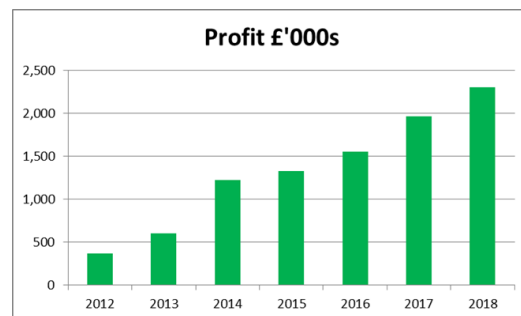
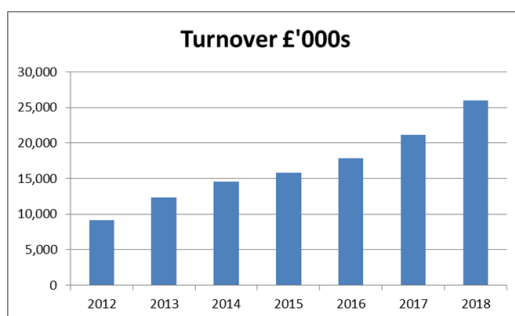


Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig | Climate Change, Environment and Rural Affairs Committee  
 Ailfeddl am fwyd yng Nghymru: brandio a phrosesu bwyd | Rethinking food in Wales: food branding and food processing

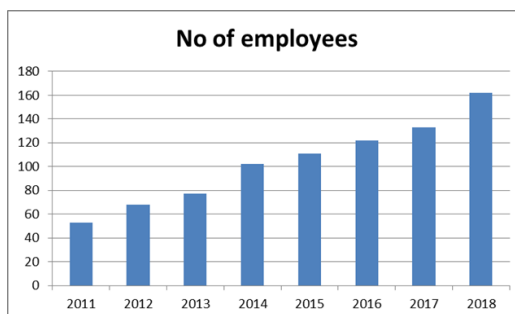
## Puffin Produce Ltd

### Welsh Government support for Food Processors – the Puffin Produce success story

Puffin Produce Limited is the largest fresh produce supplier in Wales, supplying mainly potatoes, alongside an expanding vegetable range, to the major retailers' Welsh stores. The business has grown significantly in recent years, from a turnover of circa £7m in 2010, to £28m per annum for the year ending 30 June 2019.



Throughout this expansion the company has created a higher proportion of highly skilled value added job roles, as it is not just an investment in infrastructure but an investment in people that enables a company to achieve its potential.



Employee's earnings	March 2011		June 2018	
	No.	%	No.	%
£0 to £20,000	39	74%	87	54%
£20,001 to £30,000	9	17%	40	25%
£30,001 +	5	9%	35	22%
<b>Total</b>	<b>53</b>	<b>100%</b>	<b>162</b>	<b>100%</b>

The success of the company is underpinned by the loyalty of the Welsh consumer and their demand for locally sourced Welsh fresh produce. It is widely recognised that 'regionality' works in Wales and Puffin has created like for like sales uplifts of between 20% to 33% when supermarket label 'union jack' potatoes and vegetables are replaced with 'Welsh flag' potatoes and vegetables. A volume uplift of 33% was achieved when Puffin began supplying a comprehensive potato range to the 47 Welsh Aldi stores in 2017.

### A range of Welsh Government support has facilitated this growth

Over the last 8 years the company has spent £14m on buildings and infrastructure and its facilities and operation are now one of the most modern and efficient in Europe. However, due to Puffin's location in Haverfordwest, the latest valuation carried out by Lambert Smith Hampton on behalf of HSBC, in October 2017, gave a valuation of Puffin's site and buildings of £4.4m.

As Puffin's borrowing capacity (in the form of term debt) is set at 80% of this valuation, Puffin's ability to borrow to grow is severely curtailed by the low valuation of its main assets, due to its geographic location.

However, Welsh Government (and EU) support through grant assistance and other Food and Drink Wales programmes, has helped overcome what would have been insurmountable economic barriers:

Processing and Marketing Grant – 2012 to 2015 – Capex of £12m with grant support £5.8m

Food Business Investment Scheme – 2016 to 2018 – Capex of £12m with grant support of £4.8m

Enterprise Zone rate relief – 2014/15 and 2016/17 – rate relief totalling £120K

Technical support - Cardiff Metropolitan University Zero2Five Food Industry Centre - £40K

Flexible Skills Programme – colleague development programme - £25K

Technical assistance for the application to gain PGI status for Pembrokeshire Early Potatoes - £20K

### ***What has this done for the Pembrokeshire economy?***

Of Puffin's annual turnover of £28m approximately 90% goes straight back into the Pembrokeshire economy, primarily through colleague salaries and sourcing potatoes from Pembrokeshire's farmers (creating many on-farm jobs). This 'multiplier effect' should be viewed favourably when comparing the Puffin business to a similar turnover business, that for example, assembles imported components, where only the staff salaries benefit the local economy.

Puffin also contributes circa £2m per annum to the exchequer through PAYE, VAT and Corporation Tax.

### ***What next? What can Welsh Government support achieve?***

Puffin has two major projects planned for the Pembrokeshire Food Park. If the Welsh Government can provide a similar percentage of grant support, Puffin has investor and bank backing for a total Capex of £38m over the next three years (including a prepared veg and potato factory at £10.5m and a milk bottling facility at £22m). This would take Puffin's turnover to £100m per annum. This in turn would deliver £1 billion back to the Pembrokeshire economy over the next ten years and create 500 jobs.