



(HCC 697)

**Minutes of a meeting of the Directors of Hybu Cig Cymru held at
10.30am at Tŷ Rheidol, Parc Merlin, Aberystwyth on Friday 6 May 2016**

- Present:** Dai Davies (Chairman)
John Brereton, Will Haresign, Bethan Jones, Gwynn Angell Jones
Graham Probert, Richard Rogers, Richard Tudor and Wyn Williams
- By Invitation:** Kevin Roberts (Verley Consulting Ltd)
Gareth Wilson (Welsh Government)
Alison Wright (Calland Wright Consulting Ltd)
- Executive Team:
in attendance** Gwyn Howells (Chief Executive Officer - CEO)
Prys Morgan (Head of Operations)
- Laura Pickup (Market Development Manager)
Bryan Regan (Corporate Services Manager)
- Julie Davies-Jones (Secretariat)

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

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

March 2016

The Chairman and CEO attend the annual St David Awards Dinner, held at Y Senedd, National Assembly for Wales, Cardiff.

April 2016

The Chairman and CEO met with Guto Bebb, MP, Under Secretary of State for Wales to discuss Red Meat Levy (Item 7 refers).

The Chairman welcomed Stan Pillips, Agricultural Counsellor and Steve Knight, Agricultural Specialist, United States Department of Agriculture (USDA) Embassy, London to HCC on the 27 April 2016. The visit was part of an industry tour hosted by the Welsh Government and included farm, plant / abattoir visits and meetings with industry organizations.

The delegation was given a briefing on the role of HCC and current activity. Discussion had also taken place regarding the ongoing issue of gaining market access for PGI Welsh Lamb into the US market.

2. **Apologies for absence**

John Yeomans and Gary Haggaty (Welsh Government).

3. **Declarations of Interest**

Declarations of Interest were noted as follows:-

Credit Control and Multiple Movements of Beef Animals (Any other business) – John Brereton and Wyn Williams.

4. **To receive and approve the minutes of the Board meeting held on Friday 4 March 2016 (HCC 689)**

Subject to noting the duplication of paragraphs on page three regarding Consumer awareness of PGI Welsh Beef, the minutes of the Board meeting held on Friday 4 March 2016 were taken as read, approved by the Board and signed by the Chairman.

5. **Matters arising**

Sheep Spinal Cord removal / Splitting of Lamb Carcasses

There was no progress to report.

New Zealand (NZ) Sheep Meat Imports

There was no update to report.

6. **HCC Reports**

a. **Activities Report (HCC 690)**

The above was taken as read.

HCC application for EU funding

It was noted that HCC had submitted an application to the EU for funding:-

“Information and promotion programme aimed at increasing the awareness and recognition of Community quality schemes (Protected Geographical Indication [PGI] Welsh Lamb and PGI Welsh Beef)”.

Details of the application were:-

Duration: 3 years, commencing in April 2017

Target countries: Austria, Belgium, France, the Netherlands and the UK

Objectives:

- Increase consumer recognition of the PGI symbol
- Increase consumer awareness of PGI Lamb and PGI Beef, namely PGI Welsh Lamb and PGI Welsh Beef
- Increase consumer understanding of the quality and characteristics of Community quality scheme products and production processes, namely PGI Welsh Lamb and PGI Welsh Beef.

Strategy:

- Integrated marketing mix of activities amongst consumers, opinion leaders, food distributors and food service
- Participation in international fairs
- Distribution of point of sale materials
- Inward missions of journalists and food distributors
- Digital marketing programme
- Consumer and food distributor advertising
- Press relations activity

Budget:

€5,533,015.28 over the 3 years (70% EU funded and 30% Levy funded).

In terms of next steps, evaluation of the application was envisaged to take until 31 August 2016, with HCC possibly hearing back on any queries in September 2016, and a final decision being made by the EU by the end of November 2016.

Rural Development Plan (RDP) 2014-2020

The CEO updated the Board:-

HCC had submitted an application on the 7 April 2016 for funding to develop a Strategic Initiative on behalf of the red meat sector through the RDP 2014-2020 collaboration call. Eighteen emails of support were received from across the red meat sector and these had been submitted with the application. Acknowledgment of the application has been received with an invitation to proceed with the work “at risk” ahead of a formal decision. Since the primary activity relates to staff time, work had commenced to bring together the series of industry working Groups throughout May, June and July 2016. These Groups would provide input and expertise to enable the full project application(s) to be submitted.

HCC staff had attended a meeting organized by Welsh Government on the 14 April 2016 to discuss the development of a Small Grants Scheme that could be linked to the Strategic Initiatives that have been proposed by

the red meat and other sectors through the RDP. The scope and requirements of such a scheme were currently being considered.

The consideration of central information repositories for industry information and the role of the RDP in supporting these has been the topic of much discussion and debate. Welsh Government Officials facilitated a meeting of parties, including HCC, on the 14 April 2016. The Group had considered the database / data management facilities currently being proposed through a range of RDP projects.

HCC input and strategic direction has been provided to ADAS, YFC, Llysfasi College and Glynllifon College who were seeking to develop complementary projects within the red meat sector.

PGI Welsh Lamb Campaign 2016

The Market Development Manager highlighted that due to reduced budgets for 2016 / 2017 an alternative approach to the PGI Welsh Lamb campaign had been adopted. Careful consideration had been given by the Executive on the most effective allocation of marketing spend to achieve the objectives set within the 2016 / 2017 HCC Business Plan. It had equally been important to ascertain which objectives could realistically be achieved and their relative priority.

2016 / 2017 – Welsh Lamb Campaign Business Plan Objectives

Outcome	Activities	Measures
Brand Awareness	Awareness Advertising	Wales – 90% UK – TBC
Brand Perception	Experiential / engagement PR (Traditional & New Media)	Perception (measure TBC) of: - Versatility - Convenience - Cost / Value
Consumption (Increased Demand)	Key Retail Account Support Recruitment & Retention of Independent Butchers	Retailer Loyalty to Branded Welsh Lamb: - Increased Shelf Space Household Penetration Frequency of Purchase No. of Butchers Club Members

Strategy Development

It was highlighted that TV advertising was the most effective medium to deliver general brand awareness, however a minimum spend of £200k was required to achieve cut through and campaign recall. Given that TV has been utilized every year to date, to a greater or lesser degree, the Executive was confident that a level of residual brand awareness would remain without a TV campaign in 2016. However, it was noted that this was a one year only assumption.

In order to maximize campaign spend effectiveness it was proposed to closely align the UK consumer marketing campaign with UK Retail Key Account and Independent Butcher activity, and to focus on Brand Perception and Consumption objectives.

As such, the campaign would be targeted at existing buyers of PGI Welsh Lamb and attracting new buyers, and HCC would therefore need to focus on increasing frequency of purchase as well as increasing household penetration.

HCC Scholarship

The Head of Operations informed that the window for the 2016 / 2017 Scholarship had opened with the closing date for applications being the 17 June 2016. Information on how to apply was available on HCC's corporate website.

b. Market Bulletin (HCC 691)

The above was taken as read.

c. Forthcoming Events (HCC 692)

The above was taken as read.

HCC Annual Conference – Thursday 10 November 2016

It was noted that this year's Conference would be held at Parc Menai, Bangor.

The Board was invited to recommend potential speakers that they may have to the Head of Operations.

d. Financial – Income and Expenditure and Balance Sheet to 31 March 2016 (HCC 693)

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

It was noted that the headings in the expenditure column had been changed to reflect the changes within HCC's Business Plan 2016 / 2017.

It was highlighted that within the minutes of the 15 January 2016 Board meeting, it had been agreed to provide the Board with more detailed information on the recharges by EIDCymru to HCC. This information would be included within future Income and Expenditure and Balance Sheet papers.

It was noted that Officials from the Wales Audit Office (WAO) would be present in the office from the 3 May 2016 to review HCC's accounts to 31 March 2016. The WAO would report to the Audit and Risk Committee meeting scheduled for the 20 June 2016.

The Board was requested to complete a declaration form in respect of disclosures within the Financial Statements and the renewal of the Directors and Officers insurance.

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

The CEO updated the Board:-

The Chairman and CEO had recently met with Guto Bebb, MP, Under Secretary of State for Wales to provide a briefing and update on the matter.

It was noted that the Under Secretary was very supportive of HCC's case for a fairer red meat levy distribution and would seek a meeting with the Minister of State for Farming, Food and the Marine Environment, George Eustice MP and Defra Officials to discuss the issue further.

It was unlikely that there would be any progress on this matter over the coming months due to the EU Referendum.

8. **To receive a verbal update on the Welsh Government's Review of HCC - Mr Kevin Roberts**

The Board was informed that the evidence gathering exercise by Kevin Roberts was almost complete and the report with recommendations was at finalization stage.

It was noted that the structure of the report would be based on the questionnaire framework from the Welsh Government which was as follows:-

1. Is there still a requirement for a Statutory Levy?

1.1 If yes, are there different models of intervention?

2. Is HCC the right body to invest Levy funds?
 - 2.1 Do you know how Levy funds are invested?
 - 2.2 In your view, are Levy funds invested in the right areas?
3. Is the Levy at the right level? Should it be higher or lower?
4. Should the Levy Board cover other commodities?
5. Do you believe HCC delivers value for money?
6. Are its programmes well integrated with the Agriculture Strategy?

The report was on schedule to be presented to the Welsh Government at the end of June 2016.

9. **To adopt the minutes of the Audit and Risk Committee meeting held on Friday 6 November 2015 (HCC 694)**

The minutes of the Audit and Risk Committee meeting held on Friday 6 November 2015 were taken as read and adopted by the Board.

10. **To adopt the minutes of the R&D Committee meeting held on Wednesday 9 December 2015 (HCC 695)**

The minutes of the R&D Committee meeting held on Wednesday 9 December 2015 were taken as read and adopted by the Board.

On a related matter, it was noted that the Chairman had received a letter from Adam Quinney, AHDB Beef and Lamb Chairman, inviting a Member of the HCC Board to join the AHDB Beef and Lamb Research and Development Sub Committee to meetings to discuss opportunities and review long term R&D work and future AHDB investments. However, the letter highlighted that the nominated Member would have no formal vote on the AHDB Sub-Committee.

Following discussion, it was felt that this restricted approach with regard to having no formal vote on the Sub-Committee would offer little or no value in terms of agreeing future Levy payer investment or indeed discharging HCC's accountability to Welsh Levy payers.

In addition, it was noted that there were long standing arrangements in place at Executive level through the Joint R&D Committee ensuring that where AHDB and HCC strategies were aligned, projects would be commissioned and monitored collaboratively between Levy bodies.

It was highlighted that AHDB, QMS and HCC had agreed a mechanism to distribute red meat Levy in a way which was more transparent. Respective

Ministers had been advised of this and were currently considering the collective agreement.

Given the above, and the ongoing dialogue between respective parties on the Levy mechanism, it was agreed to decline the invitation on this occasion.

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

It was reported that the EIDCymru database was working well with the Bureau processing approximately 200 movement licenses on a daily basis.

12. **Information paper – PGI Welsh Lamb and PGI Welsh Beef Sub Brands Statement (HCC 696)**

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

13. **Any other business**

Multiple Movements of Beef Animals

The interpretation that retailers / processors were applying to the number of movements a bovine animal had undertaken without triggering a price penalty was discussed. It appeared that there was inconsistency in the interpretation of this condition of sale between retailers / processors.

Mercosur

Concern was expressed with regard to the current trade negotiations between the EU and Mercosur bloc countries which could lead to a greater volume of beef from South America on the EU market. This in turn, could have a negative impact on the beef industry's viability. This matter would be raised and discussed with the EU Agri Commissioner at a forthcoming meeting.

Welsh Government Food and Drink Industry Board for Wales

It was agreed to invite Andy Richardson, Chair of the above, to a forthcoming HCC Board meeting.

Market Development Manager

The Chairman on behalf of the Board thanked Laura Pickup for her contribution to the industry and to HCC during her time as Market Development Manager with HCC and wished her well in her future role with Visit Wales.

It was noted that the recruitment exercise for the Market Development Manager's post was underway.

14. **Date of next meeting**

Friday 8 July 2016.

Private and Confidential meeting of the HCC Non-Executive Directors

15. **To receive a verbal report of the Remuneration Committee meeting held on Friday 6 May 2016**

The Executive and Welsh Government Officials departed the meeting.

This item was covered in a confidential part of the Board meeting and noted under separate minutes.

Signed.....
Chairman of HCC