



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Newid Hinsawdd, Amgylchedd a
Materion Gwledig](#)

[The Climate Change, Environment and Rural
Affairs Committee](#)

26/10/2017

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Public from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w dystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mike Hedges Llafur (Cadeirydd y Pwyllgor)
[Bywgraffiad](#) | [Biography](#) Labour (Committee Chair)

Huw Irranca-Davies Llafur
[Bywgraffiad](#) | [Biography](#) Labour

Dai Lloyd Plaid Cymru
[Bywgraffiad](#) | [Biography](#) The Party of Wales

David Melding Ceidwadwyr Cymreig
[Bywgraffiad](#) | [Biography](#) Welsh Conservatives

Jenny Rathbone Llafur
[Bywgraffiad](#) | [Biography](#) Labour

Simon Thomas Plaid Cymru
[Bywgraffiad](#) | [Biography](#) The Party of Wales

Eraill yn bresennol
Others in attendance

Gwyn Howells Prif Swyddog Gweithredol, Hybu Cig Cymru
 Chief Executive Officer, Hybu Cig Cymru

Andy Richardson Cadeirydd, Bwrdd Diwydiant Bwyd a Diod Cymru
 Chair, Food and Drink Wales Industry Board

Yr Athro/Professor
 Roberta Sonnino Athro mewn Polisi a Chynllunio Amgylcheddol,
 Cyfarwyddwr Impact, Yr Ysgol Daearyddiaeth a
 Chynllunio, Prifysgol Caerdydd
 Professor of Environmental Policy and Planning,
 Director of Impact, School of Geography and
 Planning, Cardiff University

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Marc Wyn Jones	Clerc Clerc
Louise Andrewartha	Dirprwy Glerc Deputy Clerk
Elfyn Henderson	Y Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 09:19.
The meeting began at 09:19.*

Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau Introductions, Apologies, Substitutions and Declarations of Interest

[1] **Mike Hedges:** Bore da. Good morning. Can I welcome Dai Lloyd to the committee and can we formally record the committee's thanks to Sian Gwenllian for her contribution? I remind people that the meeting is bilingual. Headphones can be used for simultaneous translation from Welsh to English or for amplification on channel 2. Can I remind people to set their mobile phones on silent and turn off any other electronic equipment that may interfere with broadcasting? Are there any interests that anybody wants to declare? And we've had two apologies—Gareth Bennett and Jayne Bryant.

09:20

Ymchwiliad i Ailfeddwl am Fwyd yng Nghymru—Sesiwn Dystiolaeth Lafar ar Gaffael Bwyd—Academyddion Inquiry into Rethinking Food in Wales—Oral Evidence Session on Food Procurement—Academics

[2] **Mike Hedges:** Which takes on to our first item, which is continuing our inquiry into rethinking food in Wales, oral evidence session on food procurement, and—I wish my eyesight was better—I welcome Professor Sonnino. Thank you very much for coming along, and, if you're happy, we could perhaps move straight into questions.

[3] **Professor Sonnino:** Sure.

[4] **Mike Hedges:** Thank you, and the first question is from me, so that's

what I have to go and find—. Ah, yes. Outline research has been undertaken into the role of public sector food procurement in creating food systems and the wider benefits of food procurement—what have you generally found?

[5] **Professor Sonnino:** I would say the main thing to underscore right away is that public procurement is by far the most powerful tool that Governments have at their disposal to fashion sustainable food economies. It's an enormous percentage of our GDP, normally 13, 14 per cent in European countries, up to 70 per cent in developing countries, so it is a golden opportunity to decide what kind of food markets do we want to create, for whom and how.

[6] **Mike Hedges:** Thank you. Jenny.

[7] **Jenny Rathbone:** The Soil Association recommends that, when we're doing procurement, we should be focusing 60 per cent on quality, 40 per cent on price, but we heard last week from the NHS and a local education authority that the driver, in the main, is price, particularly in the NHS. So, what do you think needs to be done to reengineer that?

[8] **Professor Sonnino:** Thanks for this question. It's a very important one, actually. First of all, the EU legislation, as it stands, invites all public local authorities to go for what they call 'the most advantageous tender'. So, a lot of the difference between the local authorities across Europe, and also across the UK, comes from the interpretation of what it means: advantageous for whom, in what sense. So, my recommendation—and I'll never get tired of actually making this point; I've made it over and over again—is that cost is one thing, investment is another. So, the biggest cultural shift that we need in Wales and elsewhere, at this point in time, is to start looking at these public services in terms of investment rather than costs, and then a lot of what we do, a lot of the funding we invest, will make much more sense. Because we have to remember we are investing in human and environmental health, if we get it right.

[9] **Jenny Rathbone:** Obviously, there are various forms of investment that we'd need to make. One is to have the local supply chains for fresh produce, and the other is the competencies of our procurement providers, and I just wondered if you could say a bit more about what you think needs to be done to rectify that.

[10] **Professor Sonnino:** This is another really good question, because I

think it brings to the discussion a very important priority that I'm encountering in every piece of advisory work I'm doing at the moment. I'm advising the Food and Agriculture Organization of the United Nations. I'm a formal adviser to the European Commission, to the Scottish Government, and, wherever I go, this priority is coming to the table—this systemic approach. We are not going to change the food system unless we adopt what is now more and more called a systemic type of approach, which intervenes at various stages of the food chain. So, of course, the resources are limited and we have to start somewhere. There's a lot of debate: should we start with supply, or should we start with demand? But the bottom line is that there is no point, for example, in investing to train procurement managers and officers and practitioners unless—. They could be the most skilled and knowledgeable people on the ground, but, if the quality of the food that they have to manage is poor, we are not going to achieve what we could be achieving. So, my recommendation is: systemic approach. Try to look at food as a system and try to embrace every single actor in that system when it comes to deciding on policy priorities and investment priorities.

[11] **Jenny Rathbone:** Okay, but farmers—. The policy officers, anyway, of the National Farmers Union, say, 'Farmers will grow anything you like, as long as they've got a market', but clearly there are substantial barriers to that, so how are we going to break those down, even if we get these highly skilled procurement officers?

[12] **Professor Sonnino:** I think that there's plenty of evidence from across the world of how sustainable procurement policies can actually create new markets for farmers. It's happened in Brazil, it's happened in Italy. You have to remember that from the perspective of a farmer, in my experience, the procurement market is not a profitable one per se, but it's very reliable. They like the reliability. The fact of having contracts for several years—that enables them to plan for their productive strategies. It's reliable and it's also a very prestigious market. It's good for a farmer. It's a good marketing strategy to be able to say, 'I supply Welsh schools or Welsh hospitals.' So, these are the two pillars upon which we can build to try to use procurement as a tool to create quality markets for farmers. And there is a lot of quality food already available in Wales. It's a question of calibrating demand and supply, and making sure that this quality food gets onto the public plate.

[13] **Mike Hedges:** David.

[14] **David Melding:** We, I think, in the Assembly, often hear that current

procurement policy is restricted by EU legislation, and I'd like your view on this. Is that a fair way of depicting it? When you talk about the balance between cost and investment, especially when investment goes over to trying to get a social return, somehow—. Is the current EU procurement structure, in your view, restrictive?

[15] **Professor Sonnino:** In one thing it is restrictive: that you are not allowed to use the term 'local' or anything like it in your procurement contracts, because you would contravene the legislation on the single market transparency and so on. Having said that, there are many—. In the book 'The School Food Revolution', which I co-authored with Kevin Morgan, there are many creative procurement strategies to bring local food onto the public plate, which is something we should definitely do and think about in Wales. I've seen, for example, procurement contracts where you can say, 'I want bread for the schools that was baked no longer than six hours before getting into the schools.' You can say, 'I want to emphasise freshness.' There are a million different strategies. Another one that I would strongly recommend—and I actually mention it in the paper that I distributed as background to this session—another very important strategy in a country like Wales, for me, is to break the contract into small lots, rather than going for a centralised service that invariably only attracts large companies, because they do have the ability to supply. Only large companies can supply all the food that we need in schools and hospitals. Let's go, like they've done in Scotland, for small contracts—one for meat, one for vegetables, one for fish and so on—and you will see how many smaller scale Welsh suppliers we can bring into the system.

[16] **David Melding:** It sounds as if you think the current system, if I've properly understood, is quite responsive to local investment requirements, social requirements, and even breaking up the contracts. Obviously, what you can't do is say, 'And we want a Welsh SME to do this.' If a French one can come in and meet those requirements, then—it's at that level that you have an open, fair market.

[17] **Professor Sonnino:** There is actually quite a funny story on that front that happened in Italy. As some of you may know, Italy is the European country with the highest number of certified products—protected designation of origin and protected geographical indication products—so their strategy to relocalise their food chain was the emphasis on bringing certified products into the system. They've done that without realising that, at the time, there was no certified lamb in Italy, and so the Welsh suppliers

got into the Roman schools and they started selling lamb, because their priority on certified meat gave a privilege avenue to Welsh lamb producers.

[18] **David Melding:** This leads me to the most important aspect of the questions I want to put to you, and that's: do you think, broadly—? I know any system ought to be constantly adapted and innovated, but broadly, the European procurement system—is that close to an optimum, or do you think with Brexit we could be looking to move to significant reform of the current procurement law?

09:30

[19] **Professor Sonnino:** I think the current European legislation is very environmentally friendly. So, for example, it's enabled a lot of countries and a lot of cities around Europe to emphasise organic food on environmental grounds for environmental reasons. It's a bit more complex when it comes—as you were asking—to local food. One of the major innovations that Brexit could bring on to the plate is a golden opportunity to relocalise the food system. Imports are bound to become more expensive, trade patterns are going to change and there is going to be a need to build on the local supply base. So, I can see, in terms of opportunities, the possibility of emphasising freshness and seasonality, which are very important quality attributes when it comes to food and public health in particular. But we also need to remember—and I think this is one of the questions you asked before—that the Welsh food system is heavily dependent on EU labour at other stages of the supply chain. It's true for the whole of the UK, it's true for Wales.

[20] So, there are some sectors—. I have colleagues at Cardiff University who are running a session on food and Brexit today. I was talking to Professor Paul Milbourne just yesterday. He's assembling data on food and Brexit, and the data showed that there are over 22,000 people employed—EU nationals—in the food system. Data shows that horticulture and the pig sector are going to be especially threatened by Brexit. So, when I talk about a systemic approach, one of the things we have to think about is how are we going to rebuild the infrastructure so that relocalisation goes hand in hand with some degree of self-sufficiency, if you wish. And at the same time, we have to remember food culture and training, making sure that the food system becomes appealing in terms of occupations and employment for Welsh youth, for Welsh people. Agriculture, as an activity, should become more attractive to young people in order to compensate for the loss of skilled and unskilled labour that we are going to witness after Brexit.

[21] **David Melding:** The whole skills issue and migrant labour is certainly an area this committee will be looking at. On the broader question of whether some fundamental changes to procurement law would be desirable, I infer from your answer that it's actually much more about having creative policy, and the legal framework is pretty robust as it is. Is that a fair description of your position?

[22] **Professor Sonnino:** Yes. There's one fundamental point that I'd like to make in relation to Wales, in particular, that I think is badly needed here, and it's the creation of what I've called in my writing an 'enabling policy environment'. We need a clear policy that eliminates ambiguities and sends a clear signal to people on the ground that they shouldn't be afraid if they want to procure good quality food, and that what they're doing is important for public health, environmental health and the economy. We should have a robust monitoring system in place that enables us to capture progress—monitor progress—towards targets. It's much more than just deciding whether the European legislation is flexible enough or not when it comes to local domestic suppliers. I think it's a matter of having a national, ground-breaking food policy that Wales would be in the perfect position to have at this point in time for various reasons. Let's try to be supportive and enabling. Let's send a clear message, rather than relying upon patchy examples of good practice.

[23] **David Melding:** Thank you.

[24] **Mike Hedges:** Dai.

[25] **Dai Lloyd:** Diolch, Gadeirydd. A allaf i ddiolch i chi ymlaen llaw am eich tystiolaeth ysgrifenedig ac hefyd am ateb y cwestiynau? Wrth gwrs, wrth basio mae'n rhaid dweud bod yr Undeb Ewropeaidd wedi cael ei beio am gryn dipyn o bethau yn y maes hwn dros y blynyddoedd. Wrth gwrs, o'ch atebion chi, rŷch chi'n ei gwneud yn glir ei bod hi, efo ychydig bach o feddylfryd creadigol, yn bosib cael y polisi Ewropeaidd cyfredol i weithio'n iawn ta beth. Ond roedd fy

Dai Lloyd: Thank you, Chair. Can I thank you beforehand for your written evidence and also for answering the questions? Of course, in passing I have to say that the European Union has been blamed for many things in this area over the years. Of course, from your answers, you've made it clear that, with a little bit of a creative mindset, it would be possible to get the current European policy to work properly anyway. But my question was going to tackle what

nghwestiwn i yn mynd i fynd i'r afael you think of the current procurement
 â beth rydych chi'n ei feddwl o bolisi policy of the Welsh Government here
 caffael cyfredol Llywodraeth Cymru in Wales.
 yma yng Nghymru.

[26] **Professor Sonnino:** Well, I haven't done any very recent research on the procurement policy in Wales. I've done a little bit of preparation in advance of this meeting. Again, I couldn't find anything comparable, for example, to what they brought to Scotland with a report such as 'Hungry for Success'. This is the reason why I was talking about the need for a very clear policy signal, an enabling environment, accompanied by some investment of resources. So, I have encountered many examples of good practice in Wales, but we need to give them some coherence. We need to see if they can be interlinked with one another—what exactly we need to do to make sure that best practice becomes the norm in Wales. I have also encountered some very bad examples: hospital food and, in particular, hospital food waste. This is the typical situation that develops when there isn't a clear national policy framework in place, in my view.

[27] **Dai Lloyd:** Diolch yn fawr am hynny. Yn dilyn o hynny, rydych chi'n awgrymu, felly, bod angen i Lywodraeth Cymru ddangos llawer mwy o arweinyddiaeth yn y maes hwn a dod allan efo fframwaith newydd, efallai, sydd yn cynnwys yr holl elfennau yr ydych wedi sôn amdany'n nhw. Nid wyf yn gwybod os ydych chi eisiau llwyfan i ehangu ymhellach ar hynny. **Dai Lloyd:** Thank you very much. Following on from that, you're suggesting, therefore, that the Welsh Government needs to show much more leadership in this area and come out with a new framework, perhaps, that includes all of the elements that you've mentioned. I don't know whether you want to expand on that.

[28] **Professor Sonnino:** I remember that, from 2010 onwards, I was part of a Cardiff University research team that was contracted to write a national food policy for Wales at the time. We did it with great enthusiasm. It was a really first-class team with lots of international experience—so, able to bring in examples of good practice from around the world. What we tried to do in that document at the time was to create a vision, which is exactly what we need in Wales. We need a vision. We need to frame the problem right so that solutions become clearer and more accessible to practitioners on the ground. Unfortunately, that policy was never translated into an action plan. It's not just about procurement. Procurement is part of a bigger system.

Procurement is a policy instrument to implement the policy. What I would recommend is thinking about a national food policy for Wales with different areas, different priorities. Procurement should definitely be one of them because, as I said at the very beginning, it is the most powerful policy instrument at our disposal to change the food system, but there are many other things that could be done if there was a national framework in place, based on a systemic approach and on the inclusion of all different actors and expertise across the food chain.

[29] **Dai Lloyd:** Diolch yn fawr am hynny. Nid af ymhellach, ond rwy'n teimlo ein bod ni efallai wedi darganfod ambell i argymhelliad yn fanna ar gyfer ein hadroddiad ni. Diolch, Gadeirydd.

Dai Lloyd: Thank you for that. I won't go any further, but I do feel that we have found some recommendations there for our committee. Thank you, Chair.

[30] **Mike Hedges:** Huw.

[31] **Huw Irranca-Davies:** Thank you, Chair. On that work that you did in 2010 on the national food policy for Wales, do you think much has changed significantly in the policy environment, or would that still be relevant?

[32] **Professor Sonnino:** I think it should be updated, because much has happened since then, both on the negative and positive sides. For example, I don't want to sound just negative about the situation in Wales because there are some amazing examples. The holiday hunger programme here in Cardiff is now gaining international attention. This is a very good example of a new type of problem—food poverty going up at a time of recession, the problems that we are facing with obesity nowadays, a third of children living in poverty living in Wales. There are different priorities here now. Policy needs to reflect the changing climate and the changing environment in which we operate. So, I think that policy could still be the basis for something groundbreaking because this is how we saw it—this is how we interpreted our job. We said to ourselves, we are fortunate to be writing this in a country that has a constitutional commitment to sustainable development. And now the Well-being of Future Generations (Wales) Act 2015—these two pieces of legislation alone provide the basis for doing a national food policy that is going to place Wales at the forefront of the fight against food insecurity, food poverty and so on. It is the time to do it. I can imagine it would have to be revised a little bit to take into account things like Brexit, the recession, and so on.

[33] **Huw Irranca-Davies:** Okay, very interesting. Could I ask you one specific question? It's in regard to the National Procurement Service. You've mentioned already in your evidence today that you think a more granulated approach to procurement is necessary, both localised but also in terms of sectors—so, meat, et cetera, et cetera. In that case, what is your view on the National Procurement Service? Is it, in principle, good or bad? Do you have a view on whether it's effective at the moment? Because we've heard conflicting views on that.

[34] **Professor Sonnino:** I don't have recent enough evidence to answer this question. The only general lesson that I can give is that the national level, when it comes to procurement, is a very important one in terms of creating that enabling environment we want to create. And creating an enabling environment today is not just about the food industry, it's not just about, for example, the type of food that we want to bring onto the plate—we need, as I mentioned five minutes ago, to include other actors.

[35] One of the biggest problems with procurement in Wales, in my experience, is food waste and the amount of food that's wasted in hospitals in particular, for a whole range of reasons—some of which have to do with an issue that you rightly brought up a while ago, the lack of training of catering staff and school personnel and hospital staff, in some cases. So, the national approach is important in terms of setting up the direction for these types of issues. What kind of food do we want? How are we going to manage waste? Are we going to bring the principles of a circular economy into the public plate?

[36] The thing to remember here—and this is also a point that I've made over and over again in my career—I talk about public procurement as a policy instrument, but the other thing to remember for you as legislators and policy makers is that you're leading by example. So, the kind of regulations you bring in nationally, the National Procurement Service, the type of food you demand, the type of waste management approach that you bring onto the plate, is also having very important cultural ramifications. Training is an inspiration for people on the ground. The children go home and they talk to their parents about the food they had in school, and they could further enhance simply by being messengers—they could broaden the market for quality food in Wales. So, I want to say, we have to remember that the greening the realm is also part of your image that you want to give to Welsh citizens.

[37] **Huw Irranca-Davies:** I wonder, Chair, dare I ask one further small follow-up question? Your perception of where we are in Wales, not just with procurement but with food policy generally. If we were to get to that point of a systemic approach that brought all these things together and took a very intelligent approach to restructuring the way we utilise food and the way we deliver affordable food to people, how far are we from that? You mentioned a lot of examples of best practice. Is it a question of putting the framework in place and actually joining those up and driving them? Is it easy to get there, is what I'm asking you, or are we a long, long way from it?

[38] **Professor Sonnino:** A very good question again. I've seen food policy succeeding wherever policy makers have adopted an incremental approach. So, you have to look at this not in terms of, 'Five years from now, we'll change the food system in Wales', it's a longer term commitment that should be planned around smaller steps. So, why don't we start by giving some kind of coherence to what's already there, and the very good work that so many suppliers and so many practitioners are doing on the ground? So, let's start with creating coherence, which in some cases means simply establishing synergies between things that are already happening on the ground.

09:45

[39] I'll give you a very small example from the Valleys here. You all know that the number of food bank users has gone up immensely in Wales and the rest of the UK. Well, there's evidence—and I do have a PhD student working on this in the Valleys—that some of the food banks are beginning to purchase food from community gardens, rather than using processed, canned unhealthy foods like they've always done, because they didn't have a choice. Those are the kinds of virtuous cycles we can set in motion as a start of the process. I think you'll be surprised at how much you can achieve simply by creating synergies, establishing relations between food system innovators who are already doing some really good work as a first step. Then we'll worry only at that point about: okay, where are the gaps here; what are the vulnerabilities that we need to address; what is not there; and what is the future likely to hold at a time of Brexit, recession, and so on?

[40] **Mike Hedges:** Isn't one of the dangers of a national procurement system that they go for easy, and easy is to have very large contracts? Isn't that it? Taking what you said earlier, if you want local producers, you have to have smaller contracts, and every time—well, you didn't say this, but I know this from construction—you increase the size of the contract, you start

knocking out more and more local firms. If you end up with a £1 billion contract, there's probably half a dozen companies, effectively, in Europe that can carry it out. If you have £1,000 contracts, then you've got thousands of companies. Isn't the danger of national procurement that you just go, 'We'll have 1 million units of this this year', which means that very few people can do it? Isn't there also a mindset in national procurement that exists, which is that, 'My success is how cheap I can get it'?

[41] **Professor Sonnino:** Yes. Absolutely, this is one of the key problems that sustainable procurement supporters are facing on the ground—this obsession with cost effectiveness and the tendency to conflate costs with values. So, it's absolutely a crucial point. I can give you some examples of how some local authorities have gone around this problem and this tendency that the bigger the contract, the bigger the suppliers, the more standardised the system becomes. The only way to get around that, at least in part—because the bottom line is that that kind of approach is more efficient than having too many different contracts, so, in many ways, in terms of efficiency, you're saving quite a bit, but then you would have to be very specific about the features and the quality of the foods that you want to procure for schools and hospitals.

[42] It's a very easy way they've done it in New York, for example. They have something like nearly 1,500 public schools that need to be supplied every day, so the logistics are very complex. They need big distributors, but then they've specified very carefully the qualities of the food they want to bring onto the plate, so they're leaving it to the distributors, hence to the market, to find that food. But still, if you describe it like they've done, an apple that only grows in New York State, or, again, if you go for freshness over processed, frozen foods, they have forced the distributors to find the best of New York State's agricultural products. So, the market responds. The private sector gets adjusted to this quite easily. It's amazing what they can find on the market when they get a contract with the public sector.

[43] So, I don't see it as a big problem, but I think, Mike, your question brings up this important tension that we need to overcome in the procurement system: this obsession with cost reduction that's dominated the policy approach throughout the UK, at least since the 1980s. Remember, when we talk about hospital food or school food, those are meant to be health and well-being services, not commercial ones.

[44] **Mike Hedges:** Can I ask just one more question on school meals?

Because something that sometimes gets forgotten is that, certainly for many of my constituents, the meals they have in school, the breakfast and the lunch, are the two major meals of the day and may well only be supplemented by a snack in the evening. I think that, sometimes, we look at it as units of production, and we look at it as a cost. But there is a human element to this, isn't there? And that is that there are people living in very poor communities to whom these meals are incredibly important and if they are of low nutrition, then we're creating more work for the medical profession.

[45] **Professor Sonnino:** Exactly, and more costs. Actually, they did some calculations in Rome, where they established one of the most sustainable school food systems that I've ever seen, years ago. It's no longer in place, unfortunately, for a whole range of reasons—not as much as it was before. But one of the reasons was because the city was investing nearly €5 per meal in the schools and the way to justify and defend their choice was simply by showing how much it would cost to keep one of those children in hospital as an adult later on in life because of a non-communicable disease linked to poor nutrition.

[46] **Mike Hedges:** We don't link anything to health. We have a system or a mindset which is that health is hospitals in the main and we try and mend people when they're ill. What you're saying is that if we feed people well, then we've got a better chance of stopping them being ill, and we all know how many people have type 2 diabetes, which is a food-related disease that costs the best part of £1 billion a year.

[47] **Professor Sonnino:** Exactly. So, even when it comes to the economic argument, which seems to dominate a lot of debates on public procurement, this is definitely one point that needs to be made. How much money are we actually saving in other budgetary accounts by investing in public food services, human health and, I would add, environmental health as well, if we do get good food on the plate?

[48] **Mike Hedges:** Jenny.

[49] **Jenny Rathbone:** I just want to pick up on some of the cultural issues because I fear that Roman children are much more acquainted with what real food looks like and tastes like than maybe we are in Wales. You mentioned, for example, that the food banks in the Valleys are now buying food from community gardens, which is really excellent. But at the same time, I get

stories from my food banks, saying that people bring back tins of chickpeas because they don't actually know what to do with them. So, we have quite a challenge here, and we've all see the television pictures of people pushing chips through the school gates where nutritious food was being offered because they thought their children needed chips. So, I wondered if you could just tell us about relevant international examples of how we change the culture, so that it can be replicated in Wales. One of the international examples you gave is around East Ayrshire, which is excellent. Why are they ahead of us? We really need to get our act together. So, assuming that we can get our procurement right and get our growers, how do we change the culture of what food ought to look like?

[50] **Professor Sonnino:** Thanks for the question. This is another really important point, Jenny. I want to specify, and I've said this many times already, that countries like France and Italy don't have children or adults who were born with different genes that create an attraction to good food. They learn about good food, and one of the places where they learn about good food is in schools. So, one of the things that we cover in our book is the functioning of this educational programme, introduced in all Italian schools in the 1990s, called 'Culture that Feeds', translated into English, where children, by drawing and playing, were learning about the values of seasonality and freshness in the food chain. And so, food education programmes can be introduced in the schools. You mentioned East Ayrshire. It goes back to the Soil Association and their fantastic Food for Life programme that we should try to look at adopting in Wales because it's been very successful across England, even in the very poor local authorities of England.

[51] The other thing that in my experience works really well is school gardens. Children love to eat what they grow. So, we want to change the culture. Certainly, we cannot intervene much with the elderly generations, but there's a lot we can do to train new generations of knowledgeable consumers who are informed and empowered to make the right choices. So, I think that food education in schools and school gardens are activities—. And, in general, food training initiatives around Wales to make sure that at least people understand the difference between—.

[52] **Jenny Rathbone:** I mean, Food for Life has been adopted in Flintshire, but that's one out of 22 local authorities. I'm not aware of it having yet been adopted in any of the other local authorities. Why do you think that is, given that it's been so successful in Flintshire?

[53] **Professor Sonnino:** It's a very good question. It is a very good question. I don't know. There's a flexibility built into that programme, which would make it easy to adopt everywhere, because there are different standards—there's gold, bronze and so on, depending on the percentage of organic and local food that you bring onto the plate. Why hasn't it been successful in Wales?

[54] **Mike Hedges:** Perhaps it's a question that we need to ask to other people. And I'm sure you will, Jenny. You talk about children and what they like to eat, but we've got schools in Wales where, from the age of three, children will have a free breakfast and many of them will either have a school lunch or a free lunch in school. So, haven't we got the opportunity, with what we feed them 10 times a week, to start helping develop their taste buds?

[55] **Professor Sonnino:** I think, again, it's the importance of an incremental approach. We don't have to go into this field thinking, 'In one year, I'm going to change the taste and the knowledge of children'. It's a step-by-step process. So, in East Ayrshire in particular, they've done a lot of monitoring of progress after implementing their school food reform, because, obviously, it's very important—. I think I made this point before, about the importance of monitoring progress, and also to respond to civil society, to establish new targets to support the investment made. They found out, through this monitoring, that 92 per cent of school children like the Food for Life food better than the old school food. So, the percentage of children with packed lunches went significantly down over time, because, you know, we need to dispel this myth that good food is only for middle-class aficionados. Poor people enjoy good food as well; we just need to make it accessible to them. Accessibility is a key word here, I think.

[56] **Mike Hedges:** As opposed to killing them with bad food.

[57] **Professor Sonnino:** Well, this is the problem that I see in countries like the UK and even worse in the United States: the competition that exists in the school between healthy food and unhealthy foods. The fact that you can establish a fast-food outlet five metres from a school, the fact that children are allowed to leave the school and purchase whatever food they want during lunch time—you're not going to win the competition if you give them a choice, at a very early age, between healthy and unhealthy foods. We all know that, just by looking at them eating at home. But they are not yet in the position—. And, I feel very strongly about this—children shouldn't be looked

at as consumers who can make choices; they don't have the instruments to make choices yet. So, let's not give them a choice between healthy and unhealthy foods. Let's try to see what we can do to make sure that they stay in the school and they eat healthily. Because, as you said earlier on, for many of them, that is the main if not the only meal of the day.

[58] **Mike Hedges:** Yes, okay. David.

[59] **David Melding:** Can I just return to an earlier point that you made about the size of contracts? I think most of us would like a system that does, effectively, allow the SME sector to compete, but how dysfunctional is the current position, say, in Wales and the UK, compared to—I don't know—another country, Italy or France, we probably would think has approaching best practice? Because, in effect, if you have a large contract, they subcontract, don't they? Now, I know you lose control there, because, in a way, the procurement goes to whoever's got the big contract.

[60] **Professor Sonnino:** Exactly.

[61] **David Melding:** But, you know, there is another way of looking at this, isn't there—that it doesn't drive out completely all the smaller suppliers?

[62] **Professor Sonnino:** Yes. It doesn't, as long as—. I guess the noxious combination is the centralisation of the procurement system without a clear specification about the provenance and quality of the food. That is the problem.

10:00

[63] **David Melding:** I can see that you lose control over those factors. Is practice discernibly better, then, in some other parts of the EU, in that respect, that they don't have a fairly small number of large—? You know, if we want a huge contract awarded, there are between six and 10 companies that would always bid for it in the UK.

[64] **Professor Sonnino:** Yes, it can be done. That is not the core of the problem. As long as you have a policy in place that sends a very clear signal about the quality attributes of the food you want on the public plate, then it can remain a centralised system. Not very many people know that one of the main suppliers to the Roman schools at the time of the apex of their reform of public procurement, the peak of the reform, was Sodexo, but it was the

public sector dictating the terms and conditions. It wasn't leaving it to the company. To search for the food, they said, 'You do what you want. That's the kind of food that we want on the plate; how you find it, where and how, is your problem'.

[65] **Huw Irranca-Davies:** That's fascinating; I didn't realise that. So, actually it went to what we would regard as one of the normal—or parts of it went to one of the normal, large-scale suppliers. But the criteria, the parameters they were set, meant that they had to satisfy what the public policy was, and they did it.

[66] **Professor Sonnino:** They did it because Rome had a very stringent, almost obsessive, monitoring and control system in place with something like 2,000 inspections a year performed in the schools to make sure that the private sector was actually doing what they had committed themselves to do.

[67] **Huw Irranca-Davies:** So, those large suppliers could be an assistance in trying to develop this policy. Because sometimes they're viewed as an obstacle too.

[68] **Professor Sonnino:** Well, this is the other—. I'm glad you're asking the question, because this is the other important—. So, it's another important ingredient of a successful reform; it's the public-private partnership. So, they had a very stringent monitoring system in place, lots of inspections, lots of controls, so they were going into the schools unannounced all the time, but they were also in a constant dialogue with the big companies that were supplying the food. So, there was a round table every month. The Roman authorities were meeting with the suppliers of the food also to discuss barriers, to discuss issues that were emerging in the effort to supply the best possible food to children. That dialogue—. And this is part of the systemic approach for me—when I said 'including all actors in the system', this is one example of what I meant. We need to have a dialogue with these companies to tell them exactly what we want, and they will find it because this is exactly what happened in Rome, but also to listen to them—so, what are the problems, what are the barriers.

[69] **Mike Hedges:** David.

[70] **David Melding:** I think that's very interesting because, in effect, you're still retaining in that more balanced approach that does use large suppliers a lot of, in effect, procurement capacity within the public sector, aren't you;

you're not just devolving it all out. A couple of times you've mentioned monitoring. Are there other data gaps and are any of those at the Welsh Government level? Because, obviously, monitoring in our system is much more likely to be done via the NHS or local authorities. But, if we're going to get effective action plans, what are the other data deficiencies, in your view?

[71] **Professor Sonnino:** Well, I hear from people involved with the procurement system that we need data on the nutritional standards, to what extent they are met in schools and hospitals. I'd suggest collecting data on the amount of food that's wasted, so having a robust system in place to make sure—because the data I have come across, to be honest with you, particularly on hospital food waste, are not accurate.

[72] **Mike Hedges:** The hospital food waste problem is that they only count untouched meals, so, if somebody just moves an item around their plate without actually having eaten it, the meal is touched and it doesn't count as food waste.

[73] **Professor Sonnino:** But there is a lot of kitchen waste and a lot of trolley waste and a lot of plate waste as well. Portion sizes we need to rethink, particularly when it comes to climate change. So, one of the noxious combinations I have experienced in Welsh hospitals is that they import lamb from New Zealand. So, for some reason, we can't have Welsh lamb in the hospitals. It comes from New Zealand, so it's frozen, it travels very long distances, producing all the greenhouse gas emissions you can possibly imagine, then it gets to the kitchen and it's wasted because they don't know how to cut it or how to clean it because it's frozen along with too many other portions, so, if you have a small number of patients eating on the day, you still have to defrost the entire tray, and you end up wasting meals and meals. In a context of climate change, food poverty, food insecurity, these are the things that we need to monitor very closely in my view if we want to rethink the system and its functioning, and make it more efficient, more environmentally friendly. So, that's one type of data.

[74] **Food insecurity data:** it's important that we—. We know a lot about children in Wales, and there's lots of, obviously, scandal around childhood obesity, and poverty, but I would suggest enlarging that kind of system to monitor the situation also across the country and see how it differs between, for example, urban and rural areas, because the type of intervention you may need to combat food insecurity in urban and rural areas is quite different. So, robust systems in place of indicators also to measure progress and be able

to say, 'We're on the right track. We can set new targets now, new objectives'.

[75] **David Melding:** Finally, can I jump there—? I apologise for jumping around so much with these questions, but I'd like to go back to schools, because you've several times said how important that is both for the quality of the food and the practices that undermine that, but also school gardens and teaching children about the benefits of nutritious food. What about cooking skills? I hesitate to ask whether this is stronger in some other European countries because I suspect in Spain, France and Italy so much of that would just be passed through the home environment. But are there any countries that have really tried to sort this out, and give people fairly basic cooking skills? Because there are quite a lot of people out there that have lost the confidence to cook. They've just never been introduced to it, and it's a bit like if no-one's ever told you how to do basic gardening—it's not that easy to just think it up yourself, is it? You learn by observation and practice with someone who's done it before.

[76] **Professor Sonnino:** Unfortunately, I haven't encountered any example of good practice I could share with you, so in that sense we can say that Wales is in the same boat as many other northern countries where the skills have been lost. One thing that I'd like to draw your attention to, in relation particularly to the schools, is the fact that there used to be some fantastic cooks in the schools until the compulsory competitive tendering introduced frozen and processed foods, which obviously don't need to be cooked. So, the key problem we are facing—and this is a very important one for you to think about—as a consequence of those changes from the 1980s onwards, is that we've lost the kitchen infrastructure, and the cooking and healthy eating skills that go with it. So, lots of dinner ladies are used to simply opening a pack or defrosting the food. One of the things you hear from procurement managers over and over again—because I used to organise visits to Italy or other countries that were at the forefront of sustainable public procurement to try to expose Welsh or British catering managers to the good aspects of that system, but this is the other issue—there's no time. A dinner lady today would tell you, 'I don't have the time to clean fresh vegetables'. So, that is the part where we could intervene. So, why don't they have time? Couldn't we make time for them, to make sure that they use fresh ingredients rather than having to resort to a frozen vegetable pack only because they can't find the time or the number of staff sufficient to clean the vegetables?

[77] One of the things they did in Rome, which I think is key to the success

of their reform, when they did their call for tenders at the beginning of the reform process, they didn't just focus on the quality of the food, but there were requirements in place for bidders—things that they were looking at, such as the number of working hours and staff employed by a company.

[78] **Mike Hedges:** I was going to say I don't think anybody's ever done any work on the cost per unit eaten, as opposed to the cost per unit bought. From what you've said, they may be substantially different.

[79] **Professor Sonnino:** It's a very good point, actually—I've never thought about it.

[80] **Mike Hedges:** Okay. Simon.

[81] **Simon Thomas:** Yes, thank you, and just to give you a warning that at least two members of this committee have been practising their food skills and will be available shortly on film, which you'll all be—

[82] **Huw Irranca-Davies:** 'Skills' is overstating it.

[83] **Simon Thomas:** We'll all be invited to see, I'm sure.

[84] **David Melding:** I look forward to making caustic judgments on these skills.

[85] **Simon Thomas:** You'll be very welcome.

[86] I didn't want to ask you about that. I wanted to ask you just to expand on a couple of things that have come out in the evidence. I read the paper you presented to us with great interest, and one of the challenges in there, I think, which you described, is that there are sometimes different imperatives that come into food policy. So, is your food policy about an environmental agenda? Or is your food policy about additional standards? Or is it about a more social agenda, which we've just been discussing, around skills and so forth? They don't always meet, because, for example, you can emphasise organic production and you'll end up importing a great deal of food over distance, or you emphasise local production and you'll struggle with seasonality. You'll struggle in Wales, particularly, with a lack of a developed horticulture—at the moment—market for it. In that context, what does national Government do? Does national Government have to set, or should set, different targets or different imperatives? Is it the job of the Welsh

Government, for example, to say, ‘Well, our overriding ambition here is for food procurement to drive the health agenda’—or the environmental agenda? I know we’re supposed to be reconciling these for the Well-being of Future Generations (Wales) Act 2015, but there are tendencies, and it’s very clear in the way you set out the different examples that in some areas, one tendency is the imperative rather than another.

[87] **Professor Sonnino:** Exactly. Yes, it’s a very good point. I think the starting point here is to recognise that food has a multifunctional potential—so, looking at the interconnections between food and other sectors and other priorities as a strength, as an opportunity rather than as a challenge. And that is normally the first step towards policy integration: making sure that if we do a food policy, as I hope I’ll see in Wales, a national food policy, then that policy is actually connected with other policies—transport, housing, environment, the economy and so on. Because the key, and most distinctive, feature of food as a policy area is that it has this capacity to advance so many other policy goals. So, it’s a question of recognising that potential and, at the same time, keeping this policy a bit flexible—not too strict in terms of the kind of food or the kind of outcomes and outputs we want to achieve, because priorities are going to change, because Wales is different even from England. We don’t even have to get as far as Italy. It has its own priorities, its own legislation, its own history, its own demands, and we need to make sure that those priorities can change and the policy framework is going to be responsive to changing priorities.

[88] **Simon Thomas:** Just in that context, then, can I ask you whether you think national targets have a role to play in this and whether—? In the papers, I saw some good city examples, but how do they fit into a wider national policy? We heard evidence last week that pointed out that over the last five or six years, it seemed that the Welsh Government had lost focus on national targets, on an ambition to drive up local procurement. Is there a role for the two to mix together?

[89] **Professor Sonnino:** Yes. I think the national targets should be the same, should be few, clear, and built around paramount priorities like access to good food. This is what Wales needs. It’s the policy instruments that are slightly different between the national and the local level at times, particularly when it comes to cities. Cities—and Cardiff is one example, but not the only one—encounter specific problems of access to good food that are both physical and financial. So, in rural areas, people live close to the centres of food production, they tend to be engaged in food production,

sometimes they trade foods between farms, between families. In urban areas, they heavily depend on cash availability to purchase food, and, at a time of poverty and recession and so on, that cash availability is not often sufficient, hence the food banks and everything else. So, what I could envision is a policy goal framed around the issue of access to good food and then measures in place, harmonised measures, between the national Government and some of the local authorities or the urban, city governments that address the issue of access as appropriate, depending on the local context.

[90] **Mike Hedges:** At that stage, I've got to say thank you very much for coming along. I think you've been very informative and certainly set at least me thinking in a number of different ways. So, thank you very much for coming. You'll be sent a transcript of the meeting to check before publication. Again, thank you very much.

[91] **Professor Sonnino:** Thank you so much for the invitation. It's been very inspiring.

10:17

**Ymchwiliad i Ailfeddwl am Fwyd yng Nghymru—Sesiwn Dystiolaeth
Lafar ar Gaffael Bwyd—Hybu Cig Cymru a Bwrdd Diwydiant Bwyd a
Diod Cymru**

**Inquiry into Rethinking Food in Wales—Oral Evidence Session on Food
Procurement—Hybu Cig Cymru and the Food and Drink Wales Industry
Board**

[92] **Mike Hedges:** Bore da. Good morning. I'll make sure I'm talking into the microphone first. Can I welcome the panel members? Can you give a brief introduction of your name and title, and then will you be ready to accept questions from Members here?

[93] **Mr Howells:** My name's Gwyn Howells. I'm chief executive of Meat Promotion Wales—Hybu Cig Cymru, Wales's body responsible for the development of the red meat industry in Wales and the marketing and promotion of its products, namely Welsh lamb, Welsh beef and pork from Wales.

[94] **Mr Richardson:** I'm Andy Richardson, and I chair the food and drink board in Wales for the Welsh Government, but my day job is working for

Volac, which has got several factories in Wales. We're a dairy business.

[95] **Mike Hedges:** Thank you very much. If I can start off with the first question, does the Welsh Government provide enough leadership on public sector food procurement?

[96] **Mr Howells:** Is that to—?

[97] **Mike Hedges:** Either.

[98] **Mr Howells:** Fine. Shall I take that on? Well, I think it probably does, and things have improved dramatically, I would guess, over the last couple of decades in that procurement is much more on the radar of politicians and Governments now than it used to be, perhaps, 20 years ago, when it was more of a loose affiliation, I guess, between public bodies and their suppliers. So, I suspect there's quite a bit of work that has been done, and there is success in terms of procurement of more food locally. But, obviously, it could be a better situation still in the future and there's more work needed to be done, I guess.

[99] **Mike Hedges:** But if you go back over 20 years ago, everything was driven by CCT, wasn't it?

[100] **Mr Howells:** CCT—

[101] **Mike Hedges:** Compulsory competitive tendering.

[102] **Mr Howells:** Yes, it was.

[103] **Mike Hedges:** All the public sector, up until 1997–98, was driven by compulsory competitive tendering, so the role was how much did it cost, rather than anything else.

[104] **Mr Howells:** Absolutely, and that's why I think there has been a change in terms of that moving away. Everybody was driven by cost, which meant the cheapest product, but it was only part of the equation. So, it's cost plus quality equals value, basically, and that quality part of the equation has come in in the last 20 years increasingly, and, hopefully, will increase in the future as well, so we have more of a value approach to products than a cost one.

[105] **Mike Hedges:** Simon.

[106] **Simon Thomas:** Diolch, Gadeirydd. Os caf i ofyn: beth yw eich barn chi erbyn hyn am y fframwaith caffael cenedlaethol? Achos mae hwnnw yn ei le i annog gwelliannau yn y system, annog cadwyni bwyd lleol ac ati. A ydy hynny'n gweithio fel roeddech chi'n gobeithio?

Simon Thomas: Thank you, Chair. If I may ask: what is your view now about the national procurement framework? Because that has been put in place in order to encourage improvements to the system and to encourage local supply chains and so forth. Has that worked as you had hoped?

[107] **Mr Howells:** Os gallaf i ateb hynny'n gyntaf. Rwy'n credu bod y strwythur yno nawr, ac mae hynny i'w groesawu, mewn gwirionedd. Byddwn i'n meddwl nid da lle gellir gwell, o hyd. Rwy'n credu bod yna lawer o fanteision wedi bod gyda'r strwythur yna, ond bod eisiau, efallai, cymryd mantais o'r strwythur, a bod eisiau cymryd cam ymhellach, mewn gwirionedd, i wneud yn saff bod y sawl sydd yn prynu yn y *National Procurement Service* a'r cyrff o dan hynny—bod yna well deialog rhwng y rhai sydd yn gallu cyflenwi a'r rhai sydd yn prynu. Mae hynny'n rhywbeth o ran perthnasau ymysg unigolion, mewn gwirionedd, a dyna, efallai, lle mae modd i gryfhau'r broses a chael dealltwriaeth well o bwy sy'n gallu cyflenwi beth, pryd ac am ba hyd.

Mr Howells: If I could answer that first. I think the structure is there now, and that's to be welcomed. I would think that you can always do better, of course. There are many advantages that have been inherent in that structure, but I think that we need to take advantage of the structure and to take a further step to ensure that those who buy in the National Procurement Service and the bodies under that—that there is better dialogue between those who can supply and those who buy. And that's something to do with relationships among individuals, and that's where we could strengthen the process and have a better understanding of who can supply what, when and for how long.

[108] **Simon Thomas:** Os caf i jest ddilyn lan cyn i Mr Richardson gael cyfle i ateb. Yn dilyn hynny, a oes yna ddigon o hyblygrwydd yn y system i alluogi'r ddwy ochr, fel petai, i drafod pethau fel, 'Wel, dros y pum mlynedd nesaf, byddwn ni eisiau gweld hyn a

Simon Thomas: If I may just follow up before Mr Richardson has an opportunity to respond. Following that up, is there enough flexibility in the system to enable both sides, as it were, to discuss issues like, 'Well, over the next five years, we would

hyn o gig oen'—neu beth bynnag yw e—'a hoffwn ni weithio gyda chi i wneud yn siŵr bod digonedd i gael a'i fod o'r safon yma' ac ati—yn wasanaeth neu fframwaith sy'n datblygu yn y ffordd yna—yn hytrach na rhywbeth sydd, yn syml iawn, yn rhoi contract mas lle rŷch chi'n gallu ei gyflawni neu ddim, a'i dynnu nôl, fel bod yna ffordd o ddatblygu'r cwmni bwyd mwy cynhenid, wedyn?

like to see so much lamb'—or whatever it may be—'and we would like to work with you to make sure that there is a sufficiency and of this quality' and so forth—a service or a framework that develops in that way—rather than it simply being a process where you put out a contract that you can supply or not and withdrawing it, so that there's a means of developing more local food?

[109] **Mr Howells:** Mae hynny'n rhywbeth, efallai, sydd eisiau ei gryfhau, ac rwy'n credu y byddai budd nid yn unig i'r sawl sy'n prynu ond i'r sawl sy'n cyflenwi a'r rhai sy'n bwyta'r bwyd, sy'n bwysicach fyth. Rwy'n siŵr bod yna ddigon o ymchwil yn cael ei wneud: os oes rhywun yn cael bwyd gwell, maen nhw'n fwy tebygol o wneud yn well, fel bodau dynol, o hynny. So, rwy'n credu bod eisiau gwella'r perthnasau hynny yn y gadwyn gyflenwi a'r gadwyn brynu. Rwy'n credu bod hynny wedi digwydd, ond nid da lle gellir gwell.

Mr Howells: Yes, that is something, perhaps, that we need to strengthen, and I think there would be benefit, not just for the buyers, but also the suppliers and those who eat the food as well, more importantly. I'm sure that there is enough research being done that if someone has better food, they're more likely to be healthier people. So, I think that we can improve those relationships in the supply chain and the buying chain. I think that that has happened, but we can always do better.

[110] **Simon Thomas:** Would you agree with that?

[111] **Mr Richardson:** I think, from my perspective, Wales should be very clear that, compared to the rest of the UK, it's doing pretty well. I'm lucky enough to work in Wales, but I live in Bury St Edmunds, and I do a bit of work in Westminster, and I see the comparison. So, I think that's the first point I should make—I think Wales does very well. I would agree with your comments: I think we can do a lot better.

[112] I think one of the challenges we have is that businesses don't see public procurement as an accolade. I would really love businesses to feel that, if they supply the Welsh Government or the NHS, that is an accolade. I

don't mean an award; I mean something that they've actually worked hard to achieve. As such, I think it's a bit of a mindset change, and I think there are things that we can do to achieve that.

[113] **Mike Hedges:** Thank you. Jenny.

[114] **Jenny Rathbone:** That's a very interesting insight that I hadn't thought about before. I'd just like to go back to Gwyn's earlier remarks, because you said you thought that procurement—you know, that we were getting better at public procurement. And yet, from our previous witness, we heard that frozen New Zealand lamb is being served up in our hospitals and a lot of it's thrown away, because if there are spare portions it can't be frozen—apart from the taste and quality and all the rest of it, and food miles. There's clearly a huge amount that we need to do to raise our game. So, I'm very interested to understand how we make procuring to our hospitals and schools and other parts of the public sector a prestigious activity and how we use public procurement to develop local supply chains. I wonder if you could talk to us a little bit about what we need to do to do that.

[115] **Mr Howells:** I think that's a very good point, and in terms of the previous question from Mr Thomas, I think one of the things that we could do to strengthen that procurement offer, if you like, is to actually see if we can legally put some model clauses in the procurement tenders to specify something around quality local produce—

[116] **Jenny Rathbone:** [*Inaudible.*]—local, but—

[117] **Mr Howells:** No, but the sentiments around that, in terms of model clauses to actually strengthen that—. And I think there are other countries in the European Union who have actually gone down that road. Okay, you've got to sidestep all of the legal 'no's, but I think there is some merit in looking at how we could expand that and strengthen the framework in that respect, certainly. I can remember a few years ago—I think it's lapsed slightly now—in Italy, because Italy was a big destination, and still is, for Welsh lamb, the schools in Rome specified Welsh lamb PGI, so they used a PGI, protected geographical indication, protected food name, status, in their model clause, which said you have to have PFNs or else you won't be awarded a tender. So, it's a selection criterion in the tender. I think perhaps we could look at developing thinking along those lines, which would help.

[118] **Jenny Rathbone:** Interesting point. I think, looking more broadly,

though, Mr Richardson, there were huge numbers of pledges made on Tuesday at the vegetable summit by large companies—big supermarkets, Castell Howell, all these people saying they're going to deliver more veg. How are we going to get increased procurement of vegetables in Wales so that the public sector can be buying them?

[119] **Mr Richardson:** Okay. I think, partly, it's an issue of awareness, and I'll just, perhaps, give an example of some other work we're involved in. One of the things that I've set up in the UK is something called 'the Protein Challenge', and it's an innovative project trying to pull together all businesses, academia, and Government to actually supply the need for protein going forward. Three work streams: the first one is scaling up plant-based protein—vegetables. Secondly is innovation that improves the efficiency of meat production. Third is reducing waste. That collaboration involves 50 businesses across the world now. The point we're going to make on the vegetables is that you've got to make vegetables interesting, and the research that we've found out is: vegetables equals vegetarian food equals boring, in a lot of people's minds; I'm not saying it is boring. What we're trying to do is to inspire people to create exciting vegetable dishes, innovative dishes, and we've engaged people like Raymond Blanc to engage the next generations in the cookery schools. So, I think part of the solution is to make the meals interesting. I see no reason at all why we can't get the vegetables in Wales. If you can't grow them in Wales, where are you going to grow them?

[120] **Jenny Rathbone:** Indeed, but how, then, do you think our public procurement needs to be—? How do we drive up the production of things that we completely lack? Eighty per cent of all our vegetables are imported, across the UK. So, obviously, make fruit and vegetables interesting, yes, but we absolutely have to have the local vegetables to make it tasty. If they come from the other side of the world, they're not very tasty and they're a lot more expensive.

[121] **Mr Richardson:** I think we've got to bear in mind that what we're trying to encourage people to do in Wales—as chair of the food and drink board—is to produce innovative, added-value products, and that's the focus of a lot of businesses. So, if you have to put yourself—. As the chief exec of a business producing vegetables, you're focusing your business on producing added-value, quality produce. Why would you want to look at procurement if you're focused on added-value markets? That's the thing we've got to answer. How can we make it relevant to businesspeople to say, 'I want to build my

business based on a portfolio of supplying public procurement'?

[122] **Jenny Rathbone:** So, if public procurement specified fresh produce that had been in the ground no less than 48 hours ago, or whatever it might be, how would the industry respond?

[123] **Mr Richardson:** I think the industry would be more interested, because it's something, clearly, that they can provide. It's the differentiator. But, again, it comes back to, I think, some of the comments that Gwyn was saying. They can supply the fresh produce, but actually the competition is the retailers, and, particularly at the moment, the retailers are looking to secure their supply chains within the UK because of Brexit. So, it's got even worse because of Brexit. There's increased competition, and again it comes back to—. If we were speaking to an imaginary chief exec who runs a business, why are we saying they should be interested in public procurement? Why should they not—?

10:30

[124] **Jenny Rathbone:** All of the things you say seem to indicate a need to increase production.

[125] **Mr Richardson:** A need to increase production—.

[126] **Jenny Rathbone:** Because otherwise we're all suffering from a lack of supply.

[127] **Mr Richardson:** Yes. And, again, I think it comes back to the comments I made at the beginning: we should try to make procurement something which is something that is really fundamentally attractive to an innovative business.

[128] **Jenny Rathbone:** But you don't think that your members are interested in selling to Welsh hospitals, schools and nursing homes?

[129] **Mr Richardson:** I think they are interested, yes, Jenny. I think the big challenge we've got is we've got to make it more of a priority for them. And I think there is also a perception issue out there; a perception issue that they feel that procurement is complicated, but I think it's got far less complicated. So, again, my take-home comment from that is we've got to make businesses find public procurement interesting, easy to engage with, and

where they feel they can add value as part of a long-term business plan.

[130] **Mike Hedges:** Yes. The only thing, of course, that they'll know, if they're dealing with public procurement, is that we're not going to come back in six months' time and try and push their prices down again, as supermarkets do on occasion. Huw, you had a comment.

[131] **Huw Irranca-Davies:** Yes. I just wanted to follow up Jenny's questions on the issue of the capacity in the system to deliver either greater volumes or greater quality of public procurement in Wales in different sectors. Gwyn, I wonder if I can ask you what is your take from Hybu Cig Cymru on whether there is sufficient capacity amongst the public procurement sector—if it can be called such a thing—professionals to deliver the sort of improvements and procurement that we might want to see.

[132] **Mr Howells:** Is it capacity in terms of production or in terms of buying power?

[133] **Huw Irranca-Davies:** Not production, not buying power, the actual skills, the expertise, to develop clever procurement systems that will source local production, will deliver it onto the public procurement estates. Is there sufficient capacity, sufficient expertise there, in your experience of Hybu Cig Cymru, to do it?

[134] **Mr Howells:** I think it has improved. I can remember back in the early 1990s and middle 1990s when there was very little Welsh, or even British, food going into public establishments. That has changed dramatically where we have, probably—. Local authorities are sourcing large volumes of, certainly, in my sector lamb, beef, and possibly not so much pork, more locally. The point that Jenny made regarding hospitals: in terms of Wales, beef goes into all of the trusts bar one, I think. Lamb is a different kettle of fish and I think there needs to be more understanding of supply chains, how it works, what bits of a carcass and what cuts are traded in what sectors in the global arena, and how that fits into public procurement needs. And often, public procurement needs are at a level, in fact—. So, if you take the carcass as a whole, and lamb as an example, you will have parts of the carcass that are more akin and find a home in the procurement of public sectors, i.e. mince and trim, largely, which are lower cost elements, but the people who buy need to understand where the competition is for that product. I think there's intelligence of that lacking.

[135] **Huw Irranca-Davies:** So, let me be provocative a little bit, then: you know this, and we've heard this previously. Why don't the procurement officers know this? Let me be provocative: why aren't you getting that message across to them?

[136] **Mr Howells:** Well, let me put it in the words of: I think the message is probably heard but perhaps not always received properly, and I think there's more work to be undertaken in—

[137] **Huw Irranca-Davies:** Why?

[138] **Mr Howells:** I don't know whether it's enough dialogue, enough direct dialogue, and it's just people on the ground, I suspect.

[139] **Huw Irranca-Davies:** Right, okay. Now, so, on that basis, and we know it's going to get more challenging, I suspect, across all health authorities, public procurement authorities and local authorities, et cetera, et cetera. It's going to get more challenging for them on resources. So, can I just put to you—? You've put some very good ideas forward, and I suspect if we went to other sectors they could also say, 'Well, they need to understand this and this and this and then we could do some stuff.' So, what role do you, as a sector body, have, and other sector bodies, in actually making that happen, as opposed to simply saying, 'We've got a problem here and it's not being unjammed'? Can you bring resource to it? Can Hybu Cig Cymru bring resource to help it to drive that better procurement?

[140] **Mr Howells:** I think the answer is always 'yes', but I think I need to explain, to put across the point, that, in Welsh lamb and Welsh beef, we've got premium products. Our whole ethos and our whole mantra is to sell those as premium products across the globe. Now, then, what we're saying here doesn't actually fit into that category so comfortably as that, and if you look at, in very broad terms—. If you're a meat processor, your target market will be retail, which is the best margin market, be it in the UK, which is more evident, but certainly abroad. So, that will be your top target. Then there'll be the food service sector, as we call it, so catering and the food service sector, which we split into profit sector, which is the pubs, hotels, restaurants, et cetera, which is a margin business, and then, at the bottom of your offering, if you like, you have the food service sector, but the cost sector, i.e. people buy on a cost basis. That is, if you're running a company, going back to Andy's point, you will seek the best margin for the product going through your factory. Therefore, there is a slight contradiction, isn't there?

[141] **Huw Irranca-Davies:** On that basis, if it's the bottom of the pyramid, and that's all that's going to be left for either the National Procurement Service or some local initiative in Caerphilly or wherever else is trying to do it, and you're saying, 'Well, we're going to go wherever the profits are greatest'—and I understand that, by the way—then what basis is that for them to actually extend any effort into developing more volume of procurement with Welsh meat?

[142] **Mr Howells:** If we drill down one stage or two stages further than that, that's the general approach, but there are parts of the carcass, as I mentioned earlier, that—if you look at the buying schedules of public bodies—are generally the product that is traded more globally. There is an opportunity there to actually add value and to buy more locally, and the price would be very competitive, but I suspect the structures aren't focusing in on those opportunities, if you like, for reasons we covered earlier on.

[143] **Mike Hedges:** Jenny, one more question.

[144] **Jenny Rathbone:** I just wanted—. Because it's perfectly obvious. The average age of people in hospital is 85 in Cardiff, so the sort of meat that they would need is things that are in stews and casseroles, or mince, because they're ill people. They're not people who are going to be tackling a lamb chop. Similarly, in schools, the staff haven't got time to go around cutting up the meat of five-year-olds. It's got to be presented in a way that children can eat it unaided. So, I'm struggling to understand why you don't think that this is a really good market for the cuts that you don't get the top prices in your restaurants for.

[145] **Mr Howells:** I've probably conveyed myself wrongly. I think there is an opportunity there, but the industry, and probably the buyers, aren't focused enough on the supply chains that exist within Wales at the moment in a way that leads to the development of the business, because everybody does what they've done previously in terms of, 'If it's trim, well McDonald's might want it' or whatever. So, I think it's just a case of how efforts are focused in that category need to be, probably, changed.

[146] **Jenny Rathbone:** But the procurers haven't actually come to you and said, 'This is what we need.'

[147] **Mr Howells:** No, in that respect. We have a dialogue with the National

Procurement Service in terms of trying to influence what is put in a tender in terms of specification and, ideally, as I mentioned, the model clauses on supplying local or supporting local supply chains.

[148] **Mike Hedges:** You wanted to come in.

[149] **Mr Richardson:** Thank you, Mike. Just coming back on Huw's original question, I'm just trying to help and see how we can perhaps do things differently. When I chair the food and drink board, we've had representatives from the public procurement process come and present to us. People have taken it very seriously and people are very interested, but, actually, you can take it or leave it, and I always think that the things that really embed best are when you co-create things. So, what I'm thinking is, is there a way whereby Government, procurement service, and industry can work together on something that is a common-problem issue and if you co-create a solution, people are going to be much more bought into the solution. So, I know that the Welsh Government has got a very good history of doing those collaborative things. So, I think the conclusion for what I'm trying to say there is: if we can try and think of something that can be a co-creation, I think that will get the buy-in from a lot more people.

[150] **Mike Hedges:** Dai, is it time to move on to you?

[151] **Dai Lloyd:** Diolch, Gadeirydd. Rŷch chi wedi olrhain eisoes nifer o ffactorau sydd yn heriol yn y busnes caffael cyhoeddus yma. A oes unrhyw rwystrau eraill rydych chi eisiau sôn amdany'n nhw sy'n atal busnesau bwyd rhag cyflenwi'r sector gyhoeddus?

Dai Lloyd: Thank you, Chair. You have already discussed a number of challenging factors in this business of public procurement. Are there any other barriers that you would like to talk about that hinder food businesses from supplying the public sector?

[152] **Mr Howells:** Na. Fe fyddwn i'n meddwl, fel rwy'n sôn, fod angen mwy o gyfathrebu a mwy o ddealltwriaeth o ran pa bryd y mae'r tendrau yma'n dod allan. Nid yw ar ddesg lawer o'r cwmnïau, byddwn i'n meddwl, heblaw am un neu ddau. Felly, rwy'n credu bod eisiau gwell addysg o fewn y sector yna, ac efallai

Mr Howells: No, I would think, as I mentioned, that we need more communication and more understanding about when the tenders come out. It's not on the desks of many of the companies, I wouldn't think, except for one or two. So, I think that we need better education within the sector, and

gwell dealltwriaeth o'r math o gynnyrch sydd ei angen yn y sector gyhoeddus fel eu bod nhw'n gallu cynllunio ymlaen llaw. Achos nid yw'n anodd iawn, o ran lot o'r cynnyrch sydd yn mynd i mewn i'r sector gyhoeddus—nid yw'n anodd iawn i ragbaratoi hwnnw misoedd ymlaen llaw, dim ond bod rhywun yn gwybod faint sydd ei angen, pryd mae ei angen e ac, wrth gwrs, mae'r pris yn rhywbeth sydd yn cael ei gytuno rhwng y ddau gorff. Mae eisiau gwell dealltwriaeth o'r cyfle sydd yn y sector yna. Fel y dywedodd Andy yn gynt, rwy'n credu, gyda'r newidiadau posib os cawn ni Brexit caled, efallai y bydd yn anodd allforio ac efallai y bydd mwy o gynnyrch nag sydd yna nawr a fydd angen cartref yn y farchnad gartref yma. Mae hwnnw'n rhoi cyfle, wrth gwrs, i'r sawl sydd yn cyflenwi a'r sawl sydd yn prynu, mewn gwirionedd. Rŷm ni wrthi yn gwneud tipyn o waith rhagbaratoi ar hwnnw nawr ac y mae'r ardal yma o waith yn bwysig iawn, ac yn gynyddol bwysig yn y dyfodol buaswn i'n ei ddweud.

[153] **Dai Lloyd:** Ac yn dilyn o hynny, mae yna gynllunio ymlaen llaw nawr, pe bai Brexit caled yn digwydd. Hynny yw, roedd yna gwestiynau gynnu bach a oedd yn sôn am, 'A ydych yn ffyddiog bod y gallu yna a'r capasiti yna i ddelifro rhagor o fwyd i lefydd gartref?' So, mae yna gynllunio ymlaen llaw ar hynny, achos hefyd, ar wahanol lwybr, rŷm ni wedi clywed bod yna heriau ynglŷn â gwastraff

maybe a better understanding of the kind of produce that is needed in the public sector so that they can plan ahead. Because it's not very difficult, in terms of a lot of the produce that goes into the public sector—it's not very difficult to prepare that months beforehand, just as long as one knows how much is needed, when it's needed and, of course, the price is something that is agreed between the two bodies. There is a need for a better understanding of the opportunity that exists in that sector. As Andy said earlier, I think that, with the possible changes, if we have a hard Brexit, it'll be difficult to export and there may be more produce than there is now that will need a home in the domestic market. So, that gives an opportunity, of course, to those who supply and buy, in truth. I think we're doing some work now in forward planning on that and this area of work is very important, and increasingly important in the future, I would think.

Dai Lloyd: And following on from that, there is forward planning being undertaken should there be a hard Brexit. That is, there were questions earlier as to whether you were confident that the ability and the capacity were there to deliver more to the domestic markets. So, there is some forward planning taking place because, taking a different route, we've heard that there are challenges

bwyd yn ein hysbytai ac ati, felly mae hynny hefyd yn olrhain y syniad y dylai bod mwy o gynllunio ymlaen llaw a mwy o gydweithio. Roeddech yn sôn am wahanol rannau o'r oen; efallai y gallech chi werthu gwahanol rannau o'r un oen i wahanol gyflenwyr, os ydych chi eisiau ymhelaethu ar hynny.

[154] **Mr Howells:** Os cawn ni Brexit caled, fel yr oeddwn i'n sôn, bydd y diwydiant cig oen ar dosturi'r polisi mewn gwirionedd—bydd yna ffwdan ofnadwy yn y gyfundrefn gyflenwi. Felly, mae yna gyfleon neu mae'n rhaid i ni chwilio am farchnadoedd o fewn Prydain sydd yn mynd i allu cymryd yr un rhan o dair o'n holl gynnyrch ni sydd nawr yn mynd dros y dŵr. Felly, mae'r ardal yma o waith, a'r ardal manwerthu ym Mhrydain yn fwy eang, yn mynd i fod yn bwysig tu hwnt.

[155] Mae'n rhaid i ni gofio mai'r rheswm ein bod ni'n allforio gymaint o'n cig oen ni ydy (a) mae'n dymhorol a (b) nid ydym yn bwyta pob rhan o'r *carcass* ym Mhrydain—nid ydym ond eisiau'r coesau a rhan ganol y *carcass*. Nid ydym yn or-hoff o'r darnau eraill ac felly dyna pam rŷm ni'n chwilio am farchnadoedd dramor. Mae eisiau i ni addasu efallai a meddwl am addasu sut rŷm ni'n gallu cyflenwi'r ardal yma o waith yn nhermau cynnyrch clodwiw.

[156] Roeddech yn sôn am wastraff mewn ysbytai, ond efallai bod peth

in terms of food waste in our hospitals and so forth, so that also raises the idea that there should be greater forward planning and more collaboration. You talked about the various cuts of lamb; perhaps you could sell different cuts of the same lamb to different suppliers. Could you expand on that perhaps?

Mr Howells: If we have a hard Brexit, as I mentioned, the lamb industry will be at the mercy of the policy—there will be a great fuss in the supply regime. So, there are opportunities or we'll have to look for markets within Britain that are going to be able to take the third of our produce that currently goes overseas. This area of work, and retail in the UK more broadly, is going to be very important.

We have to remember that the reason why we do export so much of our lamb is because (a) it's seasonal and (b) we don't eat all parts of the carcass in Britain—we only want the legs and the midriff of the carcass. We don't like the other cuts and so that's why we look at foreign markets. We need to adapt and adjust and see how we can supply this area of work in terms of good produce.

You talked about hospital waste, but perhaps part of that waste is because

o'r gwastraff achos nad yw'r the best produce isn't bought by cynnyrch gorau'n cael ei brynu gan y these organisations, and so, if sefydliadau yma ac felly, os yw someone eats it, they think, 'Well, rhywun yn ei fwyta, maen nhw'n that's not good enough' or 'It hasn't meddwl, 'Nid yw hwnnw'n ddigon been prepared well enough, so I'm da', neu, 'Nid yw wedi cael ei baratoi not going to eat it.' So, I think there yn ddigon neis, felly nid wy'n mynd is significant scope to improve what i'w fwyta fe.' Felly, rwy'n credu bod we do here. Everyone is going to yna le syfrdanol a sylweddol i wella ar benefit, of course, aren't they? The beth rŷm ni'n ei wneud fan hyn. Mae children, the patients and the elderly pawb yn mynd i elwa, onid ydyn nhw? people are going to benefit, and the Mae'r plant, y cleifion a'r bobl mewn public purse, and of course the oed yn mynd i elwa, y pwrs supply chain. cyhoeddus, a hefyd y gadwyn gyflenwi.

10:45

[157] **Dai Lloyd:** Diolch yn fawr.

Dai Lloyd: Thank you very much.

[158] **Mike Hedges:** David.

[159] **David Melding:** Thanks, Chair. The previous witness is an international authority on food policy and she said, in terms of food policy and procurement, the Welsh Government clearly has to show more leadership, and in particular it needs an effective action plan. Do you agree with those judgments?

[160] **Mr Howells:** I'd probably question the challenge in terms of more leadership or that it needs to have a stronger view. I suspect, as I've mentioned twice previously, I think, that a lot has been done, but it's not to say that it's all been done. I think there is more that we can all do collectively, including Government, including the people who set the contracts in the National Procurement Service and other places, the actual people who tender, the people who buy and the people who put the specifications together. And importantly, the industry out there needs to be made aware of what the opportunity is and how might they avail themselves of the opportunity. So, I think it needs to be a collegiate, collective approach to a win-win for everybody—i.e. the consuming public who are eating the products in our public establishments and the supply chain and the taxpayer at the end of the day. So, I think it's an open door for everybody, but I

suspect it's a case of, 'We haven't got there yet, David.' There's more work to be done.

[161] **David Melding:** Her view is that there needs to be a systematic change. You've hinted at a more systematic approach, and all witnesses in writing have said there's too much of a narrow economic focus on current food policy, and you need to look at social, health and environmental benefits and such. What I think we need is a judgment on the order of magnitude that's required in terms of Welsh Government policy. Either it is fit for purpose, but obviously needs innovation and adaptation as we go along, or it has significant areas where it needs to improve and be reformed. So, where are you on that? It sounds like you are fairly content with the current situation.

[162] **Mr Howells:** I think the National Procurement Service was a really positive step in the right direction, so that procurement wasn't done in 25 or 55 or whatever—it was different places. So, the concept and principle of that is to be commended, I think. It's establishment is fairly recent, but I suspect now that that is consolidated, probably it would not be bad practice to look at how that has done so far and how that might need to change, if at all, in the future. Because, in all of this work, it's always fluid and there are always changes in dynamics in the marketplace for one thing, which will have a bearing on what is procured. So, I suspect, going back to my original statement, in answer to Huw, there needs to be probably more intelligence in the process.

[163] **David Melding:** It's perfectly fair to come here and say you feel things are broadly on track—that doesn't mean you agree with everything, obviously—and there's no need to adapt and change as we go on, but I do take that as basically you are fairly content with the current situation and you certainly feel it's open enough to change under your influence to improve further. Mr Richardson, is that your view as well?

[164] **Mr Richardson:** I think we could always do better. One thing that really comes to mind is the impact in Wales of the future generations Act. I'm very mindful of that because that's made a real step change, David, in terms of things that happen in the food sector. So, I'm just wondering, passing it back to you, do we need a similar kind of thing for a food Act? Do we need something, and I'm not an expert in this area, that will really make people stand up and say, 'Food is important, it's a core part of health, the environment, et cetera'? What I'd be immensely proud of is if we could lead the UK, because I think it's desperately needed. So, I hope that's answered

your question, David. I feel very passionate about that.

[165] **David Melding:** Okay. Again, I'd put you in the same category—that you think the policy framework in Wales is a fairly robust one, although you've made an interesting suggestion of how we could innovate further. I think one of the particular deficiencies, probably for Mr Richardson mostly, this question, that a number of us found when we'd been out visiting food businesses is that it's difficult to get investment in this sector. You can establish a market, you can be told that you will get a contract if you can guarantee supply, but then you need £100,000, £250,000, or whatever, to put the production line in place, and commercial banks are reluctant and sources that are basically under Government management can be very slow or unforthcoming, because they, actually, when it comes down to it, don't see food as an economic priority in terms of economic development. Does this reflect some of the observations you've made of the situation in Wales?

[166] **Mr Richardson:** I think investments are crucial. Certainly, as a board, investment is one of our three work streams. We really recognise that. Something that was very interesting, we ran a conference the other day—well, sorry, a few months ago—that got investors, and I'm talking a very wide range of investors from your traditional banks through to crowd funding—you know, completely different investors—with food companies. It wasn't farm, it was food because it's the food and drink board. What really shocked me was that, actually, there's a real desire from businesses to expand. There's a lot of innovation. But, actually, there's a lack of understanding about what some of the options are, other than just the normal bank finances and Welsh Government grants. We have to really wake up to the fact that we're going to lose a lot of that money after Brexit, and we have to, absolutely have to focus on getting alternative investment in.

[167] So, if there was a conclusion, I think we need to work harder to connect with all kinds of financiers; to connect with financial businesses to say, 'Food procurement is critical going forwards' for all the reasons that we've talked about, if not least food security. But I think, also, we can't crack this together. We've got to do it bit by bit, and we try to segment businesses, and anecdotally, people are saying to me that when businesses get to around £5 million or £6 million in turnover—this is anecdotal—they hit the ceiling. Do they stay the same, do they sell, or do they expand? I think there are thresholds, and maybe that's the conclusion: we need to look at businesses to see their thresholds of business growth to see whether we can help them through that, and in this context, help them to invest in areas that we need

them to.

[168] **David Melding:** Thank you.

[169] **Mike Hedges:** That's no different to other sectors, though. Simon.

[170] **Simon Thomas:** Diolch yn fawr. Mae'n amlwg fod brandio wedi bod yn rhan bwysig o dyfu'r sector yn gyffredinol, ac rydych eisoes wedi sôn am PGI ar gyfer cig coch, ac mae'ch tystiolaeth chi yn dangos bod y twf yng ngwerth y sector wedi mynd law yn llaw gydag ennill brand cryf â'r statws PGI. Felly, wrth inni edrych ar yr heriau o ymadael â'r Undeb Ewropeaidd, lle ydych chi'n teimlo y mae brand Cymru bellach yn gorfod ffitio mewn i hyn i gyd?

Simon Thomas: Thank you very much. It's evident that branding has been an important part of growing the sector in general, and you've already talked about PGI for red meat, and your evidence does show that the growth of value in the sector has gone hand in hand with gaining a strong brand and the PGI status. So, as we look at the challenges arising from leaving the EU, where do you feel that the Welsh brand now fits into all this?

[171] **Mr Howells:** Wel, ar hyn o bryd, nid oes dim byd wedi newid, mewn gwirionedd, ond wrth gwrs ar y gorwel mae gofid i gael ac mae'n bryder inni beth sydd yn mynd i ddigwydd i'r *scheme* rydym yn perthyn iddo nawr, sef y *protected food names scheme* o Ewrop. Byddem ni'n siomedig iawn a byddai'r diwydiant ar ei golled yn anferthol pe na baem yn gallu cael un ai'r un gyfundrefn neu gyfundrefn gyffelyb iawn, a phe baem ni'n colli ein brand a gwerth y brand. Mae'r brand yna, neu'r bathodyn yna o PGI yn agor marchnad, nid yn unig yng Nghymru ac yn y Deyrnas Unedig, ond ledled y byd, mewn gwirionedd, ac mae'r brand cig oen ar flaen y gad i Gymru dramor.

Mr Howells: Well, at present, nothing's changed, in truth, but on the horizon we have concern, and it is a concern to us what's going to happen to the scheme that we belong to now, namely the protected food name scheme from Europe. We would be very disappointed and the industry would lose out greatly if we didn't have either the same regime or a very similar one, and if we were to lose our brand and the value of the brand. Because that brand, or that badge of PGI, have opened markets to us, not just in Wales and in the UK, but across the world. The lamb brand is in the vanguard for Wales abroad.

[172] **Simon Thomas:** Rydych chi eisoes wedi rhoi'r enghraifft o werthu mewn i'r Eidal, lle'r oedd y PGI wedi cael ei roi yn yr amodau, ac felly roedd e'n agor y drws i gig oen o Gymru yn y cyd-destun yna. A ydy e'n glir ym mha ffordd bydd y penderfyniad yn cael ei wneud i'w gadw neu beidio yn PGI?

Simon Thomas: We had an example of selling into Italy, where PGI was set in the conditions, and that then opened the door for Welsh lamb in that context in Italy. Is it clear in what way the decision will be made to retain PGI or not?

[173] **Mr Howells:** Nac ydy. Rydym wedi cael sawl cyfarfod gyda Gweinidogion DEFRA, achos yn San Steffan bydd y penderfyniad yn cael ei wneud. Maen nhw'n ymwybodol o'n barn ni ar hwn. Byddwn i'n meddwl, er fy mod i'n gwybod eu bod nhw'n edrych ar beth fyddai'r opsiynau—a dau opsiwn sydd mewn gwirionedd, un ai cario ymlaen neu gael *scheme* cyffelyb ym Mhrydain. Ond wrth gwrs, fel rydw i'n ei ddeall ar hyn o bryd, ni chawn wybod beth fydd y penderfyniad nes byddwn ni bron iawn allan o Ewrop, sef Mawrth 2019, sydd ddim yn rhoi llawer o amser i ni addasu mewn gwirionedd wedyn. Felly, mae'n bryder i ni, a rŷm ni hefyd yn perthyn i grŵp o gynnyrch, gan gynnwys samwn o'r Alban a chwisgi, a *Melton Mowbray pies*, a llawer un yng Nghymru, sydd mewn deialog gyda Gweinidogion DEFRA a staff DEFRA ar hynna ac yn trio'u darbwylo nhw ei bod yn bwysig iawn ein bod yn cael penderfyniad a rhywbeth sy'n gallu bod yn gymharol â beth sydd gyda ni nawr yn y dyfodol. Mae'n rheidrydd i ni gael e.

Mr Howells: No. We've had several meetings with DEFRA Ministers because that decision will be made in Westminster. They're aware of our view on this. I would think that, though I know that they are looking at what the options would be—and there are two options, either to carry on or have a very similar scheme in Britain. But of course, as I understand it at present, we won't know the decision until we're nearly out of Europe, March 2019, which doesn't give us much time to adapt, in truth. So, it is a concern for us, and we are also members of a group of produce, including salmon from Scotland and whisky, and Melton Mowbray pies, and others in Wales, which are in dialogue with DEFRA Ministers and staff and trying to convince them that it is important for us to have a decision and something that can be comparative with what we have now in the future. So it's necessary for us to have this.

[174] **Simon Thomas:** Ac wedyn, os caf i jyst agor y ddadl o PGI ychydig mwy jyst ynglŷn â'r brand o Gymru, achos hyd y gwelaf i nid yw'n glir ychwaith a fydd bwyd—wrth ymadael yr Undeb Ewropeaidd—a fydd bwyd o Gymru yn cael ei weld fel bwyd o Gymru neu fwyd o Brydain, neu fwyd o sir Benfro. Mae lot o drafodaeth—a fyddwn ni'n rhanbarthol, a fyddwn ni'n genedlaethol, a fyddwn ni ar lefel Brydeinig? Mae gen i farn fy hunan wrth gwrs, ond o safbwynt cynyddu faint o fwyd o Gymru sy'n cael ei ddefnyddio gan y sector cyhoeddus ac sydd wedyn â statws iddo fe, beth fyddai'r opsiwn gorau yn eich tyb chi?

Simon Thomas: And then, if I can broaden the discussion about PGI a little further onto the Welsh brand, because as far as I can see it's not clear either whether food—as we leave the EU—as to whether food from Wales will be seen as Welsh food, or food coming from the UK, or from Pembrokeshire. There's a lot of discussion—will we be seen as regional, or will it be on a national or a British level? Now, I have my own view on all this, but in terms of increasing how much food from Wales is being used by the public sector and then has a status related to it, what would be the best option in your view?

[175] **Mr Howells:** Wel, mae'n syml iawn i fi: bwyd o Gymru, neu gig oen o Gymru a chig eidion a chig porc o Gymru yn gyntaf, ac unrhyw beth sydd ddim yn ffitio i mewn i'r criteria yna, gallai fe fod yn gig o Brydain. Ein bwriad ni fel corff yw cael premiwm ar ein cynnyrch ni ble bynnag y mae'n cael ei werthu—yr unig ffordd i ni wneud hynny yw gwerthu bwyd o Gymru: cig oen a chig eidion o Gymru. Nid oes dadl ynghylch hynny. Mae'r dystiolaeth yn gryf.

Mr Howells: Well, it's simple for me: food from Wales, or Welsh lamb, and Welsh beef and Welsh pork first, and anything that doesn't fit in to that criteria, well it can be meat from the UK. Our intention as a body is to have a premium on our produce wherever it's sold—the only way we do that is sell food from Wales: lamb and beef. There's no argument about that. The evidence is very strong.

[176] **Simon Thomas:** Ac a oes gan y bwrdd bwyd farn ar hynny?

Simon Thomas: And does the food board have a view on this?

[177] **Mr Richardson:** I was just thinking, while Gwyn was saying that. There are two parts to this, aren't there? One is actually procurement to Welsh public procurement, and the other—well, there's three. The second bit is the UK, and the third is export. And, as a board, we're doing a lot of work to support the Welsh brand, and I passionately believe that tourism and Welsh

food and drink go hand in hand. I know we need to talk about procurement, but I think that's really important. And we've had discussions about how Welsh food and drink sits within the context of the Great British campaign. And the way I would put it is: I think the Great British campaign is about traceability, the fundamental things that underpin good food supply, and Welsh is more about provenance.

[178] There's a really great story about Welsh food and drink, great provenance, interesting food, and I think, in Wales, we're never going to necessarily win the least-cost manufacturer. We need to go down this provenance, interesting food approach. How that relates to public procurement, I don't know, but it comes back to what I was saying at the beginning to Jenny: we've got to try to find some way of making procurement interesting, the food exciting.

[179] **Simon Thomas:** Part of that is branding, and part of that is the story, because I think there is a link here. It's not just about tourism, it's about—people need to think they want to offer that, either in schools, or colleges, or hospitals, or whatever. We haven't talked about the army: the armed forces is another thing altogether. But it can be part of the same story. Is some form of promotion in terms of—you know, we used to have food and drink awards, Welsh ones. We don't have those at the moment: are we going to have to rethink about some aspects of this so that we can be more enthused and more public about what we're trying to do in Wales?

[180] **Mr Richardson:** I think definitely awards, and I mentioned right at the beginning accolades for actually—I think that's absolutely critical, we've got to make—

[181] **Simon Thomas:** By appointment to the National Assembly, something like that?

[182] **Mr Richardson:** Yes. I mean, there's nothing wrong in that. There is absolutely nothing wrong in that. And it may all be—I think we need to be careful about awards, because they're very easy to run, I think. But the other thing I think is really important is, we should reward people who have the passion to do things. So, I believe really passionately that the answers are out there, and I think we need to try to identify those people, across procurement, across the health service, who are passionate about food—identify those and help and support them to make a difference. I'm trying to get this across right, so help me through this. The clever solution is to

identify those people with passion and drive to make a difference. If we spend time doing that, that will probably make a bigger impact than us trying to raise awareness of the procurement process, et cetera.

11:00

[183] **Mike Hedges:** Huw.

[184] **Huw Irranca-Davies:** A question now—not directly to do with procurement at all—simply whether you have a view on how the groceries code adjudicator and the whole process of it is getting along. Is its remit correct or its powers correct? Do they need to be enhanced?

[185] **Mr Howells:** I think it's been a long journey on that, but I suspect things have got better since the code was put in place a few years ago, and I think there are fewer rumblings in the system now than there were. That might be, of course, because the market situation is better than it was before, but given, in the last year or two, the retail sector in particular has been under pressure in terms of margins, there seems to be less discontent and discord amongst the suppliers now as there was perhaps three or four years ago. So, I suspect that is—

[186] **Huw Irranca-Davies:** Christine Tacon always took the view that the success of this would not be in the number of cases she was investigating and the high-profile publicity that she took on some big suppliers or distributors, but it was actually to be dealing with the behind-the-scenes conduct. Now, from what you're suggesting, that sort of slow-cook pressure to say, 'Get it right, boys, so that we don't have to come in with a big club here' seems to be paying off at the moment.

[187] **Mr Howells:** I think so, and I think what we're seeing on an ongoing basis, certainly in terms of the red meat supply chain—and whilst there are very few multiple retailers, and you're talking about half a dozen, probably, large ones—we are seeing a massive consolidation in the processing sector, the red meats processing sector, where we're just seeing another merger now between Dunbia and Dawn. Therefore, the number of processors are getting fewer in number than the actual multiple retailers, and therefore there is some sort of balancing of power and parity in discussions. So, probably that has an effect as well, I suspect.

[188] **Huw Irranca-Davies:** Andy, what's your take?

[189] **Mr Richardson:** I think that it's done a lot of good. I think it's sort of carrot and stick—which way do you go? I think, as Gwyn said, you never really know what's had the impact, but I do believe that supply chains are changing. I think, anyway—certainly at the Royal Welsh, we met all the retailers this year—the response you get from the retailers this year is very different to previous years, and I think that's because of Brexit and supply chains. So, I think it's something that's going to happen anyway, but I think, the GCA—I wouldn't change what you've got now. I have got views that you could strengthen it, but actually, collectively it's having an impact, so, I think, let it run its course for now.

[190] **Huw Irranca-Davies:** It's interesting what you're saying there on the approach being taken across the supply chain at the moment by all the players. Do you think that Brexit is encouraging, broadly, a more collaborative approach to say, 'How do we get the resilience into this? How do we make sure that nobody's beggared and put out of business?'—

[191] **Mr Richardson:** No question. Absolutely.

[192] **Huw Irranca-Davies:** —as opposed to what we may have seen previously, which was, 'Margins, margins, margins'?

[193] **Mr Richardson:** Absolutely.

[194] **Huw Irranca-Davies:** So, there is some real, constructive work going on at the supply chains, you are both saying.

[195] **Mr Howells:** There is some serious worry amongst multiple retailers generally and retailers of all descriptions as to where the supply chains are going to come in the future.

[196] **Simon Thomas:** They could have empty shelves, couldn't they?

[197] **Mr Howells:** They could indeed. It's not only Brexit, but they're seeing a period that we haven't seen before of a particularly weak pound now, which makes the importation of product more expensive, and it's happening even before Brexit. Therefore, you see and you hear the likes of Co-op and Morrisons and Marks and Spencer, to a degree, saying, 'Well, we're going to be supplying red meat from Britain 52 weeks of the year'. So, there is a change of culture, I suspect, in terms of approach to supply, and it's not

always—. It largely is profit driven, but it's not always in that game.

[198] **Huw Irranca-Davies:** Is there anything that Welsh Government need to do, that our committee needs to do, or others need to do, to encourage that more collaborative approach across the supply chain? Or, is it just happening and we can leave it go? We've gone from the year of big sticks and now, of necessity, we are going to have to look at more collaborative work.

[199] **Mr Howells:** Well, there is a distinct possibility that we will, by necessity, have to be more collaborative, even than we are now, if we do have a hard Brexit and it means that we have more product on these shores, with difficulty in exporting on WTO rules. So, yes, I think it's an evolutionary process, I suspect.

[200] **Huw Irranca-Davies:** Could I just ask one supplementary? The fear, in a hard Brexit post-Brexit scenario, or even actually a sensible, managed Brexit, where part of the deal is that it's not the tariffs, but the quotas, is that we suddenly find that greater product from overseas at lower price and higher volume is suddenly dumped on the UK's shores—and you can imagine the lamb scenario with this. What are you picking up from suppliers about that, as opposed to producers? You can see the fear of death amongst producers with this, but suppliers: are they working with producers to say, 'Don't you worry. We'll be okay. We're going to make sure you're first'? Or, are they saying: 'Well, I'm sorry. This is a worry and we are going to have to put cheap stuff on your plates come what may'?

[201] **Mr Howells:** No, I would say the former, Huw. I think that suppliers—certainly the large processing companies—are really worried as well, in terms of: if there is a hard Brexit, shall we say, or even a moderate one, and the supply chains and critical mass of the industry in Wales, for example, wanes significantly, well, these chaps need critical mass to run their factories. If the critical mass isn't there, there are some serious changes in the dynamics of the industry. Therefore, there is a—it's not a plea as yet, but certainly a will: 'We need your supply, and there are markets for the supply.'

[202] **Mike Hedges:** Thank you, Huw. Jenny.

[203] **Jenny Rathbone:** Looking at some of the challenges of Brexit, could I ask you both about the significance of EU migrant workers to the Welsh food sector? The Food and Drink Federation says that over a third of our food businesses would become unviable if they had no access to EU workers, and

Cardiff University has calculated that we have 22,000 EU workers, particularly in the horticulture and pig farm industries. So, what's your SWOT analysis of this situation?

[204] **Mr Richardson:** The first response, Jenny, is that, as a board, we are very aware of it. One of our work streams, actually, is about skills. Over the road, in the coal exchange, today we have a conference that has pulled together industry, academia and government to try to work out what is needed going forward. So, that's what we're doing about it. As an issue, we are quite worried about it, yes, in particular sectors that Gwyn, I'm sure, will talk about, but in food manufacturing—absolutely. So, it's a very, very real risk.

[205] **Jenny Rathbone:** Professor Sonnino said that we need to make agriculture a more attractive occupation to Welsh people, particularly Welsh young people. Do you think that's an aspect that we need to drive, and really need to go for?

[206] **Mr Richardson:** Yes, Jenny, but I think that goes back to schools. I think it goes back to education. I think that, in my day, when you went into agriculture, people patted you on the back and said, 'Never mind. Well done. Hope you have fun there.' But, we want to make, fundamentally, food and agriculture interesting, exciting, worthwhile careers. It goes right back to primary school education, right the way through to secondary.

[207] **Jenny Rathbone:** It's excellent work you're doing, but are you going to get there fast enough before, potentially, some of these Welsh industries collapse because EU migrant voters vote with their feet?

[208] **Mr Richardson:** I wish I could give you my speech that I gave a few minutes ago over there. It said, absolutely categorically: 'You have a responsibility to act now. We need to plan for 10 years—of course we do. But you have to act now and we've got to put in place a strategy to make a difference.' I could show you the speech if you like, but—

[209] **Jenny Rathbone:** Yes, please send us your speech.

[210] **Mr Richardson:** —we have to. We have to.

[211] **Mike Hedges:** Seriously, if you would like to make your speech available, we could put in as part of our evidence. The other question I would

say is: this is something I've only ever seen in books before, but I drive fairly regularly to Bangor for family reasons, and we drive between Lampeter and Carmarthen. There's a firm there that is a food processor, and it's always got a sign for hiring outside it. I've only ever seen a sign for hiring in books looking at the 1950s and 1960s, but I've been driving up there for the last 12 months and I've never driven past it without it having a sign saying 'currently hiring' outside on a big board. Is that normal at the moment?

11:10

[212] **Mr Howells:** In terms of the meat processing industry, we have a problem here and now, in advance of Brexit, because people—. Just to give you an idea, in the large processing plants—there's one up the road in Merthyr that will employ probably 1,000 people, over half of which will be eastern European migrants—there's an unsettled feeling amongst this community already, amongst all of the factories. I was talking to the manager of one of the plants last week and he said, 'I can't get the product through now in five days a week, I've got to go to Saturday mornings, because I just haven't got the staff.' They're seeing people going back to their European countries because of (a) the unsettled nature of Brexit and (b) the exchange rate is not as favourable as it once was. And therefore we have a problem that is simmering away just now, let alone in March 2019. I suspect it won't get any better up until that point. So, we do have a problem in terms of where are we going to get this workforce and how might it happen to actually train them up.

[213] **Jenny Rathbone:** Do you think Welsh Government are doing enough?

[214] **Mr Howells:** I think Welsh Government are aware of it and I think there needs to be some contingencies in place to actually make sure that we have a workforce, because without people we can't run factories.

[215] **Simon Thomas:** And I think I might tell you about the shortcut that means you don't have to go past there.

[216] **Mike Hedges:** Thank you. [*Laughter.*] Huw, did you want to finish off?

[217] **Huw Irranca-Davies:** I think the other question that I had has been covered already, Mike.

[218] **Mike Hedges:** The only thing I've got—I've got a question as we've got

a couple of minutes—is that if I go to my local supermarket tomorrow, which I intend to do, I will see three brands from the Aarhus region in Denmark, which is roughly the same size as the Swansea city region, which will be Lurpak butter, Arla, and Castello cheese. If I was in Denmark and I went to the equivalent supermarket, which Welsh brands would I see?

[219] **Mr Howells:** In Denmark, if you're probably going to the co-operative stores, you will see Welsh lamb in those shops in Denmark.

[220] **Mike Hedges:** No, I mean a named—not just Welsh lamb, because I didn't mention Danish bacon, which I can get in the supermarket. I was actually mentioning company names. What companies have we got in Wales that are the equivalent of—? Arla, Costello and Lurpak are things that we see every week when we go into the supermarket. In Denmark, what three brands would I see as the equivalent—or wouldn't I?

[221] **Mr Howells:** Just to clarify what I said, in terms of the red meat sector, companies wouldn't use their own brands.

[222] **Mike Hedges:** But in processed food they do.

[223] **Mr Howells:** In processed foods they do. I don't know whether in the dairy sector, which he's referring to, would you—?

[224] **Simon Thomas:** You might see Dragon cheese now.

[225] **Mr Howells:** Possibly, yes.

[226] **Mike Hedges:** Is that a problem? Yes, you have Danish bacon, you have Welsh lamb, you have Welsh black beef—the last two, I think, are phenomenally good products, and my stomach shows I eat a lot of them—but the reality is, when you get to processed food, why haven't we got the same sort of numbers as Aarhus, which is in Denmark and is roughly the same size as the Swansea city region, which is about a million people?

[227] **Mr Howells:** I think it's a very fundamental point in that what we must do more in Wales, I believe, is to actually further process our products. Because we are a raw-commodity-producing country and we export our raw commodities elsewhere and the value added is undertaken elsewhere. We're not capturing the value added. It's a fundamental issue that we've got with our industry. That's my belief.

[228] **Mike Hedges:** Okay. I can share one of the articles or speeches I made that said exactly that point—that we need to add the value.

[229] **Mr Richardson:** Absolutely. I won't repeat—but exactly the same comments that Gwyn said. The only thing I would say is we're spending a lot of time now, on the food and drink board, promoting Welsh produce abroad. So, if you take Taste Wales, which is the event held down at Celtic Manor, it's a tremendous success. I think there's about £4 million-worth of orders taken from that, from a lot of overseas customers. And if you came to the Royal Welsh, if you came to the food hall upstairs, it's really fantastic—but we just need to do more of it and do better on it.

[230] **Jenny Rathbone:** And more vegetables.

[231] **Mr Richardson:** Yes.

[232] **Mr Howells:** Yes.

[233] **Mike Hedges:** Okay, can I thank you very much for coming along? You've certainly been highly informative, and that's certainly helped our—well, it's certainly helped me to formulate opinions. Can I just say that a transcript of the meeting will be sent to you for you to be able to check before it's published? So, if there are any errors, or anything that the microphone didn't pick up, it's for you to be able to correct. I'd urge you to check it fully, because the microphone doesn't always pick up the first word you say. Thank you.

11:15

**Ymchwiliad i Ailfeddwl am Fwyd yng Nghymru—Sesiwn Dystiolaeth
Lafar ar Gaffael Bwyd—Y Ffederasiwn Bwyd a Diod—Wedi'i Gohirio
Inquiry into Rethinking Food in Wales—Oral Evidence Session on Food
Procurement—Food and Drink Federation—Postponed**

[234] **Mike Hedges:** The next item has been postponed.

**Papurau i'w Nodi
Papers to Note**

[235] **Mike Hedges:** We've got a number of papers to note. Are we happy to note them? Yes.

**Cynnig o dan Reol Sefydlog 17.42(ix) i Benderfynu Gwahardd y
Cyhoedd o'r Cyfarfod
Motion under Standing Order 17.42(ix) to Resolve to Exclude the
Public from the Meeting**

Cynnig:

Motion:

*bod y pwyllgor yn penderfynu that the committee resolves to
gwahardd y cyhoedd o weddill y exclude the public from the
cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in
17.42(ix).*

*accordance with Standing Order
17.42(ix).*

Cynigiwyd y cynnig.

Motion moved.

[236] **Mike Hedges:** Can I move the motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business? Yes.

Derbyniwyd y cynnig.

Motion agreed.

*Daeth rhan gyhoeddus y cyfarfod i ben am 11:16
The public part of the meeting ended at 11:16*

