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Chair of the Economy, Trade and Rural Affairs Committee  
Welsh Parliament  
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**RE:** Farmers' Union of Wales response to an inquiry into Hybu Cig Cymru / Meat Promotion Wales

**Date:** 27th February 2025

Dear Chair

The Farmers' Union of Wales (FUW) welcomes the opportunity to provide both written and oral evidence in response to the Senedd Economy, Trade and Rural Affairs Committee's inquiry into Hybu Cig Cymru / Meat Promotion Wales (HCC).

The FUW is a democratic organisation, with policies being formulated following consultation with its twelve County Executive Committees and eleven Standing Committees. While a large proportion of FUW members will in fact be HCC levy payers, the Committee should note that the tight turnaround for providing written evidence has meant that the opportunity to consult with the Union's membership on the Terms of Reference of this inquiry has been limited.

HCC is an industry and Welsh Government funded body responsible for the development, promotion and marketing of Welsh meat - an industry which employs more than 50,000 people in Wales, and in 2023 generated £895 million in aggregate income for Wales. As well as raising the profile of Welsh meat and providing important information and assistance to levy payers, HCC works closely with other stakeholders on key research and development in order to benefit the industry as a whole.

The Mission of HCC to *Help Welsh farmers to prepare for a vibrant and sustainable future* is not dissimilar to that of the FUW; *To advance and protect Wales' family farms, both nationally and individually, in order to fulfil the Union's Vision, of thriving, sustainable family farms in Wales.*

The successful collaboration between HCC and other industry stakeholders, including the FUW, has been evident through the recent work of the Sustainable Farming Scheme: Ministerial Roundtable and Carbon

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Sequestration Evidence Review Panel, during which their input relating to livestock trends and the importance of balancing carbon sequestration with a thriving red meat sector has been crucial. The HCC staff members involved in these discussions provided valuable insights, data and contributions which ensured the industry had a stronger voice.

However, it is fundamental for the future of the red meat sector in Wales that HCC retains and enhances its credibility as an effective levy body which provides value for money. In light of transitional times for farm support payments and increasing costs of production, there is no doubt that the reliance on an effective levy body to promote and advance the Welsh red meat sector will intensify.

As processors and retailers throughout the supply chain seek new opportunities through efficiencies or the use of environmental data, HCC must ensure that the needs and unique features of the Welsh red meat sector are at the forefront of such discussions, and that the industry in Wales does not succumb to developments at a UK level that apply retrospectively to the devolved producers.

Despite this, the FUW does believe that there are opportunities for the three UK levy bodies; HCC, AHDB and Quality Meat Scotland (QMS), to continue to work together on collaborative programmes, on areas such as bolstering the reputation of meat with British consumers and addressing misconceptions of meat consumption.

In 2009, HCC worked closely with industry bodies, including the FUW, to develop the Welsh Assembly Government's 'Strategic Action Plan for the Welsh Red Meat Industry', which was launched on 28th April 2009 by Rural Affairs Minister Elin Jones.

The publication of the Action Plan was welcomed by the Union as an important step within the overarching Food and Drink Strategy for Wales, which addressed a wide range of issues facing the red meat sector while identifying important challenges facing the industry.

Crucially, the Action Plan set out details on how a Monitoring Group would agree a framework for reporting and measuring progress towards a list of Welsh red meat characteristics, and that an annual report detailing how the actions are being taken forward would be published by this Group in collaboration with the Welsh Assembly Government and HCC.

HCC has since published a number of strategic documents, including its Strategic Action Plan for 2015 - 2020, The Welsh Way, Perfecting the Welsh Way, Vision 2025 and Business Plan for 2022 - 2026, and whilst Annual Reports and Financial Statements have been published and are publicly available, the FUW would question the attempts HCC has made to directly engage with levy payers and update them on progress towards the strategic objectives. The FUW and wider stakeholders are well aware of the valuable data and practical solutions regarding Welsh red meat producers' contributions to mitigating

climate change as outlined in 'The Welsh Way' and 'Perfecting the Welsh Way', however, the dissemination to levy payers could be improved.

The FUW would also strongly suggest that the current Business Plan and strategic objectives are reviewed in light of the recent appointment of José Peralta as Chief Executive and following prolonged changes in staffing and the membership of the Board.

In this context, FUW members have raised their grave concerns over recent months in response to the extensive media coverage of HCC with reference to allegations of a 'toxic culture' and claims of bullying within the organisation which, it is suggested, has led to governance issues and a significant increase in staff turnover.

Whilst it is not for the FUW to comment on whether it believes HCC did or did not implement the recommendations from the independent investigations in full, such serious claims and the estimated sums of levy monies that have been spent on these investigations cannot be ignored.

Most importantly, such claims bring into question HCC's current and ongoing ability to develop, promote and market Welsh red meat effectively, and how this has impacted upon its relationships with processors and the wider supply chain; relationships of which are crucial for its activities.

While significant reductions in livestock numbers in Wales continue to drive record high prices, this is unsustainable for the efficient running of red meat processing plants and for maintaining consumer demand for Welsh products. HCC must therefore seek to address these trends by maintaining a sustainable critical mass of livestock in Wales and further promoting the demand for Welsh products, and to do so effectively, HCC must double its efforts to restore relationships with its levy payers and the wider supply chain.

Furthermore, the FUW would welcome attempts by HCC to strengthen their relationship with Welsh red meat producers so that they feel directly involved in supporting the way in which levy monies are spent. This should be complemented by opportunities for levy payers to vote on certain activities and share their opinions.

In this regard, HCC should give due attention to the feedback provided by the FUW in response to its 2022 proposals to link Welsh red meat levy rates to inflation. In response, FUW members felt that the basic nature of the response format made it difficult to provide a true reflection of the levy payers' value of HCC. It was also recommended that HCC made itself visible and available in less formal settings, such as livestock markets, to ensure that all levy payers had ample opportunity to personally engage, develop their knowledge and understanding of the work that is undertaken by HCC and offer honest feedback to HCC staff and representatives.

The Committee should also note that in response to the same proposals, FUW members believed that HCC should have used the opportunity to engage directly with the industry on issues such as the need for improved transparency of expenditure and accountability of levy monies.

Given the importance and sensitivity surrounding the topic of increasing levy rates, it was felt that the process should have been used to provide levy payers with a far better opportunity to engage with HCC on issues such as future priorities for levy payers, areas of ongoing concern and other such matters directly related to levy expenditure.

Despite claims that the marketing strategies of HCC to promote the Welsh red meat sector are not targeted at and are therefore rarely noticed by levy payers, the FUW believes that producers should be regularly updated on the progress and impact of such strategies so that the value of HCC and its work can be further understood.

In responses to successive consultations, FUW members have made it clear that HCC should be directly accountable to the Welsh Government for all levy funding raised on cattle, sheep and pigs, in order to better ensure that the specific needs of the Welsh industry are addressed appropriately, while maintaining full accountability and control at a Welsh level.

The FUW therefore welcomed the introduction of the Red Meat Industry (Wales) Measure in 2009 which made Welsh Ministers directly accountable for the red meat Industry in Wales and provided more appropriate control of matters of critical importance to Wales' economy to the Welsh Government.

However, the FUW has always maintained that the current independence and board structure of HCC should be maintained, and that under no circumstances would members support its being absorbed into the Welsh Government, as has happened with other bodies. This is particularly the case given that HCC differs significantly from other bodies in that it derives income directly from levy-payers.

Despite being an arm's length body, HCC should have the ability to openly challenge any UK and Welsh Government policies which appear to go against their own Mission Statement and strategic objectives, and most importantly, the interests of its levy payers.

It is clear to see how governmental ambitions relating to climate change and the environment are often prioritised over other fundamental objectives, particularly in relation to agricultural and food policy. As such, the FUW would support greater efforts by HCC to promote public procurement strategies that aim to build relations and understanding between production and consumption whilst also recognising the complexity of UK food systems and the real definition of UK (rather than Welsh) food security.

While the Welsh Government is renowned for celebrating the successes of the Welsh food and drink sector, the FUW has long argued that there is a lack of recognition for farmers and producers who supply

mainstream commodity markets within the Welsh Government's strategies for the food and drink sector. However, the ability for any Welsh Government to promote the red meat industry relies heavily on having an effective red meat levy board that continues to develop market opportunities domestically and internationally.

Rising to the many challenges facing Wales' red meat industry will demand new levels of cooperation and innovation across the sector, as well as recognition by private and public bodies of the importance of supporting an industry which is the very backbone of Wales' environment and culture, and the Union remains committed to working with HCC and all other relevant bodies to ensure this is achieved.