

**Senedd Cymru**

**Pwyllgor yr Economi, Masnach a Materion Gwledig**

**Ymchwiliad:** Prosesu Bwyd

**Cyf:** FP08

**Ymateb gan:** Kepak

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**Welsh Parliament**

**Economy, Trade, and Rural Affairs Committee**

**Inquiry:** Food Processing

**Ref:** FP08

**Evidence from:** Kepak



## **Kepak Response to Inquiry on into Food Processing**

As you may be aware, Kepak is a family owned business operating our flagship UK beef and lamb processing site at Merthyr Tydfil, employing some 1,000 staff.

We source cattle and sheep from Wales and England, processing some 100,000 cattle and 0.6M sheep annually. In addition to the skilled jobs directly involved, this activity contributes significantly every week to the Welsh economy.

With respect to your Inquiry, in our experience:

- **The effect decreasing numbers of livestock have on the ability of the processing sector to add value to Welsh produce is off immediate and grave concern.**
  - The efficiency and viability of our operations and the jobs that we provide rely on a critical mass of livestock to provide our raw material.
  - Not only do decreasing livestock numbers place pressure on the availability of the raw material but competition for that raw material across Wales increasing price volatility and makes processing and the end product to the consumer more expensive.
  - This not only makes it difficult to add value to PGI / UK GI Welsh Lamb and Beef – it also threatens food security
  - **In contrast, Scottish Industry are looking to increase livestock numbers, particularly in the sucker herds, this also puts Welsh red meat and Welsh red meat production/processing at a distinct disadvantage within the UK market**
- Welsh Government could further support the red meat processing sector to increase added-value for food products in Wales by:
  - **Supporting productivity** within primary production (cattle and sheep) to increase the availability of raw material, enabling processors to increase throughput and efficiency
  - **Making funding to support business efficiency simpler and easier to apply for, especially for large businesses.** As a company, we have invested heavily in the infrastructure at the Merthyr site and in developing accredited and nationally-recognised training schemes for our workforce.

However, the timescales allowed for accessing support from Welsh Government have meant that we have been unable to benefit from timely funding and support from Government Sources.

- The barriers to increasing the public procurement of food processed in Wales include the **lack of appreciation of the role of the circular economy**
  - The product (red meat) may be relatively more expensive than imported product but is of guaranteed quality and forms a essential part of a balanced diet.
  - It is of high nutritional value, especially for young children, the elderly and for those with/recovering from health issues
  - This means that, as part of a balanced diet, investment in the public procurement of red meat processed in Wales should ultimately generate savings in other areas including health and wellbeing, prevention/recovery from illness, increased educational attainment and will contribute to realising the Well-being of Future Generations
- With respect to the objectives in the Vision for the Food and Drink Industry being fit for purpose:
  - Compared to the rest of the UK, Wales is starting from a relatively low base in terms of GVA
  - Whilst a commercially sensitive area, turnover and GVA is only one aspect of Growth and the key element is **profitability**
  - Profitability of businesses will influence their confidence and ability to invest – both at primary production and processing levels
  - **Targets should be revised to consider profitability as well as the need to pay people a fair wage and attract young people into food production AND processing**

Thank you for your consideration / Diolch yn fawr