



(HCC 706)

**Minutes of a meeting of the Directors of Hybu Cig Cymru held at
10.30am at Tŷ Rheidol, Parc Merlin, Aberystwyth on Friday 8 July 2016**

- Present:** Dai Davies (Chairman)
John Brereton, Gwynn Angell Jones Graham Probert, Richard Rogers, Richard Tudor and John Yeomans
- By Invitation:** Gary Haggaty (Welsh Government)
Maria Richards (Welsh Government)
- Executive Team:
in attendance** Gwyn Howells (Chief Executive Officer - CEO)
Prys Morgan (Head of Operations)
- Julie Finch (Corporate Strategy and Policy Manager)
Bryan Regan (Corporate Services Manager)
- Owen Roberts (Communications Lead)
- Julie Davies-Jones (Secretariat)

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

The Chairman welcomed all to the meeting. In particular a welcome was extended to Maria Richards, Welsh Government and Dr. Owen Roberts, HCC's recently appointed Communications Lead.

The appointment of Lesley Griffiths, AM to the role of Cabinet Secretary for Environment and Rural Affairs was welcomed by the Chairman and the Board. Arrangements were in hand for the Chairman and the CEO to attend an introductory meeting with the Cabinet Secretary on the 8 August 2016.

The Chairman gave a verbal update on the key events and meetings he had attended since the previous meeting:-

May 2016

The Chairman and CEO attended a reception to celebrate Europe Day hosted by the European Commission Office in Wales in Cardiff.

The Chairman attended the Meat Management Awards 2016.

June 2016

The Chairman chaired the R&D Advisory Committee meeting held on the 1 June 2016 (Item 15a refers).

The Chairman and CEO were given an update on the HCC review by Kevin Roberts (Item 12 refers).

The Chairman was briefed by the Executive on HCC's application for a Strategic Initiative on behalf of the red meat sector through the RDP 2014 - 2020 collaboration call (Item 13 refers).

The Chairman represented HCC at the 2016 Royal Welsh Grassland Event held this year at the Rhug Estate, Corwen.

The Chairman and CEO attended the FUW Annual General meeting.

The Chairman represented HCC at the CLA's Countryside Alive event held in Cardiff.

The Chairman was on the interview panel for HCC's 2016 Scholarship. It was noted that the successful winner(s) would be announced during the Royal Welsh Show.

July 2016

The Chairman attended the Livestock Event held in Birmingham.

2. **Apologies for absence**

Apologies for absence were received from Will Haresign, Bethan Jones and Wyn Williams.

3. **Declarations of Interest**

A Declaration of Interest was noted as follows:-

Credit Control – John Brereton.

4. **To receive and approve the minutes of the Board meeting held on Friday 6 May 2016 (HCC 697)**

The minutes of the Board meeting held on Friday 6 May 2016 were taken as read, approved by the Board and signed by the Chairman.

5. **Matters arising**

AHDB Beef and Lamb Research and Development Sub Committee

It was noted that a response had been issued to Adam Quinney, AHDB Beef and Lamb Chairman declining the invitation for HCC to be represented on the above at this present time.

Welsh Government Food and Drink Board for Wales

An invitation had been issued to Andy Richardson, Chair of the above to attend a forthcoming HCC Board meeting. A response was awaited.

In the meantime, the Chairman and CEO had accepted an invitation to attend a meeting of the Welsh Government's Food and Drink Board for Wales to be held on the 28 September 2016.

HCC Market Development Manager

The CEO informed the Board that an offer for the above post had been made and a formal response was awaited from the candidate.

6. **HCC Reports**

a. Activities Report (HCC 698)

The above was taken as read.

PGI Welsh Lamb Campaign 2016

The Head of Operations informed that planning was in hand for the above.

This year, consumer marketing activity would be consolidated into an integrated PR, social and content-driven campaign, with a digital focus. Point-of-sale activity would be aligned closely with this to maximize opportunities for ongoing consumer engagement and retailer relations.

Core messages would continue to be around taste, quality, provenance, versatility and convenience, seasonality and health / nutrition. This would give 'influencers' a reason to talk about PGI Welsh Lamb by engaging with key opinion leaders, chefs and bloggers and encouraging them to share and amplify this message with the broader consumer group, media, advocates and trade.

The core campaign would concentrate on the key on-shelf period of September 2016 – November 2016, but it would be introduced earlier with initial activity running from June 2016.

"Llamb's Day" - 1 August 2016

Arrangements were in hand for the launch of "Llamb's Day" on the 1 August 2016.

The inaugural event would see the launch of HCC's PGI Welsh Lamb campaign and was based on building on historic Celtic traditions of the 1 August date being the first harvest festival.

It was noted that numerous PR activity had been arranged including tasting events arranged at the National Eisteddfod and an online consumer competition. HCC's summer supermarket tour had been planned to commence on the same day in Carmarthen.

Smoked Skin on Sheep Meat Workshop – 6 July 2016

The Head of Operations represented HCC at the above. The workshop was organized to discuss the future development of a hygienic procedure for the production of smoked skin on sheep meat.

The FSA continued investigating how smoked skin on sheep meat could be produced hygienically and had undertaken a number of studies to identify what evidence would be needed to support a change to EU law.

b. *Market Bulletin (HCC 699)*

The above was taken as read.

c. *Forthcoming Events (HCC 700)*

The above was taken as read.

d. *To receive a briefing on HCC's presence at The Royal Welsh Show 2016*

The Communications Lead gave a briefing on proposed arrangements for HCC's presence at this year's Royal Welsh Show:-

A programme of events was in hand which included a number of activities on the Corporate and Industry Development stands:-

On the Monday, HCC would host its annual breakfast reception with the Cabinet Secretary in attendance.

HCC would welcome a number of international visitors to the stands including retail buyers from Switzerland, prominent Italian food writers, journalists from France and a delegation from the United States Department of Agriculture (USDA), who were visiting the Royal Welsh Show as part of ongoing dialogue regarding regaining market access for red meat to the USA.

Throughout the week, there would be daily cooking and butchery demonstrations, guest chefs, carcass cutting demonstrations, cook offs, a PGI Welsh Lamb auction, and the annual 2016 HCC Scholarship reception.

The Industry Development stand would hold daily demonstrations to show livestock producers how to undertake ram fertility examinations prior to the breeding season. Numerous technical publications would also be available to include the latest edition of the Little Book of Meat Facts.

Competitions would also be run on identifying beef, lamb and pork cuts and the usual lamb carcass classification competition.

A full programme of events would be posted on social media in due course.

7. **To receive a verbal report on the third EU Sheep Meat Forum workshop held on the 29 June 2016**

The CEO attended the third meeting of the EU Sheep Meat Forum held on the 29 June 2016 with Commission Officials and a number of Member States (MS) represented.

As expected, there was reference to Brexit during the meeting. Commission staff pointed out that given the relative size of the UK sheep sector in relation to the remaining 27 MS (UK accounted for 40% of all EU sheep meat production), the Brexit decision would change the dynamics of the EU sheep meat market in relation to trade – both trade within Europe and trade with third countries, specifically New Zealand (NZ) and Australia (AUS).

UK's trading relationship with the EU 27 post Brexit would be a matter of political negotiation around access to the single market and Commission staff understandably avoided getting drawn into discussion on this matter. On the matter of current Tariff Rate Quota (TRQ) currently afforded to NZ and AUS by the EU, the Commission stated that this would be a particularly complex issue to resolve. The current TRQ tonnages nominally included the UK's share of quota and therefore given the implications of this to the EU (and UK) the current thinking was that this would need to be referred to the World Trade Organization (WTO). It was apparent that this would need some time to resolve with the NZ and AUS lobby adding to the complexity.

This meeting concentrated on EU policy for the sheep sector and presentations were received from Commission Officials on the following topics:-

- Market Tools in the sheep sector including direct and coupled payments
- EID implementation across MS including a discussion on tolerances in relation to cross compliance
- RDP underpinning principles with reference to application of measures to support the sector
- EU Promotion policy
- EU sheep meat trade negotiations

It was noted that the Forum was still in evidence gathering mode and therefore there were no conclusions / recommendations at this stage. The next meeting was scheduled for mid October 2016.

8. **To discuss the EU Referendum outcome - Brexit**

Round table discussion took place with regard to the above.

In general, it was acknowledged that it would be business as usual until such time that Article 50 of the Treaty of Lisbon was evoked. Thereafter, there would be a period of two years before the UK left the European Union.

During discussion, the following areas in particular were highlighted as being instrumental to the viability of the red meat sector in the future:-

- Grasp new opportunities
- Negotiation stance and subsequent negotiating with regard to Free Trade Agreements
- Unfettered access to the EU single market
- Export markets would be fundamental to future prosperity and wellbeing
- The arrangements (if any) under which imports were allowed into the UK market in the future was of significant concern and would need to be considered and reviewed
- Direct payments to support primary production and environmental goods
- Opportunity to review the rules and regulations governing the industry
- Uncertainty over the continuation / acknowledgement of the Protected Food Name scheme (PGI / PDO / TSG)
- It was noted that HCC's work on behalf of the red meat industry in Wales would become more essential in the future.

In the meantime, HCC would seek to play an active role with Welsh Government to scope out the landscape for the industry post Brexit.

9. **To receive and approve a report on HCC's Business Plan targets 2015 / 2016 (HCC 701)**

The above was taken as read and presented by the Corporate Strategy and Policy Manager.

The review outlined the performance of HCC against the Business Plan for the financial year 2015 / 2016.

The document indicated that the targets within the 2015 / 2016 HCC Business Plan were achieved overall.

The report was approved by the Board.

10. **Audit & Risk Committee**

- a. To receive a verbal report of the Audit and Risk Committee meeting held on Monday 20 June 2016

Given the absence of Bethan Jones (Chair of the Audit and Risk Committee), Graham Probert reported on the above:

Review of Draft Annual Accounts for 2015 / 2016

The Committee had reviewed the draft accounts.

Wales Audit Office (WAO) Report on Financial Statements for 2015 / 2016

The WAO was represented by Clare James who presented the report to the Committee.

The content of the report was discussed and there were no significant issues to highlight. The Corporate Services Manager and Finance team were commended for the clean / unqualified audit.

The draft letter of representation was reviewed and the Committee agreed to recommend that the Board approved the letter.

The Board agreed with the Committee's recommendation with regard to the letter of representation.

- b. To receive a summary of the key points of the Financial Statements 2015 / 2016 (HCC 702)

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

- c. To receive and approve the Financial Statements for 2015 / 2016 (HCC 703)

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

The Directors confirmed that the detail contained within the Financial Statements in relation to their individual declarations was accurate and that the relevant information had been communicated to the Auditors.

Subject to the amendments noted, the Audit and Risk Committee recommended that the Board approved the Financial Statements for 2015 / 2016.

The Financial Statements for 2015 / 2016 were approved by the Board.

- d. *To adopt the minutes of the Audit and Risk Committee held on Friday 4 March 2016 (HCC 704)*

The minutes of the Audit and Risk Committee meeting held on Friday 4 March 2016 were taken as read and adopted by the Board.

11. **To receive a verbal update on the GB Red Meat Levy Distribution**

The CEO reported on the above:-

Given Purdah and the result of the Brexit election, it seemed unlikely that there would be progress to report on this matter in the near future.

In the meantime, the HCC Executive would continue dialogue with Welsh Government Officials and counterparts from AHDB and QMS.

12. **To receive a verbal update on the Welsh Government's Review of HCC**

It was anticipated that the report would be presented to the Cabinet Secretary for review and to consider the recommendations made by Kevin Roberts at the end of July 2016.

13. **To receive a verbal update on HCC's application for RDP 2014 – 2020 on behalf of the Red Meat Industry**

The Corporate Strategy and Policy Manager updated the meeting:-

The application for funding to develop a Strategic Initiative (SI) on behalf of the red meat sector that was submitted to the RDP 2014-2020 during April 2016 continued to be reviewed by the Welsh Government. A decision was expected during July 2016.

14. **To receive a verbal update on EIDCymru – the sheep movement database**

It was noted that over 1,700 sheep keepers had registered with EIDCymru to date. There had been an increase in sheep movements during May and June 2016. Livestock markets continued to report on trade electronically. The Bureau team was busy taking calls and advising farmers on issues, primarily giving advice on how to complete the online license movement exercise.

The Technical team continued to engage with farmers and there would be EIDCymru presence on HCC's Industry Development stand at the Royal Welsh Show.

15. **R&D Advisory Committee**

- a. To receive a verbal report of the R&D Advisory Committee held on Wednesday 1 June 2016

The Chairman gave a verbal report on the matters discussed at the meeting.

- b. To adopt the minutes of the R&D Advisory Committee held on Wednesday 2 March 2016 (HCC 705)

The minutes of the R&D Advisory Committee meeting held on Wednesday 2 March 2016 were taken as read and adopted by the Board.

16. **Any other business**

Mercosur

The Board welcomed the recent announcement made by Commissioner Hogan that beef would no longer be part of the current Mercosur trade deal negotiations.

17. **Date of next meeting**

Friday 9 September 2016.

Signed.....
Chairman of HCC