

# Agenda – Economy, Trade, and Rural Affairs Committee

---

Meeting Venue:

Hybrid – Committee room 5 Ty Hywel  
and video Conference via Zoom

Meeting date: 25 January 2023

Meeting time: 09.30

For further information contact:

**Robert Donovan**

Committee Clerk

0300 200 6565

[SeneddEconomy@senedd.wales](mailto:SeneddEconomy@senedd.wales)

---

## Private pre-meeting (09.15–09.30)

## Public Meeting (09.30–11.45)

### 1 Introductions, apologies, substitutions and declarations of interest

(09.30)

### 2 Papers to note

(09.30)

#### 2.1 Letter from the Minister for Economy

(Pages 1 – 2)

Attached Documents:

Ministerial Forum for Trade – 9 January 2023



**Senedd Cymru**  
**Welsh Parliament**

## **2.2 Letter from the Chair of the Climate Change, Environment and Infrastructure Committee to the Minister for Finance and Local Government**

(Pages 3 – 9)

Attached Documents:

Climate Change, Environment and Infrastructure Committee report:  
Supplementary Legislative Consent Memorandum (No.3) for the UK  
Infrastructure Bank Bill

## **2.3 Letter from the Minister for Economy to the Chair of the Legislation, Justice and Constitution Committee**

(Pages 10 – 12)

Attached Documents:

Upcoming meeting of the Business and Industry Inter-Ministerial Group – 17  
January 2023  
Outcome of the Business and Industry Inter-Ministerial Group meeting – 17  
January 2023

## **3 Food (Wales) Bill: Evidence session 3**

(09.30–10.30)

(Pages 13 – 20)

Dylan Morgan, Deputy Director and Head of Policy, National Farmers' Union  
Cymru

Gareth Parry, Senior Policy and Communications Officer, Farmers' Union of  
Wales

Rhys Evans, Sustainable Farming Lead Wales, Nature Friendly Farming  
Network

Andrew Tuddenham, Head of Policy – Wales, Soil Association

Attached Documents:

Evidence paper – Farmers' Union of Wales

## **Break (10.30–10.45)**

### **4 Food (Wales) Bill: Evidence session 4**

(10.45–11.45)

(Pages 21 – 49)

David Thomson, Director of Strategy and Devolved Nations, Food and Drink Federation Cymru

Andy Richardson, Chair, Food and Drink Wales Industry Board

Attached Documents:

Evidence paper – Food and Drink Federation Cymru

Research brief

### **5 Motion under Standing Order 17.42(ix) to resolve to exclude the public for the remainder of the meeting**

(11.45)

### **6 Private**

(11.45–12.00)

#### **6.1 Consideration of evidence following the meeting**

#### **6.2 Retained EU Law (Revocation and Reform) Bill**

(Pages 50 – 63)

Attached Documents:

Research brief

Paul Davies MS  
Chair of Economy, Trade, and Rural  
Affairs Committee

[SeneddEconomy@senedd.wales](mailto:SeneddEconomy@senedd.wales)

Huw Irranca-Davies MS  
Chair of Legislation, Justice and  
Constitution Committee

[SeneddLJC@assembly.wales](mailto:SeneddLJC@assembly.wales)

13 January 2023

Dear Paul, Huw

I am writing in accordance with the inter-institutional relations agreement, to inform you that I attended the Ministerial Forum for Trade on the 9 January.

The meeting was attended by Greg Hands, Minister of State for Trade Policy; Ivan McKee, Scottish Minister for Business, Trade, Tourism and Enterprise and representatives from the Wales, Scotland and Northern Ireland offices of state. A joint communique regarding the meeting will be issued in due course.

We discussed the revised approach to information sharing between the UK government and Devolved Governments as well as updates on the ongoing trade negotiations, including India and CPTPP.

I welcomed the new arrangements for information sharing as an important step forward to enabling more constructive discussions. I am looking forward to seeing how this new process will operate.

The meeting provided me with the opportunity to give our views on the current negotiations with CPTPP, India and the GCC. I continued to emphasize our view that any trade agreement must support our wider policy aims, including in areas such as the environment and labour. I have always been clear that no trade deal should undermine the high standards we have here in Wales.

I will write to you again to inform you of the date of the next meeting.

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[YPCCGB@llyw.cymru](mailto:YPCCGB@llyw.cymru) [PSCGMET@gov.wales](mailto:PSCGMET@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Yours sincerely,

A handwritten signature in black ink that reads "Vaughan Gething". The signature is written in a cursive, flowing style.

**Vaughan Gething AS/MS**

Gweinidog yr Economi

Minister for Economy

Rebecca Evans MS,  
Minister for Finance and Local Government

16 January 2023

Dear Rebecca,

Please find enclosed a copy of the Climate Change, Environment and Infrastructure Committee report: **Supplementary Legislative Consent Memorandum (No.3) for the UK Infrastructure Bank Bill**.

As set out in the report, we expect the Minister to respond to the Committee's recommendations during tomorrow's debate on the Legislative Consent Motion. We would also welcome a more detailed, written response as soon as possible (and no later than 30 working days after the publication date of the report, **by 24 February 2023**).

I am copying this letter to the Minister for Climate Change; the Chair of the Legislation, Justice and Constitution Committee; the Chair of the Finance Committee, and, the Chair of the Economy, Trade, and Rural Affairs Committee.

Yours sincerely,



Llyr Gruffydd MS,  
Chair, Climate Change, Environment and Infrastructure Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

# Supplementary Legislative Consent Memorandum (No.3) for the UK Infrastructure Bank Bill

January 2023

## Overall conclusion

In our first report on Legislative Consent Memoranda for the UK Infrastructure Bank Bill, we expressed concern that the Bill did not reflect devolved competence. We concluded we were not in a position to form a view on consent until the outcome of ongoing intergovernmental discussions on amendments were known.

Having considered the amendments to the Bill, they do not adequately address our concern. Given this, we are not in a position to recommend the Senedd gives consent to the Bill..

## 1. Introduction

**1.** This is the Climate Change, Environment and Infrastructure Committee's (the Committee') second report on the UK Infrastructure Bank Bill ('the Bill') and associated Legislative Consent Memoranda. Further information on the Bill and earlier Memoranda can be found in our first report, [Legislative Consent Memoranda for the UK Infrastructure Bank Bill](#), which was published in October 2022.

**2.** This report sets out our views on relevant amendments made at Committee Stage in the House of Commons and our overall conclusion on legislative consent.



## The Supplementary LCM (No.3)

3. On 30 November 2022, the Minister for Finance and Local Government laid the Supplementary Legislative Consent Memorandum (No.3) for the Bill ('Memorandum No.3') before the Senedd.
4. On 6 December 2022, the Business Committee referred Memorandum No.3 to this Committee, the Finance Committee, the Economy, Trade and Rural Affairs Committee and the Legislation, Justice and Constitution Committee for consideration with a reporting deadline of 16 January 2023.
5. A debate on the Legislative Consent Motion has been scheduled for 17 January 2023.

## Our approach

6. Given the limited time available within which we had to consider and report on Memorandum No.3, we were not in a position to take evidence from the Minister.
7. We considered Memorandum No.3 at our meeting on 12 January 2023.

## 2. Amendments for which consent is required

8. Paragraphs 19 to 44 of Memorandum No.3 provide details of amendments to the Bill agreed at Committee Stage in the House of Commons for which the Welsh Government considers Senedd consent is required.
9. The following paragraphs provide an explanation of the amendments of particular interest to the Committee.

### Clause 2 – objectives and activities

---

10. Clause 2 specifies the Bank's objectives and activities. The objectives are to help tackle climate change and to support regional and local economic growth.
11. Amendments to clause 2 include:



- a change to the definition of “relevant public authority” to clarify that the Bank can provide loans to public authorities<sup>1</sup> other than local authorities and Northern Ireland departments;
- the definition of infrastructure was amended by the House of Lords, by adding a reference to “structures underpinning the circular economy, and nature-based solutions”. This reference has been removed by amendment; and
- the Treasury must consult the relevant devolved authority before making provision in regulations to change the ‘Bank’s activities’ or the meaning of ‘infrastructure’ where that provision would be within the legislative competence of the devolved authority in question.

---

### **Clause 3 – strategic priorities and plans**

---

**12.** Clause 3 requires the Treasury to prepare a statement of strategic priorities for the Bank within six months of the Act coming into force.

**13.** Clause 3 has been amended to require the Treasury to consult the relevant devolved authority before including in a statement of strategic priorities for the Bank any provision which the Treasury proposes to include in the statement and which concerns a subject matter within the legislative competence of the authority in question.

---

### **Clause 7 – corporate governance**

---

**14.** Clause 7 deals with corporate governance issues relating to the appointment and tenure of directors for the Bank.

**15.** Clause 7 has been amended to require the Bank’s Board to include one or more directors with responsibility for ensuring that the Board considers the interests of the appropriate national authorities<sup>2</sup> when making decisions.

---

<sup>1</sup> The meaning of “public authority” has been added by amendment. It includes “any other person exercising functions of a public nature”.

<sup>2</sup> The meaning of “appropriate national authority” has been added by amendment. It includes “the Welsh Ministers”.

### 3. The Welsh Government's position on consent

**16.** In previous Memoranda for the Bill, the Welsh Government reported its final position on whether to recommend consent would be subject to the outcome of ongoing discussions with the UK Government regarding bringing forward amendments to address 'constitutional concerns'.

**17.** In Memorandum No.3, the Welsh Government explains amendments agreed at Committee Stage in the House of Commons, "provide a statutory role for the Welsh Ministers or consideration of the interests of Wales in the three main areas where the UK Government has specific powers". It adds:

*"While the outcome does not achieve all of [the Welsh Government's] objectives...the UK Government amendments represent a reasonable compromise which will enable the interests of Wales and the Welsh Government to be reflected through the workings of the Bank."*

**18.** The Welsh Government concludes, "the Bill has been amended to better reflect the interests of Wales and the Welsh Government and to better respect the devolution settlement". As such, it recommends the Senedd gives consent to the Bill.

### 4. Committee consideration

#### **Timetable for scrutiny**

---

We have previously made clear our view on the need for sufficient time to be made available to committees to scrutinise and report on Memoranda – a view echoed by other Senedd committees. We had less than three working weeks to consider and report on Memorandum No.3, which was far from satisfactory. The timing of the debate on the Legislative Consent Motion (scheduled the day after the reporting deadline) means there will be limited time for Members of the Senedd to reflect on the findings of our report (and those of other Senedd committees) before being asked to make a decision on consent. We are concerned that this serves to undermine the scrutiny process.

We expect the Minister to respond to the recommendations made in this report during the debate on the Legislative Consent Motion.

## **Bank's objectives and activities**

---

We note the definition of “public authorities” has been amended to extend to “any other person exercising functions of a public nature”. We seek clarification from the Minister on whether the Bank could act as a lender to devolved public authorities (other than local authorities), based on the new definition. We also seek clarification on whether and how this could impact on funding arrangements for those authorities.

In our first report, we welcomed the amendment agreed by the House of Lords to broaden the definition of infrastructure to include ‘nature-based solutions’. We are disappointed the amendment was not retained during Committee Stage in the House of Commons.

## **Role for the Welsh Government and the Senedd**

---

In our first report, we expressed concern that the Bill failed to reflect devolved competence, with no role for the Welsh Government or the Senedd in the Bank's governance structures. At the time, the Minister said she was seeking amendments to the Bill to provide the Welsh Government and the Senedd with roles equivalent to those of their UK counterparts.

Regrettably, no such amendments have been made. Instead, the Bill, as amended, provides only a consultative role for the Welsh Ministers in the exercise of powers in areas of devolved competence. While this may go some way in protecting the interests of the Welsh Government, it does nothing to protect those of the Senedd. The Bill does not provide a role for the Senedd in scrutinising the exercise of powers or in overseeing the Bank's effectiveness insofar as it relates to Wales. Instead, these matters will be left to the UK Parliament.

Despite the amendments falling woefully short, the Minister considers them a “reasonable compromise”. We do not share this view and, as such, are not in a position to recommend the Senedd gives consent.

The Minister has previously been unwilling to share details of the amendments she was seeking with the Senedd on the basis that intergovernmental negotiations were ongoing. Given that the Welsh and UK Governments have reached a settled position, we would welcome details of the amendments the Minister was seeking, including those relating to the role of the Senedd.

## **Board membership**

We welcome the amendment to ensure the Bank's Board includes at least one director to represent the interests of Wales.

**Recommendation 1.** The Minister should respond to Recommendations 2 and 3 in this report during the debate on the Legislative Consent Motion.

**Recommendation 2.** The Minister should clarify:

- whether the Bank could act as a lender to devolved public authorities (other than local authorities), based on the new definition of “public authorities”, and
- whether and how the ability of devolved public authorities to borrow from the UK Infrastructure Bank could impact on funding arrangements for those authorities.

**Recommendation 3.** The Minister should provide details of the amendments to the Bill that she was seeking, including those relating to the role of the Senedd.



Llywodraeth Cymru  
Welsh Government

Huw Irranca-Davies MS  
Chair  
Legislation, Justice and Constitution Committee  
Senedd Cymru

[SeneddLJC@senedd.wales](mailto:SeneddLJC@senedd.wales)

16 January 2023

Dear Huw,

I am writing in accordance with the inter-institutional relations agreement to let you know that the next Business & Industry Inter-Ministerial Group meeting will take place on 17 January 2023 and will be held virtually.

This is the first Business & Industry IMG to be held since May 2022 and will be chaired by Lord Callanan, Minister for Business, Energy and Corporate Responsibility at BEIS. Ivan McKee MSP, Scottish Government Minister for Business, Trade, Tourism and Enterprise will also attend.

With no Northern Ireland Executive Ministers in place and no clear timeline on when their political situation will be resolved, Northern Ireland will be represented by a senior Official, who may offer observations but will not make any decisions.

The meeting will focus on the current economic climate, issues surrounding the Economic Crime and Corporate Transparency Bill – Reforms to Companies House, and the scheduling and strategic focus of future IMGs in 2023.

I am also copying this letter to the Rt Hon Elin Jones MS, the Llywydd and the Economy Trade and Rural Affairs Committee, and will provide an update following the meeting.

Yours sincerely,

**Vaughan Gething AS/MS**  
Gweinidog yr Economi  
Minister for Economy

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

[Gohebiaeth.Vaughan.Gething@llyw.cymru](mailto:Gohebiaeth.Vaughan.Gething@llyw.cymru)  
[Correspondence.Vaughan.Gething@gov.wales](mailto:Correspondence.Vaughan.Gething@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.



Ein cyf/Our ref:VG/00021/23

Huw Irranca-Davies MS  
Chair  
Legislation, Justice and Constitution Committee  
Senedd Cymru

[SeneddLJC@senedd.wales](mailto:SeneddLJC@senedd.wales)

19 January 2023

Dear Huw

Further to my letter of 16 January, I wanted to update you on the outcome of the meeting of the Inter-Ministerial Group for Business and Industry was held on 17 January.

The meeting attendees were as previously indicated.

At the meeting we discussed the issues currently impacting the respective economies of each nation. We also reviewed the replacement energy support scheme for business, the Energy Bills Discount Scheme (EBDS). While I welcomed the universality of the new scheme, which will provide some certainty for businesses, I emphasised to Minister Callanan how the EBDS could do more to help the public sector and those businesses who supply public sector organisations.

Lord Callanan also provided an update on the Strikes (Minimum Service Levels) Bill. I raised my concerns over the legislation and while recognising that employment law is a reserved matter, I do not share the UK Government's analysis of the impact on the devolution settlement. I emphasised Welsh Government's position that strike action should be always avoided or resolved through constructive negotiation, not legislation.

There followed an update on the Economic Crime and Corporate Transparency Bill, the associated reforms to Companies House and the implementation of the Economic Crime (Transparency and Enforcement) Act.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

[Gohebiaeth.Vaughan.Gething@llyw.cymru](mailto:Gohebiaeth.Vaughan.Gething@llyw.cymru)  
[Correspondence.Vaughan.Gething@gov.wales](mailto:Correspondence.Vaughan.Gething@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I reiterated how I welcomed the provisions included in the Economic Crime Bill and have already laid a Legislative Consent Memorandum before the Senedd.

Finally, we spoke about the strategic focus of this IMG. It was agreed that meetings need to focus on shared key policy areas.

The next Business and Industry IMG will be held in March, which I will Chair. I will write to the Committee confirming the date once it has been agreed.

A communique regarding this meeting will be published on the UK Government website at [Interministerial Group for Business and Industry: communiqués - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/interministerial-group-for-business-and-industry-communiqués)

I am also copying this letter to the Lywydd the Rt Hon Elin Jones MS, and the Economy Trade and Rural Affairs Committee.

Yours sincerely,

A handwritten signature in dark ink, reading 'Vaughan Gething'. The signature is written in a cursive, flowing style.

**Vaughan Gething AS/MS**  
Gweinidog yr Economi  
Minister for Economy

# Agenda Item 3

## Farmers' Union of Wales' response to an Economy, Trade and Rural Affairs Committee consultation on the Food (Wales) Bill

13th January 2023

### About the FUW

1. The Farmers' Union of Wales (FUW) was established in 1955 to exclusively represent the interests of farmers in Wales. Since 1978 the union has been formally recognised by UK Governments, and subsequently by Welsh Governments, as independently representing those interests.
2. The FUW's Vision is *thriving, sustainable, family farms in Wales*, while the Mission of the Union is *To advance and protect Wales' family farms, both nationally and individually, in order to fulfil the Union's vision*.
3. In addition to its Head Office, which has thirty full-time members of staff, the FUW Group has around 80 members of staff based in twelve regional offices around Wales providing a broad range of services for members.
4. The FUW is a democratic organisation, with policies being formulated following consultation with its twelve County Executive Committees and eleven Standing Committees.

### The UK and Welsh food system

5. The Covid-19 pandemic and ongoing Russian war on Ukraine has demonstrated how sensitive food supply chains and agricultural commodities can be to global events, serving as a stark reminder of the dangers of relying on imports of food and raw materials.
6. While the combined impacts of recent events are evidenced by the fact that the UK inflation rate for food and non-alcoholic beverage prices reached 16.4% in October 2022<sup>1</sup>, latest figures show the price index for agricultural inputs increased by 28.3% in the 12 months to October, around 20 percentage points above the UK Government's Consumer Price Index (CPI) rate of inflation, which is itself at the highest recorded rate since 1981.
7. Such events have highlighted the importance of maintaining a strong domestic production and processing base in order to provide for local and wider UK commodity markets.

---

<sup>1</sup> [Consumer price inflation, UK: November 2022](#)



8. At the Royal Welsh Agricultural Show 2022, the FUW launched its five point plan which it believes should be implemented in order to help relieve pressures for farmers, food producers and consumers in the immediate term, while bolstering UK food and energy security in ways which reduce the dangers of future exposure to global emergencies<sup>2</sup>:
  - i. Time to reset international trade policy
  - ii. Good relations should be restored with our nearest neighbours
  - iii. Time for a renewable energy revolution
  - iv. Rethinking domestic agricultural and rural policies
  - v. Financial support for critical industries
9. 'Rethinking domestic agricultural and rural policies' will be essential for maintaining UK food security and to avoid undermining the farmers and food producers who provide three quarters of domestic food demands and the thousands of upstream and downstream businesses and jobs that rely on farm production.
10. As such, food production and the protection of Wales' family farms and rural communities must be placed on an equal footing with environmental objectives in order to maintain and enhance UK food security in an environmentally sustainable manner.
11. Nevertheless, small abattoirs - which provide a vital role in enabling farmers to sell their products directly - are being lost at a rate of 10% per year according to the Food Standards Agency, and a survey of small and local abattoirs conducted by the National Craft Butchers (NCB) across Wales, England and Scotland revealed that 59% expect to close within five years if current 'one-size fits all' regulations are not urgently reviewed<sup>3</sup>.
12. Findings such as these demonstrate how localised and even UK-wide food systems are disjoint and fail to recognise the importance of small and medium sized businesses for rural communities, economies and Wales' culture and language.
13. The Welsh Government's own figures show that 43% of workers within the agriculture, forestry and fishing sectors speak Welsh in comparison with education at 27%, the sector with the second largest percentage share, and 17% for all Welsh workers.
14. This means that the prevalence of Welsh speakers in the agricultural industry is 153% higher than for Wales as a whole.
15. Furthermore, in 2019 the agricultural sector was responsible for 3.5% of the Welsh labour force (52,860 persons), compared with 1.1% in England and 2.5% in Scotland. However, it must be noted that the local percentage employed in agriculture in Wales is between 15% and 28% in large areas of Wales.
16. Future policies must recognise these socio-economic factors and provide support to existing and new farming businesses and encourage investment into food processing in order to retain a greater proportion of food supply chains in Wales.

---

<sup>2</sup> [FUW - Mitigating the impacts of current and future global emergencies: A five point plan for UK Governments](#)

<sup>3</sup> [Over half of small abattoirs expect to close within 5 years](#)

## Power within the UK and Welsh food industry

17. The Explanatory Memorandum rightfully states that *“the sector in Wales has a fundamental role to play in helping to create a more equal, healthier and greener Wales.”*
18. It is also positive to note that *“the purpose of the Bill is to establish a more sustainable food system. This means strengthening our food security through a resilient supply chain, supporting the development of our food industry, improving Wales’ socio-economic well-being and enhancing consumer choice.”*
19. The FUW also welcomes the amended Primary Food Goal of *“providing affordable, healthy and economically, environmentally and socially sustainable food for the people of Wales”*, and the revised description of the Environment Secondary Food Goal which now places emphasis on the enhancement and restoration of the environment through food production.
20. The Welsh Government’s Vision for the Food and Drink industry from 2021 is *“to create a strong and vibrant Welsh food and drink sector with a global reputation for excellence, having one of the most environmentally and socially responsible supply chains in the world<sup>4</sup>.”*
21. Between 2014 and 2020, the sector saw a 30% growth achieving sales worth £7.5 billion in 2019, exceeding the 2020 target of £7 billion.
22. However, the FUW has long argued that there is a lack of recognition and support for farmers and producers who supply mainstream commodity markets within the Welsh Government’s strategies for the food and drink sector.
23. In response to a number of consultations on the Grocery Code Adjudicator, the FUW has also maintained that its remit should be extended to include indirect suppliers such as primary producers.
24. It is also paramount that the incoming UK Milk Purchasing Code achieves what it sets out to do, namely to provide greater certainty and contractual fairness for both business purchasers and qualifying sellers within the milk sector.
25. Nevertheless, it must be accepted that food and drink markets are heavily driven by supply and demand.
26. Domestic sales of Welsh lamb and beef trended consistently higher throughout the pandemic with the spending on lamb increasing by 20% during the first lockdown in 2020 compared with 2019 as consumers turned to local, sustainable and quality food<sup>5</sup>.

---

<sup>4</sup> [Vision for the Food & Drink industry from 2021](#)

<sup>5</sup> [Value of Red Meat Sector to Welsh Economy Up During Year of COVID](#)

27. However, with current inflation rates and soaring energy prices, pressures on disposable incomes and the public purse are increasing which will inevitably lead to more price-based purchasing decisions.
28. As such, the Welsh Government must recognise the difficulties in providing healthy and economically, environmentally and socially sustainable food which is affordable for the consumers in Wales when designing food policy.
29. One of the core objectives of the 1962 European Union's (EU) Common Agricultural Policy (CAP) was to provide consumers with a stable supply of affordable food, and this has played a significant role in shaping the provision of direct financial support for farmers over the past sixty years.
30. While the FUW has welcomed the inclusion of the sustainable production of food and the promotion of the Welsh language within the four core objectives of the draft Agriculture (Wales) Bill, the Welsh Government must go a step further by introducing a fifth objective which explicitly seeks to ensure the economic stability of farming families, underpinning the numerous contributions they make to Welsh economies, communities and culture.
31. The Explanatory Memorandum recognises that food supply chains have been placed under significant pressure in recent years. Therefore, it is ever more concerning to see proposals by the Welsh Government to cut the budget for rural affairs by around £9 million for the 2023-24 financial year.
32. While the Welsh Government's commitment to maintain a total budget of £238 million for direct payments in 2023 and 2024 is welcomed, it in fact represents a significant real terms fall for Welsh farms given the current rate of inflation.
33. In addition, there is a role for the Welsh Government to play in building better relations with major retailers as they continue to be the primary outlet for Welsh produce in order to maintain - as much as possible - the positive trends the Welsh red meat industry has experienced throughout the Covid-19 pandemic.
34. While the proposals for measures to strengthen food labelling have been removed due to the effect of the UK Internal Market Act 2020, the need for clear labelling of Welsh produce which recognises the world-leading animal health and welfare, environmental and food standards Welsh farmers already adhere to should nevertheless be considered by the Food Commission.
35. This is essential given that a large proportion of Welsh produce - including that produced to the standards of farm assurance schemes such as Red Tractor and FAWL - is sold by major retailers in other parts of the UK under the GB flag due to a lack of processing capacity in Wales, making it extremely difficult to segregate products by their country of origin.

36. While it is noted that there are currently 18 items on the Welsh Geographical Indication list which are marketed under the GI quality mark, many of these are very much niche products serving niche markets.
37. Adjacent to this, especially now that consumers are returning to eating out of the home, is the need for clear labelling of Welsh produce across the food service sector.

## Public procurement

38. It is welcomed that the Explanatory Memorandum states the Bill will *“act as a platform for collaboration between public bodies and policy makers, as well as bringing together food producers and consumers.”*
39. The Welsh Labour Government - Plaid Cymru Co-operation Agreement states that both parties will *“explore how to set meaningful targets to increase Welsh public sector procurement from the current 52%<sup>6</sup>.”*
40. The FUW believes that all Welsh Government departments, Local Authorities and public bodies have a duty to lead by example by supporting Wales’ farming and food industry.
41. The local procurement of food through establishments such as schools provides an opportunity for authorities to shorten supply chains, support the high environmental and animal welfare standards Welsh farmers must adhere to, and bolster circular economies while avoiding the implications of cheaper food imports on public health and the environment.
42. Whilst the proportion of food procured locally by some public bodies has increased over recent years, there remain a significant number of administrations which fail to support Welsh agriculture, choosing instead to accept produce from countries which often fail to meet the high production standards which are a statutory requirement in Wales.
43. As such, future food strategies as part of this Bill or other Bills must also ensure that domestic food producers are not placed at a competitive disadvantage as the UK Government signs free trade agreements with countries such as Australia and New Zealand, or be required to comply with additional regulations which increase costs of production.
44. Moreover, the nature of some procurement contracts means that what appears to be a commitment to procuring Welsh and UK produce within procurement rules can be circumvented by carefully worded clauses.
45. This is recognised by the recently launched Welsh Government food procurement resource ‘Buying Food Fit for the Future’ which provides legal guidance on food tenders and procurement rules, and states *“approximately £38.7 million (58%) of the total annual public sector food spend is with Welsh firms but we know that doesn’t necessarily*

---

<sup>6</sup> [The Co-operation Agreement: 2021](#)

*equate with the food being of Welsh origin - that is estimated at being just over £19 million (23%)<sup>7</sup>.*”

46. The Explanatory Memorandum rightfully states that *“public bodies have been found to have very different and inconsistent attitudes towards food policy within their own remit.”*
47. The FUW has been instrumental in ensuring that Chartwells - the catering company supplying food to schools in Anglesey - commits to source 30% of the total produce from within a 60 mile radius as part of its contract with Anglesey County Council.
48. While this is considered to be a drop in the ocean compared with the potential benefits of increasing public procurement across Wales, the FUW has raised concerns about how current food inflation rates, budget allocations and pressures and the Welsh Government’s commitment to provide free school meals from 2023 onwards will influence the ability for Local Authorities to source local produce.
49. The Explanatory Memorandum states that £225 million has been allocated to providing free school meals to all primary school children by September 2024. However, The Bevan Foundation estimates that the provision of free school meals for all primary and secondary school children in Wales would cost a total of £180 million a year.
50. On a similar vein, the Regulatory Impact Assessment estimates the total cost of the Bill over the first five years to be between £4.7 million and £8.6 million in present values. Approximately £1 million of the total costs would be placed on Local Authorities and Local Health Boards to draft and report on Local Food Plans.
51. In light of ever increasing food production costs and given that in this example, Chartwells’ suppliers *‘must ensure that all meat purchased is of UK origin within legislative financial and practical constraints’*, the FUW believes that procurement policies to source directly from producers to help mitigate the impacts of market influences should be explored.
52. As various Members of the Senedd from different political parties continue with their ambitions to increase Welsh public sector procurement, they must ensure that future policies meaningfully achieve their objectives for the benefit of Welsh food producers and consumers.

## **Other considerations**

53. Following discussions with stakeholders, the Explanatory Memorandum highlights *“a general lack of scrutiny of policy related to the wider food system in Wales ... with Welsh Government departments taking different approaches to food policy; thus resulting in policy aims that can often contradict each other.”*

---

<sup>7</sup> Brookdale Consulting, 2022

54. In Plenary on 26th January 2022, the Minister for Finance and Local Government Rebecca Evans MS outlined ongoing work relating to food procurement with Caerphilly Council, along with the Wales Local Government Association (WLGA) and wholesalers, and Monmouthshire Council, demonstrating the lack of consistency when it comes to working on food policy with all Local Authorities across Wales<sup>8</sup>.
55. Notwithstanding the Union's long-standing concerns regarding the Sustainable Farming Scheme and the need for the overarching principles to include socio-economic factors such as the economic sustainability of Wales' family farms, the latest proposals from the Welsh Government have moved on leaps and bounds compared with what was being proposed in the 2018 Brexit and Our Land consultation.
56. As the draft Food (Wales) Bill consultation suggests, the Sustainable Farming Scheme *"intends to help farmers build new markets and add value to their produce; support local food keeping value in communities; and to build a more diverse food system which is more resilient to climate change."*
57. These objectives can only be achieved by taking into account all farm types and production systems in Wales and ensuring that the overarching principles are extended beyond the definition of Sustainable Land Management.
58. The Union has no objections when it comes to providing support for farmers to diversify into horticulture and vegetable production. However, if such production is to be expanded enough to replace a noticeable proportion of imported produce in Welsh and UK retailers, it must be done commercially and be proportionate in terms of budget, rules and the feasibility for farmers.
59. While the Social Partnership and Public Procurement (Wales) Bill is currently going through Stage 2 of the Senedd scrutiny process, the Explanatory Memorandum recognises that there may be some cross over to the policy objectives of the Food (Wales) Bill such as the provisions for a *"statutory duty on certain public bodies to consider socially responsible public procurement when carrying out procurement, to set objectives in relation to well-being goals, and to publish a procurement strategy."*
60. The Welsh Government's Programme for Government and Co-operation Agreement with Plaid Cymru also commit to *"develop a Wales Community Food Strategy to encourage the production and supply of locally-sourced food in Wales"*<sup>9</sup>.
61. Therefore, the FUW believes that there is certainly a role within the Welsh Government to ensure that these Bills, current policies and future schemes complement each other and achieve such objectives for the benefit of Wales' food producers and consumers.
62. As such, the proposal for a National Food Strategy to set an overarching framework for a joined up approach and to advance the Primary and Secondary Food Goals is welcomed.

---

<sup>8</sup> [Plenary - Tuesday, 25 January 2022](#)

<sup>9</sup> [Programme for government](#)

63. While the creation of food targets will allow for the success of this Bill to be measured, introducing them through secondary legislation as new ‘regulations’ must not create additional red tape or burdensome requirements for farmers or other businesses throughout the food supply chain. Nevertheless, it is welcomed that the process of setting targets would be transparent and involve seeking advice from independent bodies.
64. More specific local food plans being underpinned by the National Strategy makes sense, and the FUW agrees that *“the development of local food plans should not duplicate existing policies or activities that may already be required under separate legislation”*, given that, for example, farmers could work collaboratively and receive funding through the Sustainable Farming Scheme to develop supply chain opportunities in certain areas of Wales.

### **Welsh Food Commission**

65. The FUW is supportive of the proposed functions of a Welsh Food Commission which could work alongside and scrutinise current policies and other legislative Bills.
66. However, the FUW believes that such a group should bring existing food policy focussed groups together where appropriate as opposed to replicating work, such as Food Policy Alliance Cymru, the Food, Farming and Countryside Commission, Food Division of the Welsh Government, Sustainability Clusters and farming organisations.
67. This approach would also reduce the costs associated with creating yet another commission as outlined in the Regulatory Impact Assessment.
68. Such a group should ensure that future food policies reflect the socio-economic factors of the entire food system and the seven Well-being of Future Generations (Wales) Act 2015 goals, and undertake the roles highlighted in this submission such as addressing barriers to local procurement and ensuring that Bills which influence food policy complement each other.
69. On occasions when Welsh Government Ministers are required to seek advice from the Welsh Food Commission, its comments and input should be formally recognised rather than it being seen as a tick box exercise.

Food and Drink Federation (FDF) Cymru represents the food and drink manufacturing industry in Wales. We are Wales' largest manufacturing sector, accounting for over 12% of total manufacturing turnover. Our gross value added to the economy is £1.7 billion, representing over 15% of Welsh manufacturing value added. There are 555 food and drink manufacturing businesses, employing 22,500 people, representing 16% of the Welsh manufacturing workforce. In 2021, manufactured food and drink exports from Wales increased by 20.1% to £558 million from 2020.

We welcome the opportunity to comment on the principles of the Food (Wales) Bill. We have responded directly to the question on the individual aspects of the Bill, and in those responses we cover some questions and comments on the practical implications of the Bill and therefore cover barriers and complications we can see arising from it. Our responses are informed in part by the experience of the FDF Scotland team of the passage of the Good Food Nation (Scotland) Act 2022 which sets out similar duties on public bodies in Scotland.

**Q1: The general principles of the Food (Wales) Bill and the need for legislation to deliver the stated policy intention. In coming to a view on this you may wish to consider addressing the individual aspects of the Bill:**

- Food goals and targets
- Welsh Food Commission
- National food strategy
- Local food plans
- General matters including meaning of terms, regulations, interpretation, and commencement

#### **Food goals and targets**

We are supportive of the Welsh Government's approach to supporting Wales' critical food and drink industry. This has been an important part of Welsh Government activity for many years.

FDF Cymru agrees with the Bill's overall ambition for a safe and secure food and drink supply chain in Wales. To achieve this, it is fundamental that the food and drink supply chain is resilient to the challenges it faces currently, and to future challenges. Therefore, we believe that resilience of the supply chain should also be considered as one of the overarching principles that the Bill seeks to ensure.

The Food (Wales) Bill should also give due consideration to similar work in other nations in the UK, notably the Good Food Nation Bill in Scotland and the National Food Strategy in England. Where possible and appropriate, these should complement one another to address the UK Food Supply Chain as a whole.

**However, we do not feel there is a compelling need for legislation.** From a food and drink industry perspective we do not feel there is a particular need for this legislation and indeed are concerned it would introduce unnecessary complexity and bureaucracy. The primary food goal as set out in the Bill as introduced - "... the provision of affordable, healthy, and economically, environmentally, and socially sustainable food for the people of Wales" – is laudable but it is no different than we would expect the Welsh Government – or indeed any government across the UK – to deliver without regulatory requirement.

The secondary food goals set out in Table 1 of the Bill begin to show where some of the complexity and bureaucracy will lie. We think this will become apparent in three separate areas:

- In the passage of the Bill itself, where these food goals will be the subject of significant debate during the Bill process. Multiple interest groups will seek to insert additional secondary food goals or add to the description of individual goals. This may lead to greater burden on public bodies if the Bill becomes in content. It could also lead to less scrutiny of future government initiatives and regulations in the Senedd if wide areas are included here (and the food goals are already incredibly wide).



- In the work of public bodies as they seek ways to engage and report on the primary and secondary food goals for their local food plans to meet their legislative requirements. As noted above this will increase if the secondary goals increase (and the National Food Strategy can make this even more complex).
- In the burden on businesses, third sector bodies, business representative organisations and other parties who should be consulted on both national and local food plans. This will potentially create a separate industry of consultation and response – in particular if the local food plans are to cover all the areas supported by the primary and secondary food goals.

This will also become apparent when Welsh Ministers are tasked with the setting of targets. They will be bound by the nature and form of the goals (which is of course the policy intent of the Bill), and the targets they set will be defined by the constraints of those goals. This could potentially fetter innovation and, given the complexity and difficulty of setting targets for complex and possibly contradictory goals will definitely lead to difficulties in terms of measurement of delivery.

At this stage we do not have specific comments on individual secondary food goals other than to note that economic wellbeing in Wales also must emphasise the importance of food and drink production as a national asset, supporting Welsh businesses to stay competitive with and trade with the rest of the UK and export internationally, and deliver inward investment to Wales from UK and international businesses investing in Welsh production facilities.

We note the proposed ability of Welsh Ministers to subsequently amend description of a secondary food goal through regulation. This is welcome – though of course that power could also be extended to allow amending of the goals themselves to allow more flexibility. We also note that to do so Welsh Ministers must consult the Welsh Food Commission before laying the regulation. Whilst we assume the regulatory process will subsequently be followed including broader public consultation before the laying of any such regulation it would be reassuring for that to be spelled out. The concern being that the Welsh Government may seek to lay such regulations without normal consultation having only consulted with the Welsh Food Commission.

### Welsh Food Commission

We note this parallel development to that of the Scottish Food Commission. As we understand it, in principle this adds an additional layer of scrutiny to any decisions made that are part of the food goals. We would question the need for this additional public body, especially as the Food and Drink Wales Industry Board already exists and fulfils at least some of these functions. It could also be argued that the proposed commission's functions overlap with other existing bodies such as the Food Standards Agency especially in giving advice and guidance to both public bodies and to the public. This is likely to cause confusion and at the very least added complexity.

Given the difficulties of the current financial environment we would also question whether this would be the best use of public money, potentially reducing the financial ability of the funding body to deliver more practical help and support to community groups, businesses and individuals.

If goals are included in legislation then it is imperative that any Food Commission set up includes industry representation to ensure industry views are heard and understood by the Commission.

It should be noted that, whilst the Scottish Food Commission was legislated for in June 2022 the Scottish Government has [recently intimated](#) that the Scottish draft national good food nation plan will be laid before parliament in spring 2024 and the final version published in autumn 2024. The Scottish Food Commission will also be established in autumn 2024 ready to assume its functions in relation to the first national good food nation plan.

### National food strategy

In line with the Welsh Government's [Food Vision](#) we already see an approach that supports and develops food and drink production in Wales and works to enable robust and resilient supply chains at all levels. How would the Senedd intend that the National Food Strategy be different from this vision? Our comments above indicate how we feel that the goals (and the setting of the goals) may mean that any National Food Strategy legislated for in this Bill (and indeed in other Welsh legislation, for example on promotions restrictions) may create inconsistency and potentially fetter innovation. Again we would question the need for legislation. We do agree that for local food plans to make sense they would need to be set with a developed within the framework set for

a national food strategy.

We are also of the view that food and drink businesses and organisations across Wales should be consulted as part of the development of any national (or local food strategy).

### Local food plans

As we note earlier, local food strategies have the potential to be significantly bureaucratic and potentially costly for the public bodies concerned (there has been no development of local food plans in Scotland as yet so we cannot comment on actual experience). To be fair and equitable there should be consultation on the development of these plans with food and drink businesses and with relevant business organisations. The ability of businesses and representative organisations to engage effectively with multiple plans from multiple public bodies is likely to be highly restricted – leading to ineffective policy and activity and the danger of a disenfranchised business community that wants to concentrate on delivering economic and social value throughout the Welsh supply chain.

### General matters including meaning of terms, regulations, interpretation, and commencement

No particular comments at this stage.

Document is Restricted

# Agenda Item 6.2

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted