



Minutes of a meeting of the Directors of Hybu Cig Cymru (HCC) held at 10am at Tŷ Rheidol, Aberystwyth and via Microsoft Teams on Thursday 5 May 2022

- Present:** Cath Smith (Chair)
Melody Chapman (via Teams), Gareth Wynn Davies, John T Davies, Rhys Davies, Jack Evershed, Rachael Madeley Davies, Prys Morgan, Emlyn Roberts and Claire Williams
- By Invitation:** Victoria Jones, Welsh Government
Maria Richards, Welsh Government
- Executive in attendance:** Gwyn Howells (Chief Executive Officer - CEO)
Julie Davies-Jones (Secretariat)
Kirsten Hughes (Red Meat Executive)
Rhys Llywelyn (Market Development Manager)
Glesni Phillips (Data Analyst) Agenda items 7a – 7c
Bryan Regan (Corporate Services Manager)
John Richards (Industry Development and Relations Manager)
Owen Roberts (Communications Manager)

The Chair welcomed all to the Board meeting.

To receive an update from Victoria Jones, Deputy Director, Agriculture – Sustainable Development Division, Climate Change and Rural Affairs Group, Welsh Government

It was noted that the Welsh Government and the Division had seen a number of changes and challenges since the Deputy Director's introduction to the Board at the 2 September 2021 meeting:

- Dr Tim Render had departed from his role as Lead Director for Environment and Rural Affairs during Spring 2022 to follow personal and voluntary interests.
- Since the May 2021 elections, a change in Ministerial portfolios was introduced which meant that the Climate Change and Rural Affairs briefs were now separate departments.
- On the policy front, challenges were ongoing following the UK exit from the EU. In particular, issues continued in relation to imports checks and controls, Avian flu outbreak in the UK (working with the OCVO) and the Ukraine conflict impacting considerably to the economic pressures which were leading to the costs of living crisis. The Agriculture Bill was under development and would be introduced during the Autumn of 2022 and the next phase of the Sustainable Farming Scheme would be launched at the forthcoming Royal Welsh Show.

The formal part of the Board meeting commenced.

1. **Welcome and Chair's Comments**

The Chair gave an update on the key events and meetings she had attended since the previous Board meeting:

17 March 2022 – Welsh Government export event, Cardiff

7 April 2022 – HCC Board Teams update

19 April 2022 – HCC Remuneration Committee meeting

20 April 2022 – Ruminant Health and Welfare Steering Group webinar launch for the “Acting on Methane: Opportunities for the UK cattle and sheep sectors” report.

2. **Apologies for absence**

Apologies noted for Board Member Huw Davies.

3. **Declarations of Interest**

There were no new Declarations of Interest.

4. **To approve the minutes of the Board meeting held on Thursday 3 March 2022 (HCC 1063)**

The minutes of the Board meeting held on Thursday 3 March 2022 were taken as read, approved by the Board and signed by the Chair.

5. **Matters arising**

HCC Business Plan 2022 / 2026 and Operational Plan 2022 / 2023

The CEO confirmed that both documents had been forwarded to the Minister for consideration.

6. **HCC Reports**

a. **Activities (HCC 1064)**

The above was taken as read with key HCC activities highlighted by the Executive.

b. **To receive a presentation on market development activities in the retail sector**

The Market Development Manager presented on the above which highlighted achievements as a result of working in collaboration with retailers on various Welsh Lamb campaign work including creatives / point of sale materials, instore and social media activities. Results from all campaigns were very positive from reach performances, sales uplift and growths in terms of buyers engaging with the Lamb category.

The Executive was currently engaging in planning with the retailers for further activities.

The presentation would be uploaded to Sharepoint for the Board's information.

c. Market Bulletin Summary (HCC 1065)

The above was taken as read.

d. Financial – Income and Expenditure and Balance Sheet to 31 March 2022 (HCC 1066)

The above was taken as read and summarized by the Corporate Services Manager.

e. Forthcoming events (HCC 1067)

The above was taken as read.

It was noted that HCC was involved in a number of upcoming consumer and farmer facing events between May – October 2022.

f. To receive a paper on the Year End Review of the HCC Operational Plan 2021 / 2022 (HCC 1068)

The above was taken as read and summarised by the Red Meat Executive.

7. To discuss the current escalation in costs of production together with the latest supply and demand evidence

a. Introduction / Foreword (HCC 1069)

b. Global Meat Supplies (HCC 1070)

c. Inflation on the Red Meat Market (HCC 1071)

The above were taken and summarised by the CEO.

The information papers had been prepared as a starting point for discussion with the Board on the current global cost of living crisis.

The red meat sector was of significant importance to Wales and the agricultural sector. Following Brexit and the Covid-19 pandemic, the sector had faced much uncertainty and challenges along with new trade deals and changes in agricultural support payments. The red meat sector now faced new challenges with rising inflation, as increased energy, fuel and food costs all contribute to UK prices rising at their fastest rate for 30 years.

The CEO highlighted that a number of discussion points that were captured within papers HCC 1070 (Global Red Meat Production Trends) and HCC 1071 (Inflation and the Red Meat Market) and highlighted the need to produce food to a high quality to feed the country, whilst doing so sustainably.

According to the latest 'United Kingdom Food Security Report' published by the UK Government, the UK currently produced around 60% of its domestic food consumption by economic value and relied on imported goods for the remainder.

As inflation continued to rise in the UK, the cost of production for both Beef and Lamb systems in Wales increased. Key farm input costs - including fuel, fertilizer, and feed had all experienced significant price increases during the last 12-months, which had a direct and indirect impact on a number of businesses within the agricultural sector. The rising cost of production meant that producer margins were tight as farmers manage inputs to maximise production. At present, farmgate prices were firm when compared to historical levels, which would help alleviate some of the pressure from increased input costs.

The Executive would undertake more work in this area that would involve research and collating data on:

- a. Farmer Intentions on rising costs of production and supply chain behaviours
- b. Consumer behaviours including in depth data from the foodservice and retail sectors

The information collated over a period of time and tracked on a regular basis could be used to inform the industry and policy makers of current and future challenges and potential opportunities facing the agriculture sector.

It was noted that the Welsh Government's Agriculture (Wales) Bill would be presented to the Senedd in the Autumn. The Welsh Government's latest proposals for a new Sustainable Farming Scheme would be consulted on in July 2022 and therefore it was agreed to invite James Owen, Deputy Director, Land Management Reform to the July Board meeting.

8. **HCC Committees**

Flock and Herd Health and Welfare Working Committee

- a. *To receive a verbal report of the FHH&WW Committee meeting held on Wednesday 27 April 2022*

The acting Chair of the Committee, Prys Morgan reported on the above.

Marketing Advisory Committee

- b. *To receive a verbal report and adopt the minutes of the Marketing Advisory Committee meeting held on Tuesday 8 March 2022 (HCC 1072)*

The above was taken as read and adopted by the Board.

The minutes were utilized as a report to the Board with no matters raised.

Audit and Risk Committee

- c. *To adopt the minutes of the Audit and Risk Committee meeting held on Thursday 3 March 2022 (HCC 1073)*

The above was taken as read and adopted by the Board.

Communications Committee

- d. To receive a verbal report of the Communications Committee meeting held on Thursday 5 May 2022

The Chair of the Committee reported on the above:

9. **Any other business**

Developing the UK Emissions Trading Scheme (UK ETS) deadline 17 June 2022

It was noted that HCC would be responding to the above open Government consultation led by Defra. The deadline for responses was the 17 June 2022.

10. **Dates of forthcoming meetings**

Board teleconference update – Wednesday 1 June 2022 at 9.30am
HCC Board meeting – Thursday 7 July 2022 time TBC.

11. **To receive an update on the HCC Operational Delivery Review**

There was no update to report.

Signed.....
Chair of HCC