



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

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

**Dydd Iau, 15 Ionawr 2009
Thursday, 15 January 2009**

Cynnwys
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

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.

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

Delyth Davies	Menter a Busnes Menter a Busnes
Helen Davies	Cymdeithas Cenedlaethol Defaid Cymru National Sheep Association Wales
John Davies	NFU Cymru NFU Cymru
John Griffiths	Canolfan Datblygu Llaeth Dairy Development Centre
Lorraine Howells	Undeb Amaethwyr Cymru The Famers' Union of Wales
Nic Lampkin	Cyfarwyddwr, Canolfan Organig Cymru; Cadeirydd, Grŵp Strategaeth Organig Cymru Director, Organic Centre Wales; Chair, Welsh Organic Strategy Group
Yr Athro/ Professor Terry Marsden	Prifysgol Caerdydd Cardiff University
Yr Athro/ Professor Kevin Morgan	Prifysgol Caerdydd Cardiff University
Katie Palmer	Pwyllgor Cynghori ar Fwyd Cymru, Asiantaeth Safonau Bwyd Cymru Welsh Food Advisory Committee, Food Standards Agency
Jenny Randerson	Aelod Cynulliad, Democratiaid Rhyddfrydol Cymru Assembly Member, Welsh Liberal Democrats
Rees Roberts	Hybu Cig Cymru Meat Promotion Wales
Stephen Shearman	Marchnadoedd Ffermwyr Cymru Farmers' Markets in Wales
Joyce Watson	Aelod Cynulliad, Llafur Assembly Member, Labour
Wyn Williams	Dunbia Dunbia

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

Meriel Singleton	Dirprwy Glerc Deputy Clerk
Claire Morris	Clerc Clerk

*Dechreuodd y cyfarfod am 2.33 p.m.
The meeting began at 2.33 p.m.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **Alun Davies:** I will start by welcoming everyone and by making various announcements. In the event of a fire alarm, please leave the room by the marked fire exits. There are no tests scheduled for today, so if you do hear the alarm, please leave as soon as possible. You should turn off all your mobile phones and pagers, and even your BlackBerrys—I know how difficult that is for all of us. When I say that they should be turned off, I do not mean that they should be just turned down; they must be turned off as they interfere with the broadcasting equipment. As you know, the Assembly works through the media of both English and Welsh and we have translation facilities. Interpretation is available on channel 1 and the verbatim is on channel 0. To speak, you do not need to touch any of the microphones; they are operated for you. That is the formal part over and done with.

2.34 p.m.

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

[2] **Alun Davies:** I want to thank you all for taking the time to spend this afternoon with us. In starting this inquiry, we wanted to work in a different way to the way in which we work normally. We are, as you are aware, conducting an investigation into food production and promotion in Wales, and this is the first formal session of that inquiry. We launched it at an event in the Royal Welsh Winter Fair last month, and we will be continuing this inquiry over the next six months or so, in the hope of launching our conclusions and recommendations at the Royal Welsh Show in July. We wish to identify the key issues facing the food industry in Wales. In our press work, we referred to the food production process as, ‘from farm to fork’, and in many ways we are looking at how the Government either supports or does not support the food industry in Wales, at the challenges facing the industry in its entirety, and at the actions that Government can take to support the food industry.

[3] A written consultation has been issued and we encourage everyone here and elsewhere to respond to that. The closing date for responses is 13 February, and further information on that can be found either on the website or through the Assembly’s committee secretariat.

[4] This afternoon, I hope to move away from the cross-examination style that we usually adopt in the Assembly, and have a discussion instead. We wanted this round-table discussion this afternoon because we have identified the issues that we believe are important in the food industry in Wales. This afternoon, we are anxious to test those by discussing them. This is an opportunity for you as stakeholders to identify and point out the key issues that face the industry. So, if there are any issues that you particularly wish to flag up, which you believe we should address and investigate over the next six months, by all means, please raise them this afternoon. This is your opportunity to have a debate and a discussion; it is not simply a matter of taking evidence and listening to it. This is about having a debate, and I hope that we will all be able to participate in that.

[5] To kick things off and start the ball rolling, I welcome Professor Terry Marsden and Professor Kevin Morgan from Cardiff University. We have invited you here to set the scene, if you like. I am grateful that you have both been able to find the time. I know that Kevin has

been quite ill recently and I am particularly pleased to see him here this afternoon. We would like you to introduce your thoughts as a scene setter. We will start off by discussing your opening remarks and then open things up for wider discussion.

[6] **Professor Marsden:** Thank you, Chair. We are pleased to be here. We have organised this as a bit of a double act. I will start with some of the drivers on a global and EU level, and Kevin will pick up on what those might mean in the Welsh context.

[7] We were asked to consider some of the major drivers at present. It is timely that this inquiry is being held. I have four or five major points, which I will summarise. They relate to a lot of work that we have undertaken recently not least with Chatham House, and its report on the future of UK food supplies will come out at the end of January. It is true to say that 2008 was quite a year. Looking at 2008 and the last decade, during which I, and many of us, have been involved in Farming for the Future and in setting up food strategies—Wales has been trying to develop a strategic approach to this for the last 10 years—there has been significant change, when we look back and compare the past with where we are at the moment.

[8] It is pleasing to see this issue being tackled through this inquiry because it is important to see food in systemic terms. That is particularly important now because there are so many interdependencies. This is not just a supply-chain approach, which we originally thought was important 10 years ago in setting up the agri-food strategy. There are many more external pressures coming into the food system, creating more dependencies and challenges for it.

[9] Secondly, these wider processes need to be incorporated, so in terms of a systemic approach to food, agriculture in Wales is crucial, but seeing agriculture in the wider context of the other supply-chain operators and the wider factors is important.

2.40 p.m.

[10] So what are some of these major pressures? It would seem that they are not simply add-ons. It is not just a matter of saying, ‘The climate change agenda is significant to what we do as regards agriculture policy, is it not?’. I think that the importance of these wider pressures is that they are going to structure the nature of markets and the types of competition in markets quite significantly.

[11] We can pick four areas, although they are not the only ones. One is the complexity of climate change and resource scarcity. We are into a situation where the Food and Agriculture Organization is basically saying that, globally, we are going to have to produce 50 per cent more food by 2030 and double the amount of food produced by 2050. How should Wales position itself in that new productivist or productionism type of context? How is it going to do that in the context of climate mitigation and adaptation? Food and climate is a particularly important area. For the last decade, we have been very concerned about environmental conservation, agri-environment schemes and de-intensification. What does this new productionism, as we might want to call it, tell us about developing new markets and how we can create volume products in Wales that are affordable and saleable not only in Wales and the UK, but in Europe and the wider world?

[12] There are two other major areas—Kevin will pick up these points—and one is the whole question of public health. Basically, the food system is now seen as a part deliverer of the public health agenda, and that is going to affect markets. Then there is the whole question of sustainable systems, not least how we reduce waste and the exorbitant amount of water—what some people call ‘virtual water’—that is in our foods. In the advanced economy, we import something like the equivalent of 10 Nile rivers of virtual water through irrigated

systems. Globally, agriculture takes up 70 per cent of the fresh water supplies, so water, as well as carbon, is going to be an important aspect in structuring the nature of competition.

[13] There are many new big issues, and so when we are developing agri-food strategies for Wales, as a European region, we have to think about these broader agendas and how we position Wales in that context. We have done quite a lot of work during 2008 with a lot of stakeholders across the UK, including private sector retailers, processors, various stakeholder environmental groups and non-governmental organisations. We have put them all in a room on many an occasion and asked them how they see the future. Two things have come out of that which are important. One is that we should not assume that the existing supply-chain dominance, or the existing orthodoxy of retail-led supply chains based on cost reduction, is necessarily the only way that things can go. The innovative element of the retailing and processing sectors is thinking through some of these issues. If you are a mid-career aspiring retail manager, you are thinking about how the big retailers are going to position themselves on the waste and recycling agenda, the energy agenda, and so on. Looking at the innovations that will be going on in supply chains—what we are calling ‘new business models of supply chains’ in some cases—suggests, at the very least, that there will be much more diversity in the nature of supply chains and the ways in which food enters different types of supply chains. Of course, as we saw last week with the 2p reduction in farm-gate milk prices, we still have the race to the bottom, if you like, of the low-value, high-output system, which is crippling the farm sectors. We have to do something about that. It is not going away. We have lost 1,000 dairy farms in Wales since 2000, since the last agri-food strategy was developed. That is not really farming for the future, in many respects. Nevertheless, we have to look at liaising with and joining different sorts of partnerships with the private sector in new and innovative ways.

[14] The final area of evidence or point that comes out of our work is that when you talk to the private sector, you realise that it is now much more conducive to Government bodies setting frameworks of co-ordination for the agri-food system. That is to say that they see new sorts of partnerships developing between private and public bodies to deal with the complexities of these sorts of markets. In addition, it is important in our discussions of the future development of the Welsh agri-food sector that we recognise the need to recast relationships with UK and, in particular, EU policy levels with regard to competition and trade. What on earth is going to happen after 2013, and how are we going to prepare for 2013 and the continual reform of CAP? These are important issues. Somehow, agri-food, rather than just agriculture, needs to be a part of that. Those are some of the global drivers, as it were, and they will shape, and raise questions about, the positioning of the Welsh agri-food sector.

[15] **Professor Morgan:** Like Terry, I welcome the theme of this inquiry, because it is profoundly important for us in Wales in and beyond the food sector. I have just three quick points to make to raise some issues that might be addressed in your inquiry. The first concerns the market drivers of the food sector in Wales. The second is the problem of policy overload, and the third concerns the evidence base.

[16] With regard to the first point, to put it simply and somewhat crudely, we can say that the food market in Wales has three drivers and that we need to design our promotional policy according to the nuances of each because, as all our work shows, their needs differ. The three sectors are the multiples, the food service sector and public procurement consortia. With regard to the multiples—the main supermarkets, as we refer to them—we should not cast them as the villains of the piece, because these conventional players are actually the main vendors of what is often called ‘alternative foodstuffs’. Let me give you just one example of that. Tesco retails 42 per cent of what passes for ‘local food’ in Wales compared to the 22 per cent that is retailed via all the alternative vendors in direct sales, be they farmers’ markets, farm shops, box schemes, or web-direct sales. In a sense, the heart of the conventional sector,

the supermarket, is also the main player for 'alternative foodstuffs'. Therefore, whether we like it or not, we have to engage with the multiples to promote Welsh food. I will leave aside for the moment the issue of what we mean by 'local food' and 'Welsh food', as the definitions differ. Some say that 'local' means food produced within a radius of 30 miles from where it is consumed, while others say that the term 'local' is synonymous with 'Welsh food—I am sure that you will want to debate that. Our view is that the debate about how local is 'local' will never be resolved, however, and we have been working on the issue for over 10 years. I will park that issue about how local is 'local'. Needs must, we must engage with supermarkets.

[17] With regard to food service, it is the least understood part of the food industry. We need to understand it better. It is the least organised sector, and the messiest. It ranges from the big wholesalers, such as Brake Bros Ltd, 3663, Castell Howell Foods and so on, right through to small hospitality players. It is a very messy sector. We think, however, that it is as big a sector of the food market as retail, but it is less understood and less regulated. It is more anonymous, and we therefore need to engage with it. The best opportunity to engage with it is right here on our doorstep. St Athan will have the biggest restaurant in western Europe. Within Metrix, the St Athan consortium, food procurement has been devolved to Sodexho. Are we in Wales talking to Sodexho, and is Sodexho talking to the NFU and the FUW? To our knowledge, the answer to all three questions is 'no'. The question then follows: why? That is the biggest single opportunity for the Welsh food sector to address the food service demands of the big St Athan complex, the Bluestone complex and other such complexes. Food service may not be well understood, but it is profoundly important and no less important for that.

2.50 p.m.

[18] A third sector is what we call 'the public plate'—public sector procurement. It is the niche of our work that I am most involved with. To cut a long story short, Wales has been ahead of the pack in the UK in talking about public procurement. However, we are not ahead in practice, and I am sure that your inquiry will discover why that is the case. Frankly, there are many challenges and problems, and I will briefly quote the latest public sector data on procurement in Wales. In 2007, of all the food procured in Wales—which is worth about £66 million—Welsh food accounted for 22 per cent. That has gone backwards from 2005, when it was 24 per cent. So, we are going backwards in the local procurement of food in Wales. If we break that down institutionally, we will see one of the biggest problems of all, which is that local authority food procurement has decreased by 20 per cent between 2005 and 2007. Part of the reason for that is to do with local authorities reducing their demand for milk—as the scale goes up, the contracts go outside of Wales. That is a relationship that should be very worrying for us, because the problems are not just related to milk but also to fresh meat and ready meals. There are big problems with the sourcing, and the problem lies on the demand side, with the type of specifications set by public procurers, as well as on the supply side; our suppliers and growers have problems meeting growing volumes. That is the first point. These are the different market drivers of the Welsh food market—supermarkets, food service and public sector consortia.

[19] Secondly, there is the problem of policy overload. To cut a long story short, we are knee-deep in food strategies in Wales. At the last count, there were 14 food strategies. That is compounded by the fragmented institutional responsibility for food policy and promotion. There should be a food market development division at the heart of the system—a division that has recently moved from Cardiff to Aberystwyth, which is headed by Wynford James. In our view, he is second to none in terms of his knowledge of the sector and his credibility within it. However, the problem is that, whether we like it or not, food promotion has been fragmented—we can list a number of bodies such as VisitWales, Value Wales and a host of public health organisations that are competing for their own piece of turf in food policy, and it

needs to be better orchestrated, organised and co-ordinated, because the biggest challenge of all is policy coherence. As Terry said, there are a number of legitimate stakeholders laying claim to the food sector, such as the farming community as sustainable producers. There is also the sustainable development community, the public health community and last, but not least, there is the social justice community. All of these communities have a legitimate claim to make on behalf of their sector for healthier, more nutritious and wholesome food.

[20] Our final point is on the evidence base, or rather the lack of it. There are two problems in the evidence base. One is the basic problem of the dearth of good robust data at all levels of the system. The second problem—and you would expect us as academics to say this—is the lack of an evidence base as to how effective and efficient public policy is. We do not know the answers to many of the questions that you have posed in the inquiry about the success or otherwise of Welsh agri-food policy to date.

[21] **Alun Davies:** Thank you for that.

[22] **Rhodri Glyn Thomas:** I am somewhat surprised that, in your introduction, you did not refer to the credit crunch. I have been part of the debate about promoting food from Wales for the last 10 years or so. Rees has been part of the debate for that period as well, and Mick and I discussed this 10 years ago in the Agriculture and Rural Development Committee when the Assembly was set up. The credit crunch will be vital, because when we are talking about promoting Welsh food, we are talking about added value, and in the credit crunch everyone is looking at the price of everything. So, that must be a crucial aspect of promoting Welsh food.

[23] **Professor Marsden:** That is right. The way to look at the credit crunch is to think of it more broadly in terms of volatility and resilience. Not only have we had the credit crunch, but we had a massive hike in import prices last year. It is part of the new terrain. We assumed this, rather than being too explicit, but there is an increasing volatility in markets, which suggests that we are moving away from the old common agricultural policy system as the guarantor of good-quality food. One of the worries is that this is driving down prices, because of the discounting by the retailers. In the long term, however, it does not negate the need to think about quality and added value. In many respects, you could argue that it is even more necessary to think about questions of sustainability, the quality of food, and health in those sorts of conditions.

[24] **Professor Morgan:** The only thing that I would add to that is that none of the things that we have discussed here are really deeply affected by the credit crunch, in the sense that these factors were deep structural factors before the credit crunch, and they will be deep structural factors during it and after it. The effect of the credit crunch on food purchasing is more complex than it seems. For example, the recent reports from retailers have shown two things: while there is a shift to the discounters—there is no doubt about that—within each retailer's strategy, we also see the growth of basic ranges and 'taste the difference' ranges. In other words, the food market, like any society, is highly stratified, and you will never get just one trend. There is a complex, multiple set of trends. The market for quality still exists, and even for price-conscious consumers, who are the most pinched, and what we used to call poor communities, there is still an emphasis on value.

[25] **Rhodri Glyn Thomas:** You spoke in your introduction about local authorities, and their tendering processes, which are based on competitive tendering. We can argue about what constitutes value in tendering, and whether it is the lowest price that provides the best value in tendering, but local authorities, and most organisations in Wales, have competitive tendering processes. So, in that situation, given the credit crunch, they will be looking at the price of food.

[26] **Professor Morgan:** They may well do, but, to refer to something that we did not

mention, one of the biggest shocks to the Welsh food sector in the next quarter will not be the credit crunch, but the Pennington report, which shows that local food killed a child—I repeat that, it killed a child—and caused many others to be seriously ill. That was caused by a local trader serving local food. You must think about the two things that will happen because of that. First, the Pennington report will receive international attention in relation to the quality of Welsh food, and, secondly, it will make public procurement managers more risk averse rather than less so, because due diligence has already kicked in. If you talk to local authorities or NHS buyers, you will see that they are already factoring in higher risk adverseness as a result of the Pennington report. The Pennington report will show, among other things, that the lowest cost was not the best value, and I think that that is a matter for your inquiry to address. For too long in Wales, in particular, low cost masqueraded as best value, and you can see the effects in the Pennington report.

3.00 p.m.

[27] **Rhodri Glyn Thomas:** For the record, I totally agree with what Kevin said. I am glad that he gave that response.

[28] **Alun Davies:** The Record of Proceedings will record that.

[29] **Mick Bates:** Thank you for your scene-setting, gentlemen. Notwithstanding the last remark about the Pennington report, I am grateful for the four points that you made, Kevin, particularly that about the multiples. As you know, I have been involved with local food production and farming for a long time, but the key factor to me is still profitability. We are talking here about the promotion of Welsh food and there are many experts around the table who, I am sure, have a lot of valuable knowledge to bring to this. I did not pick this up from you in your opening remarks, so, in promoting Welsh food, what is the balance between what the Government can do with the policies that you have talked about and what we can do to encourage private enterprise? Ultimately, it is the people who make the money that will make this a successful operation. We are looking to post-2013 when there are great vulnerabilities in the way that Europe may fund agriculture; it may move more towards agri-environment schemes and away from the essential concept of producing food, which, as you know, economically underpins a great many of our rural communities. Therefore, how are we developing the balance so far between public interference, if you like, with the system, and how can we encourage more private enterprise so that the farming industry—integrated or not with retail and processing—will become more profitable, so that we will not lose 1,000 dairy farmers within the next eight years?

[30] **Professor Marsden:** What you have touched upon and what the last discussion was also about was the issue of what constitutes price and what constitutes profitability. I think that that will change. We are seeing the gradual incorporation of all of those things that we call externalities. We have to incorporate them into the costs, prices and profitability of what we are doing—that is, the uses of water, the waste streams and so forth. All of these were external to these price values, costs and profitability. We have to make a step change in the promotion of Welsh food and go for the quality end of the market, which incorporates those costs and means that metric prices will often have to go up. However, as the new farming strategy suggests, we have to play that quality end of the market much more effectively than we have done. We have to have innovative policies that can engage with the private sector to encourage that move. Therefore, we do not go racing to the bottom but race to the top. Profitability is linked to adding value but also to the incorporation of these costs and benefits. More and more people will see the benefits of sustainable agriculture, grass-fed systems and that sort of approach.

[31] **Mick Bates:** You have reminded me of a recent statistic. Organic food sales are down by 10 per cent, and farmers are complaining that they get more in the conventional market

than for organic produce. This is the quality end that you are talking about, Terry. Not only that, but sales of baked beans rose by 40 per cent. The credit crunch that Rhodri referred to is surely a big driver in how we develop the promotion of Welsh food, because the quality market is, as I understand it—and from my experience—more expensive. That is possibly why sales have gone down. As part of this promotion, Chair, we have to look in a big way at your second point, Kevin, about the multiples, because, as you said, they sell 42 per cent of local food. Perhaps Nic, with his organic connections, can tell us a little about where we should go to look at how we better promote this quality end that Terry is on about.

[32] **Alun Davies:** Nic has already indicated that he will do so.

[33] **Mick Bates:** Good, I am pleased about that.

[34] **Rhodri Glyn Thomas:** On the back of what Mick has just said, side by side with the basic value goods that are increasing in purchase, as you mentioned, Tesco sells 42 per cent of local food. The ‘Tesco Finest’ brand is something that is increasing massively and is based on quality. Therefore, there is an opportunity, even within the credit crunch, for us to promote Welsh food as something that is different and is produced in a way that creates better value for people.

[35] **Professor Marsden:** We know that in 2008, for the first time, the proportion of household expenditure on food was going up. We will have to cope with that and manage consumer expectations, or influence them, around not just niche quality, but also volume quality. We have to break down this division.

[36] **Mick Bates:** I am glad that we have mentioned the word ‘consumer’.

[37] **Brynle Williams:** Good afternoon, gentlemen. I have written in my notes ‘price, price, price’. Agriculture is blamed for not responding to various things, but, regrettably, the profit line has not been there. Farms have been getting bigger. How do we address this balance between maintaining good food production and looking after the environment?

[38] Like you, I find it alarming that, by 2013, we will need to produce an additional 50 per cent. In the last figures that I saw, we are down to 11 ha per head throughout the world, and yet we are taking more land out of production. Farmers will respond, like any other business, to the bottom line. The multiples have a major role to play here. Like you, I have been very critical of the multiples over the years, but they have a role to play. You mentioned milk, which has dropped by 2p a litre, and we are losing farmers at an alarming rate. They had just been regaining confidence and were starting to reinvest to ensure that the quality end of the product is maintained. However, there is so much red tape and bureaucracy. How can we overcome this to ensure that we have sustainable agriculture?

[39] **Professor Morgan:** I do not think that we can talk about profitability in any part of the food chain without mentioning retail power. ‘Retail power’ are the two most important words in the British food system; leaving them out of this discussion would be like leaving the prince out of *Hamlet*.

[40] Mick mentioned ‘public interference’, but I do not see government action as interference; legitimate, judicious government intervention in the food chain is long overdue, and we will need more of it, not less, if we are to regulate the power of the British food system. All our work suggests that British primary producers are probably more subject to the power of retailers than any other primary producers in the world; you know that yourself, Brynle. Therefore an ombudsman would help. It would not solve the problem; we are not talking about a magic bullet. However, we need to remind supermarkets and processors—such as Arla Foods, which was behind the 2p milk cut, as you know—that they cannot cut

primary producers' contracts willy-nilly, without negotiation.

[41] If you are not prepared to talk about this, then it seems to me that there is no answer to the question that you raise. How do we secure sustainable food chains that offer a fair deal to primary producers? If we do not have that in Wales, we can forget sustainable food systems. I make a plea for the primary producer.

[42] **Professor Marsden:** I would like to make two additional points. First, on the farming side, we must try to develop this notion of farms not just as diversified entities, but as deliverers of sets of ecological goods and services. Food is a major product, but there is also fibre, and energy, for that matter.

3.10 p.m.

[43] The second point is the dreadful 'c' word: co-operation, or collaboration. We have heard for 10 years or more that we need more collaboration, and that that is the way to build power in the supply chain. Losing the Milk Marketing Board was a bit like rail privatisation, in many respects. We lost that power of collaboration, and we have to regain it in new ways. There are some experiments around Europe on this, about new consortia development. Going back to the public sector, I do not think that that is going to happen on the head of a pin. You say to farmers that they need to become more co-operative and they just look at you blankly. Incentives and infrastructure and facilitative frameworks are needed around which you can build collaborations, where farmers keep their individuality but also co-operate where necessary in various ways. I think that that will become more and more important. It also means that we must rethink agri-environment schemes; I know that we have been reviewing them, but they are increasingly looking a bit out of date within this agenda. The schemes are very two-dimensional—plonk a bit of conservation in this bit of land, but not in that bit of land, and so on—but the systemic approach would suggest that we need a much more three-dimensional approach.

[44] **Brynle Williams:** The third 'c' is culture; we need to break this cultural view. I agree with you on co-operation, but, regrettably, it was a farmers' co-operative that dropped the price of milk first. I find that fact quite alarming, as do an awful lot of milk producers in my constituency. Sorry, John, I was not looking at you on purpose.

[45] **Mr Griffiths:** You are quite right.

[46] **Alun Davies:** If anyone wants to speak, please indicate. Nic is next and then Joyce.

[47] **Mr Lampkin:** There are two issues that I would like to pick up on. Terry made the point about volatility in markets and we must be cautious about looking at what happens to any particular sector during the current credit crunch, because things are going up and down like yo-yos. The picture in relation to organic food is extremely mixed. We have seen this week the highest prices for lamb that organic produce has ever achieved, which seems to completely contradict all of the other signals that have come out about what is happening. So, it is extremely hard to say where things are going. Some of the falls in the organic market that have been reported in the press have been matched by the falls in the conventional sector in some supermarkets at the same time. Tesco lamb sales sticks in my mind in that regard. The current situation is extremely volatile, and it is very difficult to pull out any clear trends, and for someone like me who tries to keep abreast of what is happening in the organic market—we had a conference last week on the subject—it is difficult to know exactly what is happening, so we must be cautious.

[48] I want to come in on some of the broader issues of locality and sustainability in particular, because I have been quite sceptical about the local context, at least in the way that

it has been applied up until now. There has been a justifiable emphasis in Welsh food promotions policy over the past 10 years that we must go for the higher value end of the range, because it is difficult for Wales to compete in a commodity framework, except at the current exchange rate, against Argentina, New Zealand and many other countries. The situation is now changing in that respect, but that is the real problem. However, every other part of the UK is also pursuing the same local food promotion agenda. So, if you really want to make Welsh products stand out, you must ensure that not only is their local or Welsh identity emphasised, but that some added value in terms of other things that matter to consumers or policy makers is emphasised, such as animal welfare, environmental benefits and a whole range of social justice and ethical trade issues. Currently, the term 'local' does not provide any guarantee of that. Kevin rightly referred to the Pennington report, but any food scandal is local to somewhere, and there is no guarantee that local food will avoid a food scandal or any of the other major other problems that people get worried about. Any food scandal is local to wherever it happens.

[49] We must be concerned that the local market is being built up with big expectations. The local sourcing strategy, among the many strategies that are in preparation at the moment, is being built up as a major policy arm, but without necessarily any real attributes being attached to it that the consumer can hang on to when it comes under pressure, as it will do. That is a key issue for me. There is a broad range of things that do matter to consumers. Again, points have been made about stratification in the market. Different consumers have different priorities, and we cannot see them as one group that we can target in one go. Some are worried about animal welfare, some are worried about the environment, some are worried about price, some are worried about food safety and some are worried about quality and health—there is a range of things. I do not think that we will ever have a one-size-fits-all approach for all of those, but the more that we can push in that direction, the more that we will really have something positive to say about Welsh products. Taking that extra step and—I call it 'local-plus'—is something that we need to pursue as part of the Welsh agenda.

[50] **Mick Bates:** I was very interested to hear what you had to say about added value, Nic, but you and I both know that lamb prices have been so high because of the exchange rate alone—I do not see any other driver for that. With regard to what you say about added value, I agree with you, but it must extend throughout the food chain so that the processors are also part of it, because the processing industry has often been subject to equal decline. Can you confirm that the organic lamb price is a result of the exchange rates rather than of the promotion of organic lamb?

[51] **Mr Lampkin:** I should probably talk to Wyn, who is trading in organic lamb, because he may be willing to give a better view on that. However, I would say that exchange rates are clearly part of it, but that one of the things happening at the moment is that we have a commitment from some multiple retailers to the all-year-round sourcing of organic lamb from the UK. With the increases in the conventional market prices due to exchange rates, to levels that are higher than organic prices were a year ago, it is very tempting for organic producers to sell directly to the conventional market. The effect of that is to threaten the ability of the industry to supply the multiple retailers on an all-year-round basis, because they will find that the lambs are not there in the spring. A market that has apparently collapsed is actually facing the real risk of being undersupplied in the spring. There are real issues to address in that regard.

[52] However, it is the same in other sectors. We have issues in the milk sector, and the organic milk industry also faces a real risk of being undersupplied within the next year or so. Therefore, whatever the headlines are in the media about the organic market, there are some very interesting dynamics going on, so it is very difficult to predict how that will turn out in the long term.

[53] **Joyce Watson:** You raise some interesting issues. I would like to see a focus on the patterns of consumption, because you quite rightly mentioned that retail power is pretty crucial, and it has a real impact on what people buy and what they leave on the shelves. You are absolutely right that there is stratification with regard to what people buy, and it is not necessarily price that drives that, as we know. Therefore, has there been any research into the patterns of consumption? I ask that because there is a focus—if you pick up the *Western Mail* today, it is a real focus—on obesity: a two-year-old child is being treated for obesity. That will have an impact on your market in future, because when this generation of parents—the twenty-somethings now—realise that what they ate harmed their future development and life expectancy, they might, or they might not, change the patterns of what they eat. I would like some comments from you all on that.

[54] **Professor Morgan:** A great deal of my personal work is on school food from a comparative perspective, and we have published a great deal of work on this. One thing that this work has shown, beyond doubt in our view, is that the earlier you start with healthy eating habits the better. In the more successful programmes that we have seen—we argue that the city of Rome has the most successful programme that we have seen—they start young and they start with zero choice in schools.

3.20 p.m.

[55] I know that these approaches do not resonate with people in the UK, where we have, I think, overdosed on choice for consumers, particularly for children in school, but I think that we will find—and this may be no short-term joy for the committee—that those habits stick. As they move through different cohort groups, they will become what the Italians call knowledgeable consumers, namely consumers who know something about their food, care about it and value the links with health and culture. I am conscious that this is not a short-term fix—there are no short-term fixes—but this is the most fundamental thing on which to focus: getting people to be intelligent and judicious about it, and getting them to absorb and engage in food education programmes very early on.

[56] It also goes back to Rhodri's point about having more intelligent local authority purchasing so that local authority procurement managers are helped. We need to design regulations that foster rather than frustrate healthy food procurement patterns. It is not true that we have to buy at low cost; smart procurement managers now know how to set specifications, even during the credit crunch. Our biggest fear stems from the fact that good practice is a bad traveller and that one local authority can be a leader while another is a laggard, and they can be next door to each other, cheek by jowl. One wonders why those good practices in, for example, food procurement, have not crossed that border. What is it about good practice that is sticky and does not travel well? That is one thing that I hope that the committee will look at: why, in the public sector, where we should be putting our house in order, because the Assembly Government has some real traction over this sector of the market, are we not promoting good practice better?

[57] **Brynle Williams:** Going back to what Mick was saying about lamb, several factors have contributed to this, including the value of the pound and it was not so long ago that the chairman of Meat and Wool New Zealand said that there had been a dramatic reduction there. There has been a drought and a reduction in lamb production, dairy production is increasing on the Canterbury plains, and we are seeing a shortage of lamb because of the reduction in the hill flocks. We have yet to see the lambing percentages—I have not seen any scanning figures—but it comes back to price. It is to do with weather patterns in other parts of the world and globalisation, and we will not be able to secure enough lamb for own market if we continue as we are. It is about getting the balance right here. Perhaps I am a protectionist, but we need to be looking after the UK in the long term, especially given that products from New Zealand and Australia are diverting into the Pacific rim and going into China. As these places

grow, food is becoming the new oil.

[58] **Professor Marsden:** One of the issues that comes into this—we are banging on to the Department for Environment, Food and Rural Affairs and the Treasury, which is behind DEFRA, about this too—is that there is not necessarily a tension between looking after your own backyard and liberal trading. It is not necessarily protectionist to want to do that. We have to win the argument that you can have a relatively liberal global strategy that can be built on more sustainable local and regional infrastructures. Regional infrastructure is a very important aspect of this, in the context of Wales as a European region. You can foster a lot of local diversity within good, robust regional structures and, therefore, develop a strategy that positions Welsh agri-food within this wider European and global position. It seems to me that a lot of things going on in New Zealand are just unsustainable in the long term. You can match the double dividend of having a more sustainable agri-food system with one that is competitive and profitable. I do not believe that those two systems are incompatible.

[59] **Brynle Williams:** One thing that concerns me is that, although the price of nitrogenous fertiliser is coming down, there are a number of areas where we will not be able to afford to use it and, therefore, production will reduce until we get into an organic system and, perhaps, a return to conventional farming.

[60] **Professor Marsden:** That is the other agenda, is it not? It will not go away. We have to move generally to a low-carbon system of agriculture that uses less water.

[61] **Mr Davies:** I am John Davies. I am a farmer in the foothills of the Epynt. I am here today as a representative of NFU Cymru. I thank you for the opportunity to come here today and to congratulate the Assembly on its approach to agriculture. There is clear blue water between the Assembly and DEFRA in that Welsh farmers feel wanted and needed, which is absolutely vital, because we are at a generational tipping point. If, over the next 10 years, young farmers move away from the industry as they have over the last 30 or 40 years, our ability to produce food in Wales will be severely hampered.

[62] We have seen the household budget and the spend on agriculture decreasing year on year. Worse than that, the percentage coming back to our side of the farm gate has also decreased. I started farming on 20 March 1996, when BSE and countless other problems were hitting us. It has been a tough time. So, it is vital that younger farmers—or all farmers—are given the confidence to continue and to invest in the future. Otherwise, we will see a real erosion of our production ability, which will have a knock-on effect on the processing sector and a big impact on the Welsh agriculture and food industries. Losing that percentage of run—and I know that Wyn needs at least 65 or 70 per cent of his abattoir to run before it is profitable—will have a massive impact. So, it is vital that we act in a co-ordinated manner.

[63] I agree with much of what the professors have said, which is very encouraging. Being a farmer, that is good. The service sector is vital. We need clear and concise labelling. As a consumer, one thing that I desire when I go to a shop is to know what I am buying and where it has come from. There is a massive hole here at the moment, and it is something that the Assembly can do to ensure that we catch up with our counterparts in Ireland and Scotland. This is particularly true in the hospitality sector. We met representatives from Whitbread around a year or 18 months ago. The meeting was co-ordinated by Rees. In the Beefeater chain, for example, you might think that you would be eating beef and lamb from Britain, but there is not one opportunity to buy any British product in that chain. Millions of steaks are sold every year, but not one of them is British. Would that be the case if it had to note clearly where its products come from? That is one thing we can do that does not have a great cost attached. We urgently need to see legislation. The company did nothing but pay lip-service to this subject. We had a number of meetings, but then it hardly returned our phone calls and e-mails, which is simply not acceptable.

[64] There are many opportunities with regard to marketing and promotion. There is a need for organic farming to be market led. Nic is right to say that the price of organic lambs was at a record high last week, but so was that of conventional lamb, and there was very little difference between the two. So, it is vital that all of these things are market led. As Brynle said, there will be a move towards using less nitrogenous fertiliser, which is no problem, but it must be market driven.

[65] We under-use the term 'free range'. True Taste had a lot of success a few years ago, when Wynford was in the agri-food sector. Over the last two years, it seems to have disappeared. We need it to have an impact and we need real traction to get going on that. We can use more of the 'free range' label as it is what Welsh agriculture is about.

[66] So, there are many opportunities available, but there is volatility. As Professor Marsden said, what a year 2008 has been. We have seen the price of red diesel fall from 80p per litre to 40p. My own fuel bills have risen from £2,000 per month to £7,000 or £8,000. So, it is up and down and it is exciting out there. However, give us a level playing field, give us the ball and let us get on with the game. Let us have a go and give us confidence that the Assembly wants us; that is the main thing.

3.30 p.m.

[67] Farmers, and young farmers, need to feel that they are wanted, and they need to recognise that food production is a business that they need to get into, and is an industry that is sexy and innovative for the future. If we take a holistic approach to our farms, we can do a range of things, from producing food to power production, to carbon offsetting, or whatever. There is an exciting new world out there—let us have a go.

[68] **Alun Davies:** Rhodri, do you want to come in on this before I bring Katie in?

[69] **Rhodri Glyn Thomas:** Yes. On the reference to a level playing field, we have been discussing this issue for the last 10 years—I have certainly been a part of this discussion for the last 10 years. How far have we moved in these last 10 years? We seem to be having the same arguments now that we were having 10 years ago. We spent hundreds of thousands of pounds on the agri-food directorate, but what real difference did it make in terms of promoting Welsh produce? Have we moved forward at all, or are we still where we were 10 years ago?

[70] **Professor Morgan:** That is a good question. Terry and I tried to end our presentation by saying that, sadly in Wales, we suffer from a knowledge deficit, particularly on this issue. We do not know how successful all the initiatives have been, and yet here we are knee-deep in new agri-food strategies.

[71] **Alun Davies:** Why do we not know that?

[72] **Professor Morgan:** Because the powers that be in Wales have never commissioned the work.

[73] **Alun Davies:** So we have had a Government for the last decade, or so, that has commissioned strategy after strategy without evaluating the impact or success of any of those strategies?

[74] **Professor Morgan:** I do not say that no evaluation has been built in. However, I would say that, for all the time, energy, effort and money put in, monitoring and evaluation has been the cinderella of that system.

[75] **Rhodri Glyn Thomas:** That is an important point. Again, going back a decade to the days of the Assembly's Agriculture and Rural Development Committee, and the amount of money that was invested in the agri-food directorate, if ever there was a Government policy that represented printing money, it was the agri-food directorate. Considering the amount of money that we invested in that, it is worrying to find that we have little evaluation of what value we got out of it.

[76] **Alun Davies:** We will record that, and we will address the issue during the inquiry. Do you want to come in on this point, Brynle?

[77] **Brynle Williams:** Yes. This depends how you define a level playing field; I can remember standing on a dock one night and asking for exactly the same thing. We are over-governed in this country; if we are to compete on the world stage, we must have the same practices. We are importing meat and other products from other parts of the world that would not get past Welsh legislation, let alone British legislation. This is the key to this level playing field. We can produce food to whatever level you want, provided you are prepared to pay for it. However, we cannot produce to a certain standard when our hands are tied behind our backs. I do not believe that this level playing field exists.

[78] **Alun Davies:** Thank you for that, Brynle—you paint quite a picture.

[79] **Mick Bates:** Is it possible to [*Inaudible.*]—because the whole process interests me?

[80] **Alun Davies:** Yes. We are trying to complete this first section at the moment. Would you like to come in at this point, Katie?

[81] **Ms Palmer:** Thank you. I am here today on behalf of the Welsh food advisory committee for the Food Standards Agency in Wales. The question that I was going to ask has probably been answered—do we know what percentage of Welsh food is consumed in Wales? If we want to look at our market and how we are going to add value to our local market, we need to know how much of our own food is being consumed in Wales. One thing that I am thinking of in particular, from a Food Standards Agency perspective, is looking at the health agenda, with the reformulation of products, and looking at lowering the saturated fat levels. The agency is currently looking to talk to businesses about reducing saturated fat levels in the same way as they have done for salt. However, do they need to do that in the case of Welsh businesses because the majority of food products that we eat in Wales are produced outside Wales?

[82] On John's point about labelling, food labelling regulations are going through Europe at the moment and a huge number of items are on the list to be discussed at the next meeting. We had a discussion about food-origin labelling as regards meat, and the sort of food-origin labelling that we would like to see in Wales is not likely to happen on a European level. That comes back to the quality food scheme and how important it is to push that in Wales.

[83] **Professor Morgan:** To answer your first question on the proportion of Welsh food consumed in Wales, the picture is mixed. We can say with some degree of confidence that 22 per cent of all the food purchased in the Welsh public sector is 'Welsh food'. That sounds a lot, but it equates to around £15 million out of a market that is worth £66 million per annum. So that is around 22 per cent. Other than that, to my knowledge—and others around the table may know the answer to this—the answer is, 'No, we do not know'.

[84] In response to your last question on the country of origin, this is one area where the Welsh Assembly Government could play an important role as the new European Union regulations evolve, because simply, as John Davies put it so well, we have a huge hole here in

terms of food labelling, and country-of-origin labelling as it is currently allowed under the EU is nothing short of a scandal.

[85] **Rhodri Glyn Thomas:** What proportion of meat comes into the UK labelled as red meat from Ireland? There must be more cattle grazing in Ireland than ever before.

[86] **Mr Roberts:** Ireland is a major exporter of red meat into the UK for the food service sector, and also in terms of fresh and frozen meat.

[87] By the way, I am Rees Roberts, chairman of the Welsh red meat promotion body. Katie brought up many interesting issues, one of which was how much red meat or food is consumed in Wales. Between 4 per cent and 5 per cent of what we produce in Wales is eaten here. That brings into focus the issue of concentrating our resources and efforts on pushing for local sourcing. Is the 30-mile radius of local food principle relevant to our objectives? Is it our objective to create a level of profitability for the producers and the whole food chain, particularly red meat in my case? Is that because we can sell 4 per cent of our red meat products to Wales, or is it because we export 60 per cent to the rest of the UK and another 33 per cent—whatever the mathematics are—to the rest of the world and primarily Europe? Do we want to create a wealthy food production industry in Wales? I suggest that that is a primary objective of this committee's inquiry into the sector.

[88] Sustainability is important, and within the red meat sector we feel that the production of red meat, and food per se, is what sustains the Welsh community. So, it is very precious to Welsh society and communities. It deserves the priority that it has been given and the resources put behind it over the last 10 years of the agri-food partnership; there is good reason for it. This is down to not only production and the creation of wealth, if it does exist, but to sustaining the population of Wales.

3.40 p.m.

[89] Finally, transparency is important to many people, and I absolutely agree with John that there is a black hole. Our organisation, having seen this black hole, has put a unique voluntary scheme in place. We have discussed payments with Whitbread and the like and tried to persuade such big organisations that they need to ensure menu transparency in labelling. All you get are warm words and nothing else. Legislatively, all the Assembly can do, as I understand it, without primary legislative powers, is to arrange a voluntary scheme and to perhaps put more effort behind it. It is all to do with the pressure that the people who are in post can exert, not only in terms of public procurement, but everything else, whether it is on Whitbread, Brains or whoever else it may be. This voluntary scheme exists. There is one in Scotland, but I would suggest, John, that they are not blazing the trail in Scotland. Ireland has done it, but, as I understand it, Scotland is finding it difficult at the moment, even with legislative powers. I would suggest that it should certainly be a target for this Assembly committee to look at it.

[90] On the power of the supermarkets, I agree with everything that you said. Our ombudsman is important. We heard talk of an ombudsman being appointed. Where is the ombudsman? Behind the ombudsman, we need a stronger code of practice.

[91] **Mr Williams:** We have looked at initiatives within the strategy, and some people and Assembly Members are obviously questioning what has been happening in the last 10 years. This is only one part of the food policy strategy. One thing that I would like to point out is the organic strategy that is being developed. Nic is right that everything is market led. We are involved with a processor that united behind the organic sector and made a commitment to supporting that market—it gave 100 per cent commitment to get a product into its retail outlets. My concern is that when DEFRA, or even the Welsh Assembly Government, puts in a

strategy for the future, or even when considering previous ones and particularly the organic strategy, it has never focused on the market outlets that are available for all the products.

[92] Our situation, for example, is that organic farming is very seasonal. It is going back to the traditional way of farming and, therefore, there is a strategy to try to alleviate that seasonality. There is a glut of lamb in the autumn period, for example, and the strategy is to try to spread the lambs over 12 months. I get concerned when we have an organic aid scheme such as that which has just been implemented and there is a possibility that 400 or 500 farmers from Wales are about to come into such a sector—the land mass will rise to 10 per cent when the market outlet for organic lamb is only 3 per cent or 4 per cent. That is one thing that I want to emphasise. All of a sudden, you have a situation and a strategy that means that it is going to cost approximately £6.5 million to £7 million more and, with budgets being tight, you are reducing the amount of money that is available to other sectors, such as the agri-environment sector. We experienced this in the past with Farming Connect—it was oversubscribed as it was a popular scheme. No thought has been given to the actual budget regarding what will happen when people actually go in, with the encouragement of consultants and everything else that is involved with that scheme, and then, all of a sudden, they find that the scheme is oversubscribed and they are told, ‘We are finished; we cannot afford it’. Overall, for the development of a scheme, from a strategy point of view, the market needs to be looked at first of all. It must be considered whether there is a market for all the produce coming on stream.

[93] We heard about all the policy strategies over the last 10 years, and Kevin alluded to strategy and policy overload. When we were dealing with the serious problems of the 2001 outbreak of foot and mouth disease, we did not see a red meat strategy or any contingency plans in case of another outbreak. In 2007, there was another episode of FMD. Fair enough, a red meat strategy has now gone out for consultation, but it has taken seven years just to get this far, during which time nothing has been delivered to deal with something that was of serious consequence to the whole sector. Yes, there have been inquiries, but we did not have a strategy implemented so that if the worst case scenario were to happen again, a reserve of funding for promotion would be available to us without us having to go through the whole process to find extra funding.

[94] With regard to the effect of the credit crunch on the processing industry, we have seen massive changes in relation to the diversity of products. From the point of view of lamb processors, many of the major, high-end cuts have been affected and there has been a sharp increase in retail sales of products such as mince and other low-cost products. We have to remember that the meat processing industry for lamb and beef has to balance demands for all parts of a carcass. For example, one of the retailers that we deal with sells five legs to every one shoulder of lamb sold, so we have to find a market for the remaining meat. It is important that we in Wales promote premium products as locally sourced and all that, but as Rees has pointed out, that only accounts for 4 per cent of our product sales. The strength of the currency has exacerbated market volatility and sharp price increases, as John mentioned, but over the next five to eight years, we must focus on the export market, whether to other parts of the UK or to other European Union member states.

[95] **Rhodri Glyn Thomas:** Wyn, may I ask you a specific question? Do you really think that we have moved forward in the last 10 years? Do you feel that, in terms of strategies and promoting Welsh meat, we are in a better position now than we were 10 years ago?

[96] **Mr Williams:** With the inception of Hybu Cig Cymru, I would say that we are, because it is promoting Welsh products, whereas previously the Meat and Livestock Commission promoted British produce. HCC has had three to four years already, and it also has a long-term role in promoting Welsh produce.

[97] From the business perspective, we have moved on. If you compare processing companies in the red meat sector now with those of 10 years ago, you can see how companies such as ours have developed. I have only been with the company for six years, but we are in a unique position. Love them or loathe them, we have a strong base in Wales in our business partnerships with retailers. We in the processing industry, even for a seasonal product, have 100 per cent of Sainsbury's lamb market. The lambs will be slaughtered in Llanidloes, and our factory handles some of the packing and so on, although some get transported for packaging at other places, such as the Randall Parker Foods facility, and you also have the likes of St Merryn Meat Ltd, which supplies Tesco. You even have a 100 per cent market in north Wales with Asda, as well as initiatives with Waitrose and so on. So, the industry has moved on, but I can still see a failure with regard to strategy, in that there tends to be an all-or-nothing approach. There seems to be a policy overload at the moment, with many consultations. I think that it is important, but I am concerned to know who is monitoring the achievements. There is a strategy, but who deciphers whether that strategy is successful or not? If it is not, which way do we go afterwards?

3.50 p.m.

[98] **Professor Morgan:** I think that what has emerged from Wyn and Rees's contributions is a very important question that the inquiry might want to address, which is: what is the overall coherence of the promotion and production of Welsh food? We also have the very interesting question, and I do not know the answer to it, of to what extent local food policy is complimentary to or competitive with global or international food policy. I did not know that Welsh meat consumption in Wales was as low as 4 per cent, as Rees has said it is. That is a very important contradiction within Welsh food promotion policy, but it is a contradiction that can exist because different people are promoting different policy documents.

[99] To give you an example from my work in thinking about sustainable public procurement policy, when we did research on school food we put all of these different policy communities in Wales together, and it is only when you get people deliberating together face to face that these conflicts come out. The biggest conflict of all was in relation to the new school food policy in Wales, 'Appetite for Life'—of which I was a member of the working party, so I have an interest in that—which was an excellent strategy, which is yet to be implemented. However, it conflicted very much with the 'Wales for Africa' programme. In other words, the new health guidelines for schoolchildren in 'Appetite for Life' would have the effect of undermining our commitment to fair-trade products, such as coffee and chocolate. This is one of the tensions that can exist because we do not have a fully coherent Welsh food promotion policy.

[100] **Rhodri Glyn Thomas:** Is there also an issue that over the last 10 years we have had a lot of promotion of Welsh food, but very little real marketing of it? We have promoted it, but we have not concentrated on what New Zealand and other countries do in terms of actually selling the produce.

[101] **Professor Morgan:** It is a good distinction.

[102] **Professor Marsden:** Yes, it is a good distinction. We have made quite a lot of progress in making connections, particularly with supermarkets, about Welsh food—we are much more in there now than we were 10 years ago, but there is still a long way to go, particularly in developing the export market. There is real potential here—we talk a lot about the challenges, but there is also a great deal of potential. The nutrition transition will continue in China and other parts of the world, with more meat demanded, and there needs to be a step change and more coherence in export marketing and promotion. We have a lot more to do in the European Union and beyond in that respect.

[103] So, we have made some progress and connections, but there have been some frustrating levels of inertia. Ten years ago, there was an inquiry by the Welsh Affairs Select Committee on farm-gate prices and the need for the Competition Commission to get involved. We got it involved two or three times, at great expense, but we still do not have an ombudsman. So, we need to put pressure on the UK Government and EU policy-making to get more derogations, more subsidiarity and more customised flexibility in the system for regions such as ours so that we can develop these markets.

[104] **Alun Davies:** Thank you. We now have John, Lorraine and Nic.

[105] **Mr Griffiths:** I am John Griffiths from the Dairy Development Centre. I am also a farmer, and I try to run my life thinking as a farmer and trying to service farmers through our part in Farming Connect. Some very interesting points have been made, especially by the scene-setters, and one of the issues that I think of is that the subsidy that goes into agriculture in Wales at the moment far exceeds the profitability of our agriculture. That subsidy through the single farm payments and the Tir schemes do not encourage more production.

[106] So, while we are challenged with an increase in volume and production—and I appreciate that the schemes come through Europe and then through the Assembly—our schemes are encouraging farmers that the less they farm, the more profitable they will be at the end of the day. As an individual farmer, I also face that challenge. Do I keep less stock, have fewer missing ear tags and less such issues, and therefore end up with a greater profit at the end of the financial year? That is the challenge that is facing me and farmers in general.

[107] The dairy industry is facing the challenge of critical mass. We are losing 1,000 producers over eight years, but our volume is not reducing by anywhere near as much. We are producing almost as much in Wales now as we were eight years ago. Nationally, we are producing more in Wales, relative to the UK, than we were eight years ago. However, the cheese plant at Haverfordwest has had to reduce production because of a lack of volume, and that will result in losses in efficiency. Therefore we will be up against it in the global pricing of our product compared with imports from Ireland and from further afield. We need to look at the critical mass of our production, speaking from the milk side, and I am sure that the same is true for other sectors.

[108] It would be unfair not to talk about animal health at this point. There are massive issues with regard to the dreaded disease that is facing us. We could use the examples of Gelli Aur and Trioni Ltd from this week to show how TB is having a massive effect. I cannot let this opportunity go without saying that, unless we nail this, I dread to think where we will be in 10 years' time in our beef and dairy industries.

[109] On the environmental schemes, I would like to commend the Assembly Government with regard to the Environment Agency and its ability to minimise our nitrate vulnerable zone allocation compared with that in England and other parts of Europe. We have a massive advantage as a result of our allocation, which is only 4 per cent, as opposed to England's 70 per cent and southern Ireland's 100 per cent. There are things that we are getting right, and we must capitalise on them, and defend them on all fronts. However, there are also areas where there are weaknesses, which we must look at and nail and turn into strengths.

[110] **Ms Howells:** I am Lorraine Howells, and I am a farmer in the south Wales Valleys. I represent the Farmers' Union of Wales today. I wish to reiterate some of the points that have already been made. Wyn made the point about strategies and evaluation and Professor Morgan made the point that we are good at talking, but we need to become better at doing. The strategies look good on paper, and a lot of talking is done about them, but it is absolutely vital that they are evaluated and monitored to ensure that they deliver. If we had that

evaluation and monitoring process, the questions that Rhodri asked would be answered. A lot of these strategies do not seem to have increased the value to the primary producer, but that is what we need to do, because the issue of critical mass is becoming vital. With the number of sheep decreasing and the number of dairy producers who have left the industry, in a few years' time we will be looking for more produce, not trying to reduce it.

[111] As a farmer, I have diversified. Two years ago, five family farms got together and bought a butcher's shop, and, my goodness, that was a steep learning curve. People talk about price, but that is not the primary question that customers ask when they come into our shop. The first thing that they want to know is, 'Where was it produced? How was it produced? Whose beef is it today? Is it yours? Whose lamb is it?' The question is not, 'How much per kilo is it?' We need to get the public to understand that they need to compare like with like, and to quote an article that I read in the *Farmers Guardian* recently, 'buy to UK welfare standards'. If we compare the welfare standards that the cheap products that are out there are produced to, there would be no comparison in price. The huge multiples are not always cheapest.

4.00 p.m.

[112] I have never bought meat in a supermarket but, since we have had the shop, I look at their prices. In many instances, supermarket prices are far more expensive than the local butcher's prices. Although it grieves me to say so, with Rees here, Hybu Cig Cymru plays a vital role—it helps local butchers and it plays a role in a lot of the things that we need. We do not only need local produce, but we need export markets and we need the large multiples. We need to have all of these things coming together to create a bigger market for our produce.

[113] To help local businesses, the Assembly could do simple things—for example, easing the parking restrictions outside our shop. If you go to Asda or Tesco you can park outside the door, but if you come to our shop you have to park two streets away. It sounds simple, but it would work in local villages if we had local parking areas, making it easier for people to shop there. Perhaps we should be looking at micro local procurement. There are many small businesses that could supply a few local schools but could not supply the whole area.

[114] I think that I have covered most of what I wanted to say. The one issue on which I could not agree more with John is labelling. If people really knew what they were eating in some of these catering outlets they just would not go there. That is vital. We need to keep reiterating value for money, particularly given the credit crunch, and the cheapest is not always the best value for money.

[115] **Mr Lampkin:** I wanted to pick up on a few things that have been said. One of my research areas is policy evaluation, particularly in terms of action plan evaluation; I have a particular interest in that. Organic Centre Wales, with the organic plan, has been quite active in trying to understand what is happening statistically in what has happened. We can point to some quite positive successes of Welsh policy over the last 10 years. When the first action plan for organic farming was set up, 10 years ago, one third of 1 per cent of Welsh land was organic, with some 80 farmers involved. We now have around 9 to 10 per cent of Welsh land under organic management and over 1,000 farmers engaged with it, as well as successful companies like Trioni Ltd, Rachel's Dairy, Dunbia, Graig Producers and a whole range of others, which are, despite the challenges, making an overall successful market out of the process.

[116] Hundreds of people are employed in that industry who were not employed in it 10 years ago. You can point to some quite concrete successes, but you can also overstate what the strategies have delivered. It is always difficult to tease cause and effect apart. Most of the sectors have been subject to different external shocks—whether it is TB, BSE or exchange

rate changes, a whole range of factors come in. If you look at what has happened in the organic market—this is where I, perhaps, take a different perspective to Wyn—you will see that growth in the organic supply is not stimulated by the strategy; it has primarily been driven by price signals from the market. There was a big growth at the end of the 1990s, particularly in the dairy sector, which was entirely due to multiple retailers going back on the very high price that they had charged for a five-year period. You then got into situations of over-supply becoming under-supply. You cannot deal with under-supply unless people are willing to engage in the market and come forward, and then there are time lags involved.

[117] There is a complex market dynamic, on which the strategies have no influence whatsoever. They provide a supportive role. If they are working well, they provide the ability to look forward and say, ‘We think that, in two or three years’ time, we will have a problem to deal with. What can we do now that will help to ameliorate that problem?’. I think that that supportive role is important. However, there is another critical factor, which the organic farming scheme strongly illustrates, namely the effect of stop/start approaches. Organic farming has primarily been about delivering on environmental and other goals. Unusually for agri-environment schemes, the market has been an additional help to that process. However, the organic farming scheme was closed in 1998. The market was growing, but farmers waited for the scheme to re-open before they started converting. Then you have a lot of farmers entering the scheme at the same time, and they all reach organic status at the same time, and you end up with market over-supply. That is what we have now; the scheme closed in 2007, and some farmers took the step of converting, but a lot waited for it to restart. You then get a pulse of farmers coming through and that created serious market challenges. Now the scheme is closed again, and I foresee quite serious problems.

[118] It is important that the policy framework is level and stable so that the market mechanism can have that effect of regulating supply and demand more effectively. If you have a stop/start administrative situation, especially in something like the organic farming scheme—an agri-environment scheme that closely interplays with the market—it is those breaks that do most of the damage, not the level of payment at one particular time. If it was stable, farmers would respond to the market signals, and of course we have the fertiliser price and other stimuli coming in. However, it is that stability that I make a plea for—stability in the underlying policy support that allows farmers to be more attentive to what the market is saying.

[119] **Ms H. Davies:** On the back of what Nic said, farmers sign up to these schemes, but because farming is so volatile, halfway through some of the schemes, things change, and they cannot get out. They then wish that they had not signed up to it. It needs to be a little more flexible, and look more at individual farmers.

[120] Going back to representing the sheep industry, and to back up the comments of John Davies, John Griffiths and Brynle, people are leaving our industry because of things that have happened—whether it is outbreaks of disease, or a new set of forms or bureaucracy that has come in. Youngsters definitely need to be encouraged. I know that the Assembly is looking at a young entrants scheme, but do not put too many burdens on those young entrants—encourage them, and keep them in the industry.

[121] Sheep prices are good at the moment. I can sit here and say that our industry does not look too bad. We are worried about a shortage of numbers coming in further along in the season. We do not know what the scanning results will be like, as Brynle said. If we have a wet spring and they are not very good, then next autumn, the breeding prices could go through the roof. Where do you go then? It is a vicious circle.

[122] **Mr Shearman:** I have been involved in farmers’ markets for the last 10 years, and lots of things that have been said here have resonated with me. One experience that we have

had over the last 10 years is that agri-food partnership funding has been generous, but also chaotic and fragmented. At the local level, that results in duplication and turf wars, and the result is that you do not feel part of an overarching strategy. One thing that I have noticed, as has been said, is that customers value different attributes from Welsh local foods, and we should concentrate on defining that value. If the food is healthy, or has a low carbon footprint, the public is becoming increasingly sophisticated in assigning values to that, and not necessarily buying the cheapest.

[123] The Assembly Government's relationship with the various categories that the professors have identified, like environmental sustainability and public health, does not necessarily seem to be co-ordinated. I wonder whether that is because different departments in the Assembly have different remits, and do not necessarily collaborate. I would like to see an overarching policy that incorporates all the sectors that you have defined.

4.10 p.m.

[124] **Ms D. Davies:** I am Delyth Davies from Menter a Busnes. We are now very much involved in the delivery of actions that help to deliver some of the strategic action plans. In the past, I have worked on the agri-food strategies, and I have found from past and present experience that a lot of what can be delivered through those strategies are linked to funding, and are usually delivered using European funding, whether under Objective 1 or the rural development plan. The elements that perhaps are not eligible under those streams seem to get forgotten because of a lack of central budgets to deliver them. The new RDP is providing some opportunities to deliver the strategic plans more generally, which is a positive step. It is the case that it happened to work out that way, as opposed to having a strategy that informs what the future RDP will be able to fund and implement. So, the way that the delivery and activity is happening is sort of back to front.

[125] **Alun Davies:** Okay. I want to draw some threads together in the last 15 minutes. I am grateful for all the contributions in today's round-table session. Can you each, individually, give us two or three key priorities for our inquiry over the next six months? If you had to say, 'I want you to look at this, that and the other', what would you say? Please give us two, three or four—no more than half a dozen—key priorities that you believe we should be examining and focusing our inquiry on in the next few months.

[126] **Mick Bates:** While our witnesses are thinking of their priorities, may I raise two points?

[127] **Alun Davies:** Sorry, I keep forgetting that you wanted to come in.

[128] **Mick Bates:** First, this session has been very livestock orientated, and yet there is a horticulture industry, an arable industry, a growing Welsh wine industry, and so on. I would like to hear from our professors whether or not much information exists on these industries and what they offer to the Welsh food economy. Secondly, there used to be a concept called the trade gap or the trade deficit. Has anyone put together all the figures relating to each sector of our food industry—what we produce here and what we export—so that we can look at areas where there is potential for expansion? Wine would be an obvious example.

[129] **Professor Marsden:** A horticultural action plan is being developed as part of the agri-food partnership, as I understand. One of our priorities is to look at diversifying the agricultural base of Wales more broadly, particularly the role of horticulture, and looking at the potential of bringing horticulture back as a significant sector in the Welsh economy.

[130] On your second point about data, we have a PhD student sitting in the gallery who has started to try to put this data together, but it is not easy. This goes back to Kevin's point.

We must understand that research and development expenditure—public expenditure—in the agriculture and food sector has been decreasing rapidly over the past 10 years. As we become less self-sufficient in food in the UK, we have spent less, proportionately, on research and development, and that must change, in Wales and in the UK more generally. So, we need better intelligence, and, to combine that with the Chair's question, it seems to me that the whole emphasis in the past decade has been about supply chains and the supply side, which we should continue with and develop. However, we must also link that to much better forms of understanding and shaping demand, and a new form of demand management in many cases in the public and private sectors. So, one of my priorities would be rethinking the demand side, because we are betwixt and between—we have the old command-and-control common agricultural policy system, which grinds along bit by bit, with pillar 1 and pillar 2, but how long will that last? We must get rid of that system and have one system again. On the other hand, we have this sort of liberal view that the market rules. In between we need a new Keynesianism around food—shaping markets and not just leaving them to the whim of what may happen.

[131] **Alun Davies:** I am all in favour of that.

[132] **Mick Bates:** When would that research and data be available?

[133] **Professor Marsden:** I think that we could probably get that together within less than 12 months.

[134] **Alun Davies:** Let us look at the final points that we need to capture. The whole of today's discussion and debate has been captured and recorded. Therefore, we will have an opportunity to review that over the coming months. However, what are your key priorities? Perhaps we can begin with Katie and work our way around the table.

[135] **Ms Palmer:** I would start with baseline information. I would say that what has just been discussed is the most important thing, because if we do not know where we are starting from, how do we know where we are trying to get to? Secondly, the country-of-origin labelling aspect is very important. Thirdly, I would mention the health agenda. Obesity is going to become a massive issue, and there are opportunities within the food industry arising from that, whether by looking at production of food for schools or through reformulation of mainstream products. I have also made a note on the balance of food production in Wales, because I think that aspects such as fruit and vegetable production are decreasing rapidly, which is something that we need to look at.

[136] **Mr Griffiths:** The continuation of the agricultural support schemes that are in place is important. They are certainly the envy of many other regional organisations. I am thinking of Farming Connect and the supply chain efficiency schemes for example. A great deal of good work comes out of those, and their continuation is vital, if only to increase the competitiveness of the sector when it comes to the global value of products such as cheese, from the dairy point of view. I would also like to encourage the complementarity of the Tir schemes for dairy farmers. As an intensive, efficient dairy farmer, it really is a challenge to benefit from the modulation that you put in to Tir schemes. There is currently a conflict between efficient dairy farming and putting valuable land into habitat schemes.

[137] **Mr Shearman:** The real issue that confronts the local markets at the moment is how you define Welsh products and local products. I agree with Nic that simply being within 30 miles guarantees nothing. Sometimes, the level of transparency can be lower than it is with the multiple retailers. It would be very helpful to us if there were an overarching way of defining what a Welsh local product is. We have a problem in the way that we manage the markets that we do not know what our input should be to monitoring, moderating or ensuring that there is genuine transparency. There is not enough money in the sector for auditing.

Therefore, we would be looking at some sort of central way of defining the products.

[138] The other thing that occurred to me is how microproduction could engage with the larger producers in the way that Wyn was talking about, with regard to his five legs and one shoulder. Is there a way of co-ordinating the different sectors, so that the surplus legs or shoulders could find their way into some other sector?

[139] **Ms Howells:** First, I would like to see the return of as much of the value of the product to the primary producer as is possible. I would like to see more cohesion and joined-up thinking on all of these strategies and schemes. They should all be working together. Labelling is crucial, which ties in to the issues of value for money, equal welfare standards and so on. As Delyth said, we need to be more proactive, rather than reactive—perhaps more forward-thinking, rather than just trying to react when something happens.

[140] **Mr Roberts:** I commend to you our red meat strategy action plan. It is one of the many action plans that people referred to. We are currently in consultation on that, and when we provide you with written evidence, you will receive a copy of it. In it, we have highlighted what we see as, I think, 21 challenges for the red meat sector, and you could probably think of 21 others. So, there are plenty of challenges, and I am not going to name them now. The four things that I would say the industry needs—whether it is the red meat, milk or horticulture sector—are profitability, efficiency in the whole system, sustainability and innovation.

4.20 p.m.

[141] **Mr Davies:** I concur with much of what Rees and Lorraine have said. High up on our list is action on clear and concise labelling to indicate country of origin. We would also like to see synergy. For example, we have diversified into tourism with holiday barns and cottages and so on, and we put out a welcome hamper, which is full of Welsh products, but it is quite difficult to source those products. There is very little support from Visit Wales and the like to encourage this. We are missing opportunities. When visitors come to Wales, they should have the very best of what Wales can offer in terms of an exciting experience and a food experience. We are missing lots of tricks, and we need to do more work on this. There are lots of opportunities with the Ryder Cup and the Olympics coming up, so we need to firm up and sharpen our act quite considerably.

[142] Picking up on the challenge that Kevin posed earlier, I would like to see the Assembly facilitate a hub so that we can ensure that we are supplying the biggest restaurant in southern Europe. That is a big opportunity. Lip service is being paid to that at the moment. There is not much traction with Sodexo yet, and I would like to see the Assembly work as hard as it can to facilitate and open doors for us there. As farmers, we also have to improve on what we deliver, and we can work with smaller groups to get into a bigger supply group, possibly. We recognise that we have work to do, but we also need help.

[143] Most of all, policy needs to be properly evaluated so that we know what has been successful, and policy needs to be market-driven. We need to ensure that the vast majority of Welsh farms' profitability is raised and not just that of a few small, individual groups that get quite a lot of publicity. It is important that we do not sell 500 lambs a week and think that we are doing an excellent job; it is about selling thousands a week. That is about delivering profitability to Welsh agriculture as a whole, and it is vital that the Assembly focuses on how we can do that.

[144] **Professor Morgan:** I have three quick points to make, all of which are about policy. The Welsh Assembly Government does not have a great deal of traction with supermarkets and food service organisations. It is not without influence, but it needs to put its own house in order first. So, the first thing to consider is policy impact—promoting good practice so that

good practice is not a bad traveller. That would involve the Welsh Assembly Government working hand in glove with local authorities and with the food department of Value Wales Procurement. You could really have an impact in a short period of time there.

[145] The second thing to consider—Lorraine and others have mentioned this—is policy coherence. You must ensure that, from farm to fork, from production through to consumption, Welsh Assembly Government policies complement each other rather than contradict and undermine each other. The final point to consider—John has just mentioned this—is policy evaluation as, when you are investing in something, you need to know what works where and why.

[146] **Ms H. Davies:** I am probably going to duplicate what has already been said. I would like to see fair value for our product, and I would like the sustainability of our industry to be ensured. The labelling issue is very important, and I would like to see a reduction in red tape. As was said earlier, we have been very good at promotion, but perhaps we need to concentrate more on the marketing of the product, locally and globally—we cannot look at Wales on its own; we need to look at the issue in a global sense. There also needs to be evaluation of the existing strategies.

[147] **Ms D. Davies:** I reiterate that a cohesive approach to drawing up a strategy is definitely needed in the public sector generally. We also need to look more at consumer demands and wants, because that would hopefully lead to a rise in research and development in the sector, and new products and markets and so on. So, we need a greater emphasis on the end user.

[148] A lot of evaluation has been done on the delivery of projects, but their impact two, three or four years down the line has not been evaluated. Although the impact might not be per activity, it would be interesting to see the overall impact.

[149] **Mr Lampkin:** I will highlight three things. The first is that, in production, promotion and procurement, there has to be a strong focus on sustainability, quality and health. That has to be supported by genuine standards and by evidence of the benefits that you are delivering. Again, many of the debates—I include the debate around food miles among others—are marred by a lack of evidence about the real benefits of local or other types of procurement systems.

[150] Secondly, we need to be aware of the productivity argument. I make this point quite strongly. We need to do this for two reasons. First, as an agriculture economist, I see that one of the reasons why farm incomes are always low is that there is a tendency to oversupply markets, which results in lower food prices. As soon as the market goes into slight undersupply, there is a rapid increase in price and potential incomes. It is better, in my view, to undersupply markets than oversupply them, and the productivity issue is important there. Linked to that, in order to meet food security requirements, at the same time as dealing with environmental challenges like climate change, just producing more, using more resources and causing more pollution and more emissions will not deal with both of those challenges at the same time. It is necessary to ask serious questions about what we are currently producing and the way in which that is being used. Is it being used effectively, or is it being used wastefully? We know that there is a huge amount of waste in the utilisation of what we currently produce. That needs to be addressed before we start saying that we must produce more.

[151] The final issue is policy coherence. There is a real need for policy coherence across the rural development programme, particularly between axis 1 and axis 2. At the moment, there is very little linkage between those two axes. This is also true between the axes 3 and 4 initiatives, which are based around the local partnerships and what is being done as part of the national strategies. From what I can see coming through under the local partnerships, there is

a huge amount of duplication and no interlinking with what is being done under national initiatives. So, that coherence needs to spread from just linking these strategies to making sure that local and national initiatives are linked and cross-axis working really happens in the rural development plan.

[152] **Mr Williams:** I will not reiterate what others have said—much of which I agree with. I will focus on the business side. This will relate not only to the red meat sector, but to other sectors, such as the dairy sector. People have already alluded to one or two of these points.

[153] As we are investigating the success that has been achieved over the last 10 years, we have to look to the future. One thing that Professor Kevin Morgan alluded to was the reduction in research and development. This is a big concern for business, because all businesses within the food industry need that research and development. Substantial investment is required to create new products for developing markets. If research and development is not undertaken, there is the possibility that we will not be able to undertake more business in Wales. There is a danger that, for larger organisations in Wales, if the facilities are not available to create new products, then jobs could be exported to other parts of the UK or other facilities that are available. I would like that to be looked at in the future. I would also like an investigation into what policies we have with regard to research and development within the sector as a whole, whether farming with the Institute of Grassland and Environmental Research, or the food sector in Wales.

[154] The other areas that we need to look at are education and training in the employment sector and nutrition. We have heard concerns about obesity, but there are also concerns regarding the new skills that are required when there is a fundamental change in business. Many of the large processors currently use a lot of foreign labour. We do not know what is ahead of us. However, we are in the middle of a credit crunch, and unemployment is coming our way, with many factories closing.

4.30 p.m.

[155] My other concern is that many skilled people will be exported. Given the euro's current conversion rate against the pound, it will be better for eastern Europeans, for example, who are skilled in meat cutting and other processing industries, such as the dairy sector and so on, to look for work closer to home. That will create a void in the future if we are not careful. We have to watch the strategy as well; we have talked about axis 1 and axis 2, but, in future, European funding may vary in different parts of Wales. The availability of funding is stronger in certain parts; for example, our Assembly Member will know that it is stronger in Powys, compared with west Wales.

[156] **Alun Davies:** Thank you. I thank you all for the time that you have spent with us this afternoon—we appreciate it. I particularly thank Terry and Kevin for their presentations and for setting the scene—we are grateful for the time that you took over that.

[157] The next meeting of the Rural Development Sub-committee will be held on the afternoon of 5 February in Theatr Brycheiniog, Brecon, when we will begin to take formal evidence on our inquiry into food production and promotion in Wales. A transcript of this afternoon's meeting will be made available to witnesses for correction in the next few weeks; we would be grateful if you could review that. We have captured all the debate this afternoon; that will inform our investigation and the way we go about the investigation, so it will inform us in two different ways. As I have said, we hope to conclude our investigation in June, and to publish a report and recommendations in July.

[158] I would be profoundly shocked if we did not all meet again over the next six months; I certainly hope that we will have the opportunity to do so, in order to continue our

discussions. I say that as we intend, as a committee, to spend as much time outside Cardiff over the coming months as possible. We hope to visit processing centres, production facilities and so on, in order to look at the industry, rather than simply taking evidence here in Cardiff bay. As I say, we will be starting that in the next few weeks in Brecon, and we will be seeking opportunities to visit other areas over the coming months. If anyone has any suggestions in that regard, we would be grateful to receive them.

[159] **Rhodri Glyn Thomas:** Could I clarify one point, Chair? Are we agreed that we will seek an evaluation from the Minister and her department of agri-food strategies over the past 10 years, and to look at that in terms of real outcomes?

[160] **Alun Davies:** Yes. I have noted that we probably need to have two sessions with the Minister during this inquiry. We will be able to raise those issues with the Minister during the inquiry, and they will possibly form part of the recommendations at the end of the inquiry as well.

[161] **Rhodri Glyn Thomas:** I believe that we need some written evidence on that as well.

[162] **Alun Davies:** Okay, we can do that. Thank you, Rhodri. With that, if there are no other comments, I would like to close the meeting. Thank you.

*Daeth y cyfarfod i ben am 4.33 p.m.
The meeting ended at 4.33 p.m.*