



(HCC 557)

**Minutes of a meeting of the Directors of Hybu Cig Cymru held at
10.00am at Tŷ Rheidol, Parc Merlin, Aberystwyth on Friday 17 January 2014**

Present: Dai Davies (Chairman)
John Brereton, Will Haresign, Bethan Jones, Gwynn Angell Jones,
Prys Morgan, Graham Probert, Glyn Roberts, Richard Rogers,
Richard Tudor, Wyn Williams, John Yeomans

In Attendance: Gwyn Howells (Chief Executive Officer - CEO)

Laura Dodds (Market Development Manager)
Sion Aron Jones (Industry Development Manager)
Alan Morris (Communications Manager)
Bryan Regan (Corporate Services Manager)

Julie Davies-Jones (Secretariat)
Jo Horder (Red Meat Executive) – Items 9 and 10

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

The Chairman welcomed all to the meeting.

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

November 2013

The Chairman chaired HCC's Annual Conference held on the 14 November 2013 at the Arts Centre, Aberystwyth.

The Chairman and CEO had attended a meeting with counterparts (AHDB, QMS and LMCNI) to progress with Levy Distribution (Item 7 refers).

December 2013

The Chairman addressed the well attended HCC Breakfast reception at the Winter Fair and represented HCC at numerous functions during the show.

HCC's stand was very busy and the Chairman thanked staff for their hard work which contributed to HCC's successful presence.

The Finance Minister, Jane Hutt AM and Natural Resources and Food Minister, Alun Davies AM had announced the appointments for the new single Wales Programme Monitoring Committee (PMC) which would oversee the implementation of the European Structural and Investments Funds programmes for 2014 – 2020.

The Chairman informed that he had been appointed as an Independent Member to the Committee and the first meeting was held on the 6 December 2013.

The Chairman and Industry Development Manager attended the annual Christmas Carcass Show at William Lloyd Williams' premises in Machynlleth. The event was well attended with outstanding quality carcasses.

January 2014

The Chairman attended the annual FUW Breakfast event held at the National Assembly for Wales.

2. **Apologies for absence**

There were no apologies.

3. **Declarations of Interest**

Declarations of Interest were noted as follows:-

Discussion that may arise relating to Credit Control – John Brereton, Prys Morgan and Wyn Williams.

4. **To receive and approve the minutes of the Board meeting held on Friday 8 November 2013 (HCC 549)**

The minutes of the Board meeting held on Friday 8 November 2013 were taken as read, approved by the Board and signed by the Chairman.

5. **Matters arising**

Evaluation process for the Board

The evaluation exercise for Board Members was almost complete. An update would be provided at the next Board meeting, 7 March 2014.

Press Release on trade in Canada

The Communications Manager explained that the percentage increase for exports to Canada contained in the press release compared part of 2011 with the full 12 months of 2012.

Representation on HCC's Committees (HCC 548)

An invitation had been issued to Kevin Brown, Procurement Manager of Randall Parker Foods to join the Committee and a response was awaited.

6. **HCC Reports**

a. Activities Report (HCC 550)

The above was taken as read.

Canada and USA Market

The CEO and Market Development Manager reported on the recent visits to Canada and North America.

Bioreduction of Fallen Stock – Application by DEFRA to the European Food Safety Authority (EFSA)

It was disappointing to note that EFSA had decided that the proposed bioreduction method could not be considered as a safe alternative method for on-farm containment of animal by-products.

The application would be reviewed by the Welsh Government, Bangor University and HCC to consider whether there were grounds to challenge the decision or possibly submitting a new application taking into account the issues highlighted by EFSA .

b. Market Bulletin (HCC 551)

The above was taken as read.

c. Forthcoming Events (HCC 552)

The above was taken as read subject to noting the following amendment:-

February 13 – “Wales Farming Connect Conference” to read “Wales Farming Conference”.

d. To receive a presentation on the evaluation of the 2013 PGI Welsh Lamb advertising campaign

The Market Development Manager presented on the evaluation results from the 2013 PGI Welsh Lamb campaign.

The campaign ran from September through to November 2013.

The objective of the campaign was to continue to raise awareness of the PGI Welsh Lamb brand, influence consumers’ attitude towards the brand and to promote consumption.

The key challenges were as follows:

- a) Media Fragmentation - trying to be seen and heard when consumers have an ever increasing choice of media and much greater control over the advertising they consume and when.
- b) Price sensitivity – Price was a significant demand driver. The depressed economic situation dictated that some consumers were increasingly seeking cheaper alternatives.

The campaign included extensive PR, television, media and press coverage, consumer, digital and outdoor advertising along with social media activity on Twitter and Facebook.

Brand perception scores remained very high with product quality and belief in message. Consumers in the Meridian area also remained confident about cooking with Welsh Lamb and were increasingly likely to buy the product.

As an outcome, key learning's from the campaign were:

- Brand awareness and perceptions remained very high
- Consumers respond positively to the advertising
- An ongoing challenge is how to be seen and heard with social media having an increasing impact.

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

The CEO gave an update on developments since the last meeting:-

As a consequence of the communication from the Prime Minister that no money would be exchanged between respective Levy Boards (AHDB, HCC, and QMS) in the short term, a Forum had been established between Levy Boards. The aim of the Forum was to provide a platform for dialogue on the issue of the inequity of the current Levy system and to influence the activities carried out by AHDB.

The Chairman and CEO met with respective counterparts in November 2013 at which a draft Memorandum of Understanding (MOU) was considered as a basis to direct discussions. The MOU would cover the period from 1 April 2014 to 31 March 2015 and would be considered further at the meeting scheduled for the end of January 2014.

8. **To receive a paper on Welsh Red Meat Levy Rates 2014 / 2015 (HCC 553)**

The above was taken as read.

The Board agreed the Welsh Red Meat Levy Rates remain unchanged for 2014 / 2015:-

Sheep	£0.83
Cattle	£5.67
Calves (up to 68kg)	£0.17
Pigs	£1.30

The Board agreed the Welsh Red Meat Levy Recovery costs (incurred at abattoirs and auction markets) remain unchanged for 2014 / 2015:-

Sheep	£0.010
Cattle	£0.030
Pigs	£0.013

The Board's recommendations would be presented to Welsh Ministers for consideration.

Consideration would be given to the Levy rates for all species during the 2015 / 2016 Business Planning cycle.

9. **To consider HCC's draft Business Plan for 2014 / 2015 (HCC 554)**

The above was taken as read.

The Executive ran through the respective sections and the Board was given opportunity to comment.

The draft Business Plan would ideally be approved at the 7 March 2014 Board meeting, therefore any further feedback or comments should be referred to the Executive in advance of the next meeting.

The Corporate Services Manager highlighted that a nominal ledger review had been undertaken and that the Income and Expenditure summary would report on activities rather than referring to HCC's four departments as was current practice (i.e. Communications, Corporate Services, Industry Development and Market Development).

The Corporate Services Manager also highlighted that it was proposed to work towards a nil surplus for the 2014 / 2015 financial year.

The Board's observations were discussed and noted.

A revised draft of the Business Plan for 2014 / 2015 would be issued to the Board in advance of the next meeting along with a summary of the changes noted.

The CEO informed that work had commenced on reviewing HCC's Strategic Plan for the Welsh Red Meat Industry. The publication would be reviewed comprehensively in light of many industry challenges and political / structural changes such as CAP.

This work would be undertaken over the coming months and the Board would be invited to be involved in the process.

10. **To receive a Work Plan for the Board for 2014 / 2015 (HCC 555)**

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

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

Item withheld – commercial in confidence.

12. **To receive an update on the Welsh Government's proposals for the Implementation of the Common Agriculture Policy**

Gary Haggaty updated the Board following the Minister's recent announcement on the reform of the CAP.

The Minister had set out his vision for farming in Wales and how direct payments to farmers will be allocated to Welsh farmers under Pillar one of the Common Agricultural Policy funding for 2014 / 2020.

The new Pillar 1 arrangements would be introduced from 2015:

- Transition to a new basic payment scheme over a five year period, so that by 2019 payments are wholly based on the area of land farmed.
- A payment system and indicative payment rates based on three separate regions of land that recognize different levels of agricultural productivity i.e. Moorland, (the least productive land), Severely Disadvantaged Areas and one combined category for lowland and Disadvantaged Areas (the most productive types of land).
- Limits on large payments (capping).
- Adoption of the European Commission's greening proposals based on the maintenance of permanent grassland, crop diversification and ecological focus areas.

The latest decision follows the announcement that the Welsh Government would transfer 15% of the CAP budget from Pillar 1 (direct payments) to 2 (the Rural Development Programme) for the 2014 / 2020 period

The narrative of the Minister's announcement would be forwarded to Board.

13. **Audit and Risk Committee**

To receive a verbal report of the Audit and Risk Committee meeting held on Friday 8 November 2013

Graham Probert (nominated Chair for the meeting) gave a verbal report on the main topics discussed at the meeting.

14. **R&D Advisory Committee**

- a. To receive a verbal report of the R&D Advisory Committee held on Wednesday 4 December 2013

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

- b. To adopt the minutes of the R&D Advisory Committee meeting held on Wednesday 4 September 2013 (HCC 556)

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

15. **Any other business**

EU Agent

HCC had appointed an overseas agent to assist with marketing and promotion activities in Scandinavia, namely Ken Sorensen.

16. **Date of next meeting**

Friday 7 March 2014.

Signed.....
Chairman of HCC