welsh dragon representing a product's sourcing, that is sufficient for our customers.

[248] **Alun Davies:** Before I conclude this session, Mick has a short question.

[249] **Mick Bates:** When you talked about your procurement and audit trails, that process sounded centralised. What flexibility would your local store managers have to go out and purchase locally, such as beef or lambs from a live market? Do your managers have any flexibility at all?

[250] **Ms Lloyd:** Not directly. There is a system in place, however. For example, if our store managers see a supplier whom they are keen to support, they will pass their details on to our local buying team. The main reason for doing so is to assure our customers on technical food safety issues and on traceability. The majority of our store managers are not technical experts, so it is important to pass that job onto a central operation to ensure that the check is carried out fairly and consistently.

[251] **Mr White:** We will have to encourage our store teams, if they find a product, to send it through and not to dismiss it. So, there is that act of encouragement to find the product, but that needs to be carried through to check its traceability.

[252] **Alun Davies:** Thank you. I will now bring this session to an end. We are grateful for the time that you have spent with us this morning and for the open and frank way in which you have answered questions and discussed the issues facing us. A transcript of the session will be made available to you in the next week or so, and we would be grateful if you could check that before the final version is published. We will publish our report on this issue mid July.

[253] I inform Members that the next meeting is on 17 June, when we will scrutinise the Minister for Rural Affairs on the findings of our inquiry into the production and promotion of food in Wales. Given that we are not discussing our report on the electronic identification of sheep this morning, we will seek an additional slot in which to do so in the next couple of weeks. We will therefore seek an additional meeting before 17 June. If we are able to find an additional slot, it will be advertised electronically. With that, I declare this meeting closed.

*Daeth y cyfarfod i ben am 12 p.m.
The meeting ended at 12 p.m.*