

Minutes

Date: Wednesday 3 July
Time: 2.00pm to 5.05pm
Venue: Committee Room 1, National Assembly Building

In attendance

Members

Glyn Davies, <i>Chair</i>	Mid and West Wales
Christine Chapman	Cynon Valley
Ron Davies	Caerphilly
Cynog Dafis	Mid and West Wales
Delyth Evans	Mid and West Wales
Mike German, <i>Minister</i>	South Wales East
Lorraine Barrett	Cardiff South & Penarth
Peter Rogers	North Wales
Rhodri Glyn Thomas	Carmarthen East and Dinefwr

Officials

Mike Dunn	Food and Farming Development Division
Peter Samuel	Food and Farming Development Division
Alan Starkey	Food and Farming Development Division
Rory O’Sullivan	Agriculture and Fisheries Policy Division
Glyn Perryman	Agriculture and Fisheries Policy Division
Gwyn Griffiths	Office of the Counsel General
Jim Norrie	Animal Health Division
Simon Hewitt	Forestry Commission

Guests

Robert Duxbury	Organic Technical Manager, Sainsbury’s
David North	Government and Industry Affairs Director, Tesco
Meinir Phillips	Marketing Manager for Wales, Tesco

Secretariat

Adrian Crompton

Liz Wilkinson

Peter Jones

Committee Clerk

Deputy Committee Clerk

Counsel to Assembly Committees

Item 1: Introduction, apologies, substitutions and declarations of interest

1.1 Apologies had been received from John Griffiths for whom Lorraine Barrett substituted, and Jocelyn Davies.

1.2 The following declarations of interest were made:

- The Chair declared that he and his wife were partners in a farming business.
- Peter Rogers declared that he, his wife and son were partners in a farming business.
- Both referred to fuller details available in the Register of Members' Interests.

1.3 The Chair informed Members that a revised draft of the report on hunting with dogs would be circulated shortly for the Committee's agreement. The final report would be submitted to the UK consultation being conducted by the DEFRA Minister of Rural Affairs.

Item 2: Minister's report: ARD 11-02 (p1)

2.1 Clarification was sought on the portfolio of the Minister for Rural Development and Wales Abroad, and the consequent implications for the Committee's remit. Members noted that the Presiding Officer had requested a detailed and comprehensive list of Ministerial accountabilities from the Welsh Assembly Government. This, in turn, would define the Committee's remit.

Milk Prices

2.2 In discussion the Minister highlighted the importance of developing new markets and products for the dairy sector and indicated that discussions were underway with Dairy Crest about the development of processing facilities in South West Wales. He agreed to provide a more detailed paper to the Committee in the autumn covering the factors behind the current low price of milk, forecasts and the steps that could be taken to improve the situation.

Tir Mynydd

2.3 Members noted that consultation to consider revising the Tir Mynydd scheme from 2004 would commence in July. Proposed changes to the scheme would require amendment to the Rural Development Plan but would be put to the Commission in the Autumn in the light of responses to the consultation.

Animal Movement Restrictions

2.4 Concern was raised about the economic consequences of the livestock movement standstill whilst recognising its importance in preventing further outbreaks of animal disease and in safeguarding public confidence. The shape of future restriction regimes would be informed by the recommendations contained in the forthcoming Follett and Anderson reports on foot and mouth.

Bovine TB

2.5 Members noted that the testing of farmed deer was voluntary but that farmers were unlikely to seek this as no compensation was paid in respect of confirmed cases. Post mortem testing was carried out but none had yet indicated the presence of TB.

South Wales Sea Fisheries Committee (SWSFC) Order

2.6 Members noted that discussions were ongoing with the 7 local authorities currently represented on the Sea Fisheries Committee. The intention was to bring forward an Order to withdraw Rhondda Cynon Taff from membership from 1 April 2002.

Other issues

2.7 The Welfare of Farmed Animals (Wales) (Amendment) Regulations 2002, which had been considered by the Committee at its 19 June meeting, would be discussed in plenary on 11 July.

2.8 Clarification was sought on any anticipated decisions regarding the addition of GM seeds to the approved list.

Action point

Detailed analysis of the factors underlying the current low price of milk, price forecasts and steps that could be taken to improve the situation to be included in a Committee agenda in the autumn term - **Minister, Agriculture and Fisheries Policy Division.**

Committee to be informed of any anticipated decisions regarding the addition of GM seeds to the

approved list at the next meeting - **Minister, Plant Health and Biotechnology Branch.**

Item 3: Subordinate legislation - Environmental Impact Assessment (Uncultivated Land and Semi-Natural Areas) (Wales) Regulations 2002:

ARD 11-02(p2)

3.1 In discussion the following issues were raised:

- the terms contained within the Order, in particular ‘semi-natural’ and ‘uncultivated land’, and the extent to which the proposed guidance would offer clarity on such definitions;
- the scope for linking definitions to those used for Biodiversity Action Plan priority habitats;
- compliance cost, in particular the profits farmers would forego if Environmental Impact Assessment (EIA) consent applications were refused;
- the definition of ‘significant effect’, which should take account of wider ecological impacts;
- the importance of seeking the advice of statutory and voluntary agencies, especially when considering land covered by other forms of environmental designation;
- the inclusion of IACS registered land within the definitions used under the EIA Regulations.

Action points

Note to be provided on the inclusion of IACS registered land within the definitions used under the Environmental Impact Assessment Regulations - **Minister, Food and Farming Development Division.**

Item 4: Subordinate legislation - The Prohibition of Fishing with Multiple Trawls Order 2002:

ARD 11-02(p3)

4.1 In discussion clarification was sought on the following:

- the appropriateness of the timing of the Order given the Common Fisheries Policy (CFP) review currently underway;
- the extent to which the Order would disadvantage the 5 Welsh fishing vessels in Wales currently using multiple trawls;
- the number of non-British fishing vessels with multiple trawls which had retained historical access rights.

4.2 In response the following points were raised:

- any delay in implementing the Order could lead to a depletion of juvenile stock and threaten the long-term sustainability of fisheries. It was likely that the Order would be superseded by proposals brought forward following the CFP review;
- no more than 6 non-British fishing vessels currently had access rights to Welsh waters and would be exempt from the Order, which applied to British fishing boats only. This would have no significant effect on Welsh fisheries. Not implementing the Order would risk attracting boats from elsewhere in the UK to fish Welsh waters.

Item 5: Committee's policy review of organic farming: ARD 11-02(p4),

ARD 11-02(p5)

5.1 Robert Duxbury, Organic Technical Manager for Sainsbury's and David North, Government and Industry Affairs Director for Tesco outlined the key points contained within their papers.

5.2 The following issues were raised in discussion:

- the degree to which the supermarket sector was committed to sourcing organic produce locally and the potential for import substitution;
- the role of partnerships in addressing fragmentation in the supply chain, and the need to strengthen the position of small producers, which were prevalent in Wales;
- the key benefits of organic produce, and the extent to which these influence consumer behaviour;
- the degree to which the supermarket sector is committed to supporting the organic sector, and the steps taken to promote organic produce in-store;
- the buying behaviour of supermarkets and the subsequent effect on the price premium for organic produce;
- the degree to which the buying behaviour of supermarkets served to exacerbate current difficulties facing organic milk producers;
- the involvement of the supermarket sector in producer planning;

the degree of flexibility exercised between stores regarding product uniformity, in particular the need to take account of the availability of locally sourced produce.

5.3 In response the representatives from the supermarket sector made the following points:

- both supermarkets were committed to sourcing produce locally wherever supply allowed. However, a large percentage of UK organic produce was being imported to meet customer needs.
- improved communication throughout the supply chain was important to help overcome difficulties and assist in market development. This would best be achieved through collaborative working and the establishment of partnerships and producer groups;
- reasons given by consumers for purchasing organic produce varied. Research had shown that the country of origin was not a significant factor in influencing buying behaviour of consumers;
- constraints were placed on the type of advertising and promotion for organic produce due to ongoing debate regarding its health and environmental benefits. There was a need for further clarification regarding the benefits of organic produce. The government had a vital role in providing a clear steer and raising public awareness about the organic sector;
- pricing policy for organic produce should reflect the true cost of production. The profit margin on Sainsbury's organic and non-organic produce was the same. The affordability of organic produce was key to increasing demand and expanding the sector;
- a variety of initiatives had been established to address the difficulties in the milk market and the current low milk prices, including improvements in supply chain efficiency to allow reductions in retail prices;
- over-supply within the organic sector could be avoided, in part, through appropriate market planning involving collaboration between producers and retailers;
- supermarkets had clear policies for the display and labelling of organic produce and tried to balance the dedicated organic sections favoured by regular purchasers with mixing organic goods throughout the store.

Item 6: Budget: ARD 11-02(p6)

6.1 The Committee generally welcomed the proposed main budget priorities for the Budget Planning Round 2002.

6.2 Concern was raised about the level of underspend within the Agriculture and Rural Development budget in 2001-02, which was a consequence of the foot and mouth outbreak. It was suggested that this should have been redirected back into the rural economy. Members noted that the underspend would be treated as end of year flexibility which could be utilised in 2002-03 provided the current budget was spent or exceeded.

3. Members identified the following additional priorities:

- further support for the development of the forestry and biomass sectors;
- the development of the aquaculture sector;

- initiatives aimed at strengthening the Welsh language in rural areas.

Item 7: Agri-environmental schemes: ARD 11-02(p7)

7.1 Members welcomed the principles of an entry-level agri-environmental scheme but recognised that implementation would be dependent on proposals relating to modulation in the CAP mid-term review.

Item 8: Minutes of the previous meeting: ARD 10-02(min)

8.1 The Committee approved the minutes of the 19 June meeting.

Committee Secretariat - July 2002