

Minutes

Date: Wednesday 22 November 2000

Time: 9.00am to 12.25pm

Venue: Committee Room 1, National Assembly Building

In attendance

Members

Glyn Davies, Chair	Mid and West Wales
Mick Bates	Montgomeryshire
Jocelyn Davies	South Wales East
Delyth Evans	Mid and West Wales
John Griffiths	Newport East
Carwyn Jones	Bridgend
Elin Jones	Ceredigion
Huw Lewis	Merthyr Tydfil and Rhymney
Peter Rogers	North Wales
Janet Ryder	North Wales

In attendance

Christine Lewis	Agri-Food Partnership
Richard Howells	Chair, Lamb and Beef Sector Group, Agri-Food Partnership
Wynfford James	Agri-Food Partnership
Rees Roberts	Chair, Welsh Lamb and Beef Promotions
Don Thomas	Welsh Lamb and Beef Promotions
Aled Griffiths	Wales YFC
Shân Ashton	Capel Curig Rural Integrated Project
Richard Thomas	Montgomery Rural Enterprise
David Pritchard	Project Manager, Business Connect Wales
Andrew Leonard	Board Member, Business Connect Wales
Ann Watkin	Welsh Development Agency
Professor Terry Marsden	Expert Adviser

Officials

Mike Dunn (item 2) Head, Food and Farming Development Division

Jasper Roberts (item 3) Food and Farming Development Division

Secretariat

Adrian Crompton Committee Clerk

Howell Rees Deputy Committee Clerk

Item 1: Apologies and substitutions and declarations of interest

1.1 The Chair asked Members to declare any interests relevant to the meeting. Peter Rogers said he was a farmer, Mick Bates that he was a partner in a farming business. The Chair said that he was a farmer.

Item 2: Minister's report - ARD 17-00(p1)

2.1 The Chair said it was his intention to allow Members to raise issues outside the Minister's Report but only if he received prior notice of the question.

2.2 The Minister updated the committee on the Agriculture Council in Brussels. During the visit he had also attended a symposium on the reform of the sheep meat regime. Many countries shared Wales' view that sheep farming in less favoured areas (LFAs) was essential to the social and economic fabric of the countryside. Franz Fischler, the Agriculture Commissioner, had indicated that the European Commission would take such views into account in formulating proposals for the reform of the sheep meat regime. It was also clear that other countries agreed with Wales about the need to better package and market lamb to a wider customer base.

2.3 The Agriculture Council had considered the BSE situation in France. It had been agreed that all cattle in Europe over 30 months old would be tested for BSE to provide a clearer picture of the incidence of the disease. He confirmed that the test would be after slaughter as no live test was currently available. The French had tightened their controls and had banned meat and bone meal from all animal feed. He felt that the BSE controls in the UK were the most stringent in Europe.

2.4 The Chair then invited questions from the Committee and the following points were raised:

- the Minister was asked how the cost of the over 30 month old tests would be met. He said that he understood the costs would be met by the member state and the European Commission on a 50/50 basis;
- France had not implemented the European regulations on specified risk material. Was action proposed to force France to do so? The Minister said that he was not aware of any specific discussions but France had agreed to test for BSE in cattle over 30 months old and to look at the way beef was processed to ensure the problem was not exported;
- the collapsing French beef market and the strong pound could lead to French beef being drawn into the UK. It was important that any meat imported should be under 30 months old and fully

traceable;

- what progress had been made to lifting the French ban on imports of British beef? The Minister said that the matter was under consideration in the European Court of Justice;
- the Minister was asked about the impact of the BSE problem in France on sheep exports to Europe. He said he had seen reports about the cancellation of an order from Spain but that the French market was holding up well at present. The Meat and Livestock Commission and Welsh Lamb and Beef Promotions were working to reassure customers and the situation was being monitored closely;
- the Minister was asked what the Cabinet's position was on the reform of the sheep meat regime. He told the Committee that the Cabinet did not want to see radical changes to the regime at present especially as the Tir Mynydd scheme had only recently been introduced. He felt there was not much support for radical change of the regime within Europe and confirmed that, although not formally communicated, the Commission was aware of Wales' view;
- the Minister was asked if the legality of the Flintshire GM crop trial had been established and whether the recent floods had created a contamination risk to surrounding land and crops. The Minister told the Committee that the legality of the trials was still being argued and a definitive opinion had not been arrived at yet. On possible contamination he said he would have to take scientific advice but was not aware of any risk. He agreed to include any information in the letter he had promised on the Flintshire trial along with details of when and how the crop was to be destroyed;
- it was noted that a rural white paper for England was being produced and the Minister was asked if he planned any similar action for Wales. He replied that the vision for Welsh farming being developed by Farming Futures Strategy Group could provide the backbone for a rural strategy for Wales;
- farmers appreciated the help being provided on Tir Mynydd through the public meetings. However it was important that proposals for further revisions to the scheme were developed well in advance of 2003 so that farmers were able to plan. The Minister agreed. He said the intention was to base the revised scheme on digital mapping which would allow help to be targeted on areas where conditions made farming more difficult. It was important to move away from a subsidy regime that was based on the number of animals or the size of a farm;
- the Minister was asked how he intended to respond to the Haskins report on the administrative burden on farmers. The Minister said that the report applied to England only and it was not appropriate for him to respond formally. He added that the report was not categorical, as some media reports made out, in saying that farmers were unfairly burdened by red tape. Public concern over food safety and the environment meant the scope for deregulation in these areas was limited. Also, environmental regulation was not as strict in the UK as in many other European countries. He suggested that the committee might wish to consider the issues raised in the report as they affected Wales;
- the Minister was asked for clarification on the proposal to lift the 90 head limit on the Beef Annual Premium Scheme. He said that England and Scotland were keen to lift the limit. The consultation in Wales was not yet complete and differing views were being expressed. A decision would be made when consultation was complete but any action on the lifting the limit would have to be consistent across the UK.

Action points

2.5 Advice on likelihood of contamination from Flintshire GM trial to be included in letter being prepared - **Minister** (Environment Division)

Item 3: Agri-Food Partnership - ARD 17-00(p2a); ARD 17-00(p2b)

3.1 The Chair welcomed Christine Lewis, Richard Howells, Wynfford James, Rees Roberts and Don Thomas to the meeting.

3.2 Christine Lewis briefly explained the role and approach of the Agri-Food Partnership.

3.3 Richard Howells outlined the main points presented in the paper before the committee. The Lamb and Beef Sector Group's early work had been dominated by the setting up of the Welsh Meat Company. It was now looking to focus on other areas such as product development, farm supply chain certification, branding, niche markets and developing relationships with auctioneers.

3.4 Only 15% of Welsh cattle were killed in Wales. The Meat and Livestock Commission (MLC) was conducting a survey of the capacity of Welsh abattoirs and their potential to increase this figure. If the survey showed a need for increased capacity grant aid would be required. The small abattoirs in Wales needed help and he welcomed the money identified for the sector in next year's budget.. The farm development plan was vital to the Group's work to improve the quality of Welsh livestock. There were no quick fixes to Welsh agriculture's problems but the work of the Partnership would help to secure the industry's long-term future.

3.5 Rees Roberts outlined the points given in the paper from Welsh Lamb and Beef Promotions, a partner organisation within the Agri-Food Partnership. He said Welsh lamb had been established as a leading brand and work was needed to raise the profile of the Welsh beef. A particular concern was the need for additional capacity within Wales to satisfy the date based export scheme.

3.6 The Chair then invited comments and questions from the committee. The following points were raised:

- it was encouraging to hear the co-operative approach that the Agri-Food Partnership had adopted but it was suggested that lessons could be learned from experience in other countries, particularly Ireland and Italy. The healthy image of Welsh lamb and beef should be promoted;
- the Partnership was asked what plans it had in place to increase the supply of Welsh branded beef when only 15% of cattle were killed in Wales. Could Welsh cattle killed in abattoirs in England be branded as Welsh? Don Thomas said that animals born bred and raised in Wales and killed in approved plants could be branded Welsh but it was vital to maintain the quality of the Welsh brand to retain its value. Rees Roberts said that the majority of Welsh lamb was now killed in

Welsh abattoirs and this had reduced their capacity to slaughter cattle. It was important to increase the capacity of Welsh plants to keep value added processing in Wales;

- product development needed different skills from farming. Who was responsible for this and was the work being duplicated? The Committee noted that the Partnership had a co-ordinating role that prevented duplication of effort. Product development was being taken forward on two fronts. Companies were being encouraged to develop their own products and development was being undertaken at centres of excellence such as Horeb, UWIC and Llangefni. The WDA was providing core funding to encourage smaller companies to undertake research and development;
- following a request at a previous meeting, the committee had received a list of applications for Objective 1 funding linked to agriculture and rural development. The Partnership was asked for more details about how the money was to be used. Wynfford Jones said there were two elements to the Objective 1 funding. The first was the fast track Agri-Food Development Scheme which included Processing and Marketing Grant, the Food Processing Initiative and the Farm Enterprise and Improvement Initiative. The second was the Development Fund - Farm Connect;;
- what was being done to increase membership of Welsh Lamb and Beef Promotions? Rees Roberts agreed that membership levels needed to be increased. Membership was voluntary and he believed the success of Welsh Lamb and Beef Promotions would encourage farmers to join;
- how many Welsh mountain lambs were Safeway taking under the contract brokered through Welsh Lamb and Beef Promotions? Don Thomas said the contract was for 70,000 lambs and other retailers were now showing interest;
- the red tractor logo had been developed for British produce but what plans did the Partnership have to develop a Welsh brand and what effect would that have on the market prices for farmers? Christine Lewis said a strategy for Welsh branding was being developed and tested and proposals would be ready in the Spring. No guarantees could be given on prices but it should help generate a bigger market. Don Thomas added that Wales could not compete on price alone and had to develop a strong quality brand;
- the Partnership was asked how lamb could be made more attractive to younger consumers and ethnic minority communities. Rees Roberts said that new cooking options were being developed promoting lamb as a convenience food. Ethnic minority communities had tended to buy cheaper cuts but this was changing and there was potential for further development;
- the Partnership was asked when its strategies would begin to turn the current difficulties in farming around. The Partnership did not feel able to give a definitive answer but was confident that the long-term focus of its work would be beneficial. The Committee noted that most of Welsh Lamb and Beef Promotions funding came from farmers through members subscriptions and MLC levies and WDA funding;
- the view was expressed that it was important that the industry worked with auctioneers and that slaughter and processing facilities able to operate the date based export scheme were developed in Wales.

3.6 The Chair thanked the Agri-Food Partnership representatives for their presentation.

Item 4: Diversification Review - ARD 17-00(p5); ARD 17-00(p6)

4.1 The Chair welcomed Aled Griffiths, Shân Ashton and Richard Thomas to the meeting.

4.2 Aled Griffiths told the Committee that he was a farmer, worked for a farming union and Chair of Young Farmers Clubs Wales (YFC Wales). Young people were keen to stay in rural Wales but low incomes made that difficult. YFC Wales had therefore developed the Rural Enterprise Scheme designed to help with diversification projects. The main difficulties young farmers faced were access to capital, securing planning permission and dealing with regulatory regimes. He said that there were many inconsistencies across rural Wales that needed to be addressed.

4.3 Shân Ashton said that the Capel Curig Rural Integrated Project had been set up by the community to address its problems. These included isolation, low incomes, few employment opportunities, a lack of affordable housing and poor public transport. The community had received little help from the public agencies and was building a partnership of its own involving the private, public and voluntary sectors to address its problems. Solutions had to come from within the community itself. The aim was to create 15 jobs. Redundant buildings would be converted to provide interpretation centres for tourists, workshops and other facilities.

4.4 Richard Thomas told the Committee he was a farmer and chair of Montgomery Rural Enterprise (MRE) which had grown out of a machinery ring established with Leader funding. He was also Chair of a lamb producers group which included a training scheme for 1,250 farmers. In order to generate income for the machinery ring through tourism and other diversification projects a case was prepared for objective 5 funding. Valuable help had been provided through Menter Powys but it had been very difficult to secure match funding. There was harmful competition between public agencies and it was difficult to find out which agency was responsible for what.

4.5 The Chair then invited questions from Members. The following questions were raised.

4.6 Planning restrictions had been identified as a problem. How could the Assembly help? In what ways was the existing system not relevant to Wales' needs?

- Shân Ashton said that the planning system followed the English pattern of development restricted to within village boundaries. In rural Wales this led to dereliction of the cultural and built environment. The system needed to be more flexible and responsive to local circumstances and allow more creative use of the existing building stock.

4.7 How could competition between agencies be addressed and how important was single point of contact for advice?

- Richard Thomas said that, when a project was dealt with by a single help agency there was generally no problem, but difficulties began when more than one was involved. A properly structured grant system, which made better use of the funding available was needed. Too many advisers were involved in assessing grant applications. He said farmers could learn a great deal

from industry about business management and felt that short term placements and mentoring could be developed.

4.8 A lack of affordable housing made it more difficult for young people to stay in rural Wales and was something the Committee could not ignore. It was suggested the Committee should hear from organisations such as the Countryside Council for Wales and the Campaign for the Protection of Rural Wales. Should advice and funding agencies develop specific plans to develop opportunities for young people?

- Aled Griffiths agreed this was a good idea adding that any action to help young people stay in rural Wales and to preserve its language and culture was welcome;
- Shân Ashton said the concept of lifelong learning needed to be developed. Bangor University was developing courses in country management, heritage and community development which would benefit people living in rural areas. The National Trust was beginning to make use of local skills such as dry stone walling rather than bringing in skills from outside the area.

4.9 There was a perception that current arrangements for business support were fragmented and uncoordinated. How could this be resolved?

- Aled Griffiths agreed that more consistency was needed and that co-operation between advice agencies needed to be encouraged. He felt that Farming Connect would bring together the agencies providing advice to farmers. The same concept could be applied to other sectors such as tourism;
- Richard Thomas said the whole system needed streamlining. Lessons could be learned from the system operating in Ireland. In his experience inaccurate or conflicting advice had often been provided by public agencies;
- Shân Ashton said that the larger agencies were not the appropriate bodies to support community development. At the local level, communities needed easily accessible support that Leader groups and local authorities with a dedicated community development sector were generally better able to provide. .

4.10 The Committee had been told that it often took too long to secure finance. What was the value of quick access to small grants and how could the system be speeded up?

- Aled Griffiths said it was vital that new business did not have to wait for grant aid or they would fail;
- Richard Thomas said that good projects often failed to get funding because an agency's local quota had been met. Best use had to be made of the funding available across Wales. Funding was fragmented and often came from a number of different sources. If grant from one source fell through the whole project was jeopardised;
- Shân Ashton praised the Wales Co-operative Centre for the help it had provided. She urged the Assembly to continue to fund the National Parks small grants scheme that had proved very

helpful.

4.11 The Chair then welcomed Andrew Leonard and David Pritchard to the meeting. Andrew Leonard said that Business Connect Wales was the first -stop shop for all businesses in Wales. It sought to co-ordinate services and reduce duplication. He and David Pritchard then outlined the main points in the paper provided by Business Connect Wales. The Board of Business Connect recognised the need for quality and consistency. Different solutions were often needed for different sectors but it was vital Business Connect remained as the single access point for all business advice.

4.12 The following points were then raised.

4.13 Did Business Connect Wales provide consistent service at present?

- Andrew Leonard said that within constraints it did. It was important to remember that advice was provided through a network of partner organisations over which Business Connect had no direct control. David Pritchard added that the Economic Development Committee's review of business support would seek to clarify Business Connect's role as the first stop shop. Consistency depended on establishing national minimum standards but it was difficult to ensure when advice was delivered locally through many agencies with different structures and approaches.

4.14 How many farmers had received advice through Business Connect and how did Business Connect ensure that advice reached those who needed it?

- David Pritchard said that at present it was not possible to provide a sectoral breakdown of advice provided. A new client management system was being developed and the information would be available after 1 April 2001. Figures could be provided on the number of people referred from the Farmers Helpline.

4.15 What was being done to encourage take up of information and communications technology (ICT)?

- David Pritchard told the Committee that Business Connect had 22 ICT centres throughout Wales, many based in rural areas. There was evidence that ICT was being taken up and used but there were large variations between sectors. Action was needed to encourage take up and Business Connect was keen to bring together new opportunities through the co-ordination and delivery of initiatives such as SME Business, UK Online and BetterBusinessWales.

4.16 The Committee was concerned that the needs of rural businesses were not overlooked in the Economic Development Committee's review of business support. Business Connects views were invited.

- Andrew Leonard said that each sector had its own specific problems but that the underlying ones were the same across all sectors of business depending on a business's size and its position in the economic cycle. The aim was to deliver advice of the highest quality and in a way appropriate to

the help sought. A quality audit had been commissioned which would look at all sectors. David Pritchard said that quality assurance was addressed through quality audits of all partners delivering advice, mystery shopper exercises and customer satisfaction surveys.

4.17 The Chair thanked the speakers for their contributions.

Item 5: Ombudsman Report and Response - ARD 17-00(p3)

5.1 The Chair reminded the Committee that at the meeting on the 11 October Members agreed that future reports would be discussed in Committee only if the Ombudsman was dissatisfied with the subsequent action taken by the Assembly or if Members gave prior notice of particular issues they wished to raise.

5.2 Mick Bates asked to raise an issue associated with the report but, in the absence of relevant officials, this was not possible. It was agreed that an item should be included on the next committee agenda to allow members to discuss how to handle Ombudsman's report in the future.

5.3 It was suggested the committee should receive an annual report to help identify recurring problems.

5.4 The Committee agreed the draft response for the First Secretary to send in this case.

Action points

5.5 Item to be included in next meeting agenda for discussion handling reports in future - **Secretariat**

Item 6: Minutes of 8 November meeting - ARD 16-00(min)

6.1 Paragraph 4.6 of the minutes referred to statements made in the Partnership Agreement about the funding of Tir Gofal. The Minister agreed to provide clarification on this point in his next report to the Committee.

6.2 The Committee then adopted the minutes.

Action points

6.3 Clarification of funding for Tir Gofal over next three years to be included in Minister's report for the next meeting - **Minister** (Food and Farming Division)

European Legislation - Paper to note - ARD 17-00(p4)

7.1 The paper on the impact of European legislation on the committee's work was welcomed and it was suggested that time should be made available for a discussion in Committee before the visit to Brussels.

Action points

7.2 Discussion of paper to be included in an agenda before the Committee's visit to Brussels -
Secretariat

Secretariat

November 2000