



# **Cynulliad Cenedlaethol Cymru** **The National Assembly for Wales**

## **Y Pwyllgor Amgylchedd a Chynaliadwyedd** **The Environment and Sustainability Committee**

**Dydd Iau, 31 Ionawr 2012**  
**Thursday, 31 January 2012**

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Yn y golofn chwith, cofnodwyd y trafodion yn yr iaith y llefarwyd hwy ynndi. Yn y golofn dde, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

In the left-hand column, the proceedings are recorded in the language in which they were spoken. The right-hand column contains a transcription of the simultaneous interpretation.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Mick Antoniw	Llafur Labour
Keith Davies	Llafur Labour
Mark Drakeford	Llafur (yn dirprwyo ar ran Julie James) Labour (substitute for Julie James)
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Russell George	Ceidwadwyr Cymreig Welsh Conservatives
Vaughan Gething	Llafur Labour
Llyr Huws Gruffydd	Plaid Cymru The Party of Wales
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
David Rees	Llafur Labour
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives

**Eraill yn bresennol**  
**Others in attendance**

Ed Bailey	Llywydd NFU Cymru President, NFU Cymru
Hannah Blythyn	Cydlynnydd Ymgrychoedd a Pholisi, Unite Cymru Campaigns and Policy Co-ordinator, Unite Wales
Dai Davies	Cadeirydd, Hybu Cig Cymru Chair, Hybu Cig Cymru

Dr Nick Fenwick	Cyfarwyddwr Polisi Amaethyddol, Undeb Amaethwyr Cymru Director Agricultural Policy, Farmers Union of Wales
Gwyn Howells	Prif Weithredwr Hybu Cig Cymru Chief Executive, Hybu Cig Cymru
Richard Jenkins	Swyddog Gynllunio Uwch, yr Arolygiaeth Gynllunio Cymru Higher Planning Officer, Planning Inspectorate Wales
Sue Leake	Pennaeth Tim Dadansoddi Dyfodol Cynaliadwy, Gwasanaethau Gwybodaeth a Dadansoddi, Llywodraeth Cymru Head of Sustainable Futures Analytical Team, Knowledge and Analytical Services, Welsh Government
Ivan Monckton	Aelod Gweithredol o Bwyllgor Unite sy'n Cynrychioli'r Sector Gwledig a'r Sector Amaeth Unite Executive Committee Member Representing the Rural and Agriculture Sectors
Mark Newey	Pennaeth y Gangen Gynlluniau, yr Isadran Gynllunio, Llywodraeth Cymru Head of Plans Branch, Planning Division, Welsh Government
Richard Poppleton	Cyfarwyddwr Cymru, yr Arolygiaeth Gynllunio Cymru Director for Wales, Planning Inspectorate Wales
Don Thomas	Prif Weithredwr, Cynhyrchwyr Cig Oen ac Eidion Cymru Chief Executive, Welsh Lamb and Beef Producers
Huw Thomas	Cynghorydd y Cynulliad, NFU Cymru Assembly Adviser, NFU Cymru
Iestyn Thomas	Swyddog Datblygu Gwledig, CFFI Cymru Rural Development Officer, Wales YFC

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**  
**National Assembly for Wales officials in attendance**

Alun Davidson	Clerc Clerc
Elfyn Henderson	Gwasanaeth Ymchwil Research Service
Catherine Hunt	Dirprwy Glerc Deputy Clerk
Nia Seaton	Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 9.31 a.m.*  
*The meeting began at 9.31 a.m.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon**  
**Introduction, Apologies and Substitutions**

[1] **Yr Arglwydd Elis-Thomas:** Bore da a chroeso i'r Pwyllgor Amgylchedd a Chynaliadwyedd. Rydym yn gweithredu polisi dwyieithog, ac mae cyfieithiad ar gael ar eich clustffonau. Gallwch eu defnyddio hefyd i addasu'r sain. Mae'r cyfieithiad ar sianel 1 a gellir clywed y sain yn well ar sianel 0. Cawsom ymddiheuriad gan Julie James. Rydym yn croesawu hen gyfaill i'r pwyllgor hwn yn ôl i'r gorlan, yr Athro Mark Drakeford.

**Lord Elis-Thomas:** Good morning and welcome to the Environment and Sustainability Committee. We operate a bilingual policy, and interpretation is available through your headphones. You can also use them to amplify the sound. Interpretation is available on channel 1 and channel 0 provides amplification of the floor language. We have received an apology from Julie James. We welcome an old friend of this committee back into the fold, Professor

Mark Drakeford.

9.33 a.m.

**Ymchwiliad i Ddiddymiad Arfaethedig y Bwrdd Cyflogau Amaethyddol:  
Tystiolaeth gan Unite  
Inquiry into the Proposed Abolition of the Agricultural Wages Board: Evidence  
from Unite**

[2] **Yr Arglwydd Elis-Thomas:** Mae'n bleser gennyf groesawu ein tystion y bore hwn wrth i ni gychwyn ein sesiwn gyntaf o'r ymchwiliad i ddiddymiad arfaethedig y Bwrdd Cyflogau Amaethyddol. Rwyf yn ddiolchgar i gynrychiolwyr Unite am ddod yma ac am eu papur.

**Lord Elis-Thomas:** It is my pleasure to welcome our witnesses this morning as we commence our first session of the inquiry into the proposed abolition of the Agricultural Wages Board. I am grateful to the Unite representatives for coming here and for their paper.

[3] Fel y gwyddoch, mae'r mater hwn wedi dod yn fater eithaf bywiog a dadleuol yng Nghynulliad Cenedlaethol Cymru, fel y gwelsom yr wythnos hon mewn dadl ar lawr y Siambr. Yn gyntaf, pa fath o dystiolaeth yr ydych wedi ei chasglu oddi wrth eich aelodau yng Nghymru a gyflogir yn y diwydiant amaethyddol i sicrhau bod y bwrdd yn parhau, ac a yw hwn yn bwnc o bwys i'ch aelodau ar lawr gwlad?

As you know, this issue has become quite an active and contentious one in the National Assembly for Wales, as we saw this week in a debate on the floor of the Chamber. First, what kind of evidence have you gathered from your members in Wales who are employed within the agriculture industry to ensure the continuation of the board, and is this is an important issue to your members at grass-roots level?

[4] **Mr Monckton:** My name is Ivan Monckton. Is it possible to stop the sound from the speakers coming back to me? I beg your pardon. You can see that I am a complete technophobe. [*Laughter.*]

[5] **Lord Elis-Thomas:** I am afraid that when you come to this institution, you might as well be in the European Parliament. [*Laughter.*] However, there are only two official languages at this stage.

[6] **Mr Monckton:** I am an agricultural branch secretary. Therefore, I am chairman and branch secretary of the all-Wales branch of the agricultural workers sector. I am also a member of the Agricultural Wages Board for England and Wales.

[7] **Lord Elis-Thomas:** Therefore, you are our man, obviously.

[8] **Mr Monckton:** Yes, I have been on the board for the best part of 25 years. I am also the Unite executive council member for agriculture and rural members. You asked me a question specifically about Wales and so I will answer it specifically to Wales. However, it is very little different to the United Kingdom as a whole. Since this threat to the board—it still is only a threat; it has not been abolished yet—in other words, since the election, we have had a couple of meetings on the issue in my Wales branch, and I have spoken to members informally in mid Wales—those who are local to me—and I have of course had lots of meetings et cetera throughout the United Kingdom and at a regional level in Wales.

[9] On the position of farm workers, I have to be absolutely honest: we do not have a vast number in Wales—I am not claiming that we have 95% of the workforce in Wales in the union, though I wish that we had. So, I am not making any claims to that. However, we have

a substantial membership, and the members' concerns to me personally and at branch meetings have all been of a similar nature, namely that the abolition of the wages board for England and Wales will lead to a substantial reduction in terms and conditions, and in wages, over a period of time. How much time depends entirely on individual farmers. I make no claims that every single farmer will drop wages and terms and conditions immediately, but, at the same time, I know that a very large percentage of the smaller—let us not say 'smaller farms'—in the more backward areas will. I say that coming from Radnorshire, which, historically, has had the lowest agricultural wages in Wales and the United Kingdom, going way back into the past, and there will be farmers in Radnorshire and other places who will drop wages immediately.

[10] Forget all this nonsense that I hear about all contracts and terms and conditions remaining in place until mutually agreed. That is absolute nonsense. In the real world of agricultural workers, in the real world where people get their hands dirty, dig post holes, drive tractors, de-maggot sheep and all the other things they do, in that world, if you go to them and say, 'Well, it is now up to you and your employer to decide what will happen in the future', you will find that it is not like that. The reality is that, in some places, the wages will drop immediately, and terms and conditions will certainly get appreciably worse.

[11] That is my answer, Chair. If people want to ask further questions, I can go into it in greater detail, but that is the response that you will get.

[12] **Lord Elis-Thomas:** Thank you. As far as I am concerned, it is a delight to hear the genuine voice of Radnorshire in this committee; we do not hear it often enough.

[13] **Antoinette Sandbach:** I want to follow up on one small thing. You said that you did not have 95% membership. What is your membership?

[14] **Mr Monckton:** I have no idea. It is probably about 30%.

[15] **Antoinette Sandbach:** Are you prepared to check your records and inform the committee what the numbers are?

[16] **Mr Monckton:** For what reason?

[17] **Antoinette Sandbach:** That would help us to assess the number of people that you might have spoken to and the percentage that you have consulted with. We have certainly had declarations from the other farming unions about their membership and their numbers, so it would be very useful for this committee to know how many people are actually members of the union.

[18] **Mr Monckton:** I will do my best to get that information for you. What you have to remember, all of you, is that the Agricultural Wages Board is a public body. It is not a trade union body or a political body. It is a public body that provides a service for the people it purports to serve; in other words, farmers and farm workers. So, when I say that I have spoken to farm workers, I have spoken to lots of people who are not members that I have tried, over the years, to get to be members. However, I am sure that you are aware that agricultural pay is low, and while the union subs are not high, they are a substantial amount of money to some people—though not in my eyes; I think that membership is well worth the money. So, we do have difficulties in getting huge numbers of people into the union when they are on incredibly low wages. I represent Welsh farm workers on the wages boards throughout Wales, whether they are in the union are not, and I speak to them, whether they are in the union are not.

[19] **Antoinette Sandbach:** I understand that point. I am just trying to clarify whether

your evidence is coming from a union perspective or whether you are here to represent the Agricultural Wages Board and to speak for it.

[20] **Mr Monckton:** I am speaking for everybody. I am speaking for the union, I am speaking for the Agricultural Wages Board as it exists at the moment, and I am speaking for the rural workforce, because, unlike most people in this room, I am sure, I have made my living for the past 35 years by using my hands in the countryside. So, when I speak, I speak for rural workers in totality, whether they are union members or not.

[21] **Ms Blythyn:** To be clear, we do not just support the Agricultural Wages Board and its principles because it is right for our members; we support it because it is right for the economy and the rural community as a whole.

[22] **Lord Elis-Thomas:** Vaughan Gething is next, then David Rees.

[23] **Vaughan Gething:** Thank you, Chair. I want to go through a couple of points in your evidence, and put to you points made by NFU Cymru in particular. On the point that you make about wages immediately falling, NFU Cymru does not accept that; it says that that claim is ill-founded, and that, in fact, the abolition of a cumbersome and outdated national structure will lead to more competitive pay rates. The suggestion is that some workers could expect to be well-rewarded by abolition.

[24] **Mr Monckton:** I have no idea why anyone would believe that wages are likely to go up because of abolition; there is nothing to stop any farmer in the country, whether in Wales or elsewhere in the United Kingdom, from putting wages up anyway. As I am sure that most you are aware, and some people will point out in a pointed way, a substantial number of farm workers earn more than the amount stipulated by the Agricultural Wages Board. So, I do not see why abolishing the board will lead to an increase in wages; that is just not going to happen—it is illogical and makes no sense.

[25] As to NFU Cymru saying that it will not lead to a decrease in wages, well, it would, would it not? I suggest that you all read DEFRA's impact assessment. That tells you what will happen: there will be a substantial move of millions of pounds from agricultural workers to their employers. That is what DEFRA's impact assessment says, and that is what will happen in a large number of farms, although not all. I will repeat: not all. I am not one of those people that have it in for farmers, full stop. I have a large number of acquaintances, friends and neighbours who are farmers rather than farm workers. I have a bit of a reputation and some do not like me and some do, but that is how it is. However, the reality is that, as with every other part of humanity, there are good farmers and there are bad farmers. Unfortunately, the bad farmers will cause wages for their already impoverished workers to go lower. The best farmers will remain the same and the in-between farmers might let it hang on for a couple of years, but there will not be increases year on year as there have been, apart from the national minimum wage, which is a whole other question.

[26] **Vaughan Gething:** One of the points that DEFRA and NFU Cymru make is that abolition will lead to greater flexibility within the industry, which is a desirable thing so that negotiations at a local level on individual farms will reflect local circumstances. Surely that is a good thing.

[27] **Mr Monckton:** Negotiations on individual farms? Sorry, Gething, but that is not the real world. I come from the real world. If you want to live in a political bubble and believe the gobbledegook that comes down from DEFRA Ministers and politicians at UK level, then please carry on believing it, but if you want to actually find out what is going on in the real world, I suggest that you get out and talk to people in the countryside. The fact is that, for over 20 years, we, along with NFU Cymru, have harassed Ministers from both political

parties—well, there are three now—but, up until now, we have harassed both Conservative and Labour Ministers of agriculture or DEFRA Ministers calling for the ability to introduce flexibility. That has been our joint position for donkey’s years. We have always been told that it is impossible to do, it cannot be done and that it would require legislation. Suddenly, it is the prime reason for abolishing something. It is a nonsense.

[28] We accept that there is a need for simplification—well, not simplification, but for a move away from the very rigid structure that the Agricultural Wages Board encompasses. In other words, the ability to pay salaries, for instance, which is legally not allowed under the Agricultural Wages Board. We support that move—we called for the UK Government to allow us to do that by introducing legislation. Instead of abolishing, it could do that just as easily as abolishing. I would say that, if abolition takes place and you decide that you want a board of your own in Wales, then I strongly recommend that you introduce it in such a way that we can have salaries and a more modern structure. It is something that we have supported 100% for 20 years.

9.45 a.m.

[29] **Vaughan Gething:** A final point—I know that other Members want to ask questions—you say in your paper that about 30% of agricultural workers have an employer who is also their landlord. Is it not the case, then, that that means you have a strengthened negotiating position? Surely farm employers are not going to want to turf you out, as well as reduce your income.

[30] **Mr Monckton:** Sorry—

[31] **Vaughan Gething:** If you have individual negotiations, and you have people who are landlords as well as employers, surely that puts you in a stronger position.

[32] **Mr Monckton:** Put us in a stronger position? How does that put us in a stronger position? If your landlord is also your boss, I would have thought that puts you in a much weaker position, to be honest. I would just repeat, on the idea that there will be individual negotiation—I mean, you know, honestly, it is not going to happen. Where we have members, we might be going in there demanding to have negotiations. Me as a branch secretary, or maybe somebody who has a bit of mouth in the area, will be in there trying to negotiate with the boss, but the idea that there are going to be serious negotiations between a farm worker on a peanut wage and a farmer with 500, 600 or 700 acres, a mansion, and all of the perks that go with it—. Yes, a mansion; most farmhouses are mansions compared to the houses that farm workers live in, let me assure you. Try looking at the sort of conditions that most farm workers live in, and then compare that to the houses that most farmers live in. I earn my living by going on to farms on a daily basis. I visited two farms yesterday. I am a contractor, by the way, on rights of way. I can tell you that there is a huge difference between the housing of the farm workers and the housing of the farm owners—a huge difference. All I am saying is that any idea that there is some sort of equality when it comes to negotiations between somebody who has got your house and your livelihood in his hands and yourself—you do not need to be a genius to work out who has got the power, and it is not the farm workers.

[33] **Vaughan Gething:** Thank you; that is very clear.

[34] **Lord Elis-Thomas:** David Rees is next, then Russell George.

[35] **David Rees:** Just to follow on from that point, it has been reported that there are mechanisms in place to allow negotiations to be dealt with, and, if they are failing, to go to bodies such as ACAS. Is that a reality in situations such as this?

[36] **Mr Monckton:** What, on an individual basis? An individual basis? The idea that you try to negotiate with your boss and it falls down and you go to ACAS—no, I do not think so. You must talk to the legal people in the room. I do not think there is any chance of that happening.

[37] **David Rees:** I have just one other point, if I may, Chair. You talked about membership, and said that you only have about 30%. I think you nearly answered this in response to the earlier question: is there any other union that takes membership, or are the other workers non-unionised?

[38] **Mr Monckton:** They are non-unionised.

[39] **David Rees:** Thank you.

[40] **Russell George:** Thank you for coming this morning. I represent one of your neighbours, really, I represent Montgomeryshire, and I have a lot of friends in Radnorshire as well. I should add that none of them are backward.

[41] **Mr Monckton:** Well, you would say that—you are a politician. [*Laughter.*]

[42] **Lord Elis-Thomas:** I do not think that are getting anywhere with this sort of argument.

[43] **Russell George:** I was not being facetious. I have got a lot of friends, including friends who are farm workers, throughout Montgomeryshire and Radnorshire. I hold regular surgeries at farmers' markets at Welshpool, but nobody at all has contacted me or raised with me concerns or fears about the abolition of the board. So, I want to try to understand the extent of your grass-roots members' concern on this issue. It has not fed through to me, but am I out of touch? That is what you are saying. I just want to get a feel for that.

[44] **Mr Monckton:** Which party are you? Sorry, I should know this, but I do not. You are a Conservative, are you not?

[45] **Lord Elis-Thomas:** That does not matter.

[46] **Mr Monckton:** Well, it has a bearing on the answer, really, because—

[47] **Lord Elis-Thomas:** Not really. As a committee, we try to work collegiately. Obviously, we all have a point of view. I could bore you to death about my politics. [*Laughter.*]

[48] **Mr Monckton:** The point I am making, I suppose, is that, depending on your political party, you have certain views—everybody knows where some parties are coming from, although some parties we are not so sure about, a couple of which are in Wales. However, with the two main parties, we know where you are coming from. I would have thought that if your party's position is clear then you are not going to be approached by farm workers in particular. However, on the same point, you say that no-one came to you on this, so, presumably, no-one came to you and said that the Agricultural Wages Board was a terrible burden on farming either. That is apparently what you are saying: you have not had anyone coming forward saying that it would be difficult for the workers, and you have not had anyone coming forward from the farmers saying that it would be a great thing for them either. So, I think that that evens things out.

[49] **Ms Blythin:** We are also aware that many people have had concerns, and our members have focused their campaigning, persuasion and lobbying on Members of



Parliament and peers, because they are aware that that is where the decisions are being made at the moment. You may see a shift, if we get to a stage where we are looking into setting up an AWB or similar body in Wales.

[50] **Russell George:** That is a fair point. I can certainly discuss that with my local Member of Parliament and ask him about that. A further question that I want to ask is about the benefits provided by the board. Why could they not be provided by the national minimum wage or by national legislation?

[51] **Mr Monckton:** Why not? It is because they do not. They are quite separate. I have a form here. It is a briefing that we prepared for the House of Lords. It lists all of the benefits, and it compares the Agricultural Wages Board with the national minimum wage. There is absolutely no doubt whatsoever that the national minimum wage does not cover anywhere near the totality of the Agricultural Wages Board. If you are saying that it possibly could, then, yes, change the legislation and give the national minimum wage the ability to set all of the other things that we have within the Agricultural Wages Board. Then, of course, it can do them. However, at the moment, it does not do those things.

[52] I have heard a lot of arguments about us not needing the Agricultural Wages Board because we have the national minimum wage. You will have the farmers' unions in here later today, so you can ask them the question. However, I think that that is an insult. To be honest, I think that comparing the agriculture industry with the sort of people covered by the national minimum wage is insulting to the industry. Agriculture is a multi-billion pound business. It is not only a multi-billion pound business, by the way, it is a multi-billion pound business that gets billions of pounds of public money. It is big business. It is not the local cleaner down the road, or the hairdressers' assistant, who are people covered by the national minimum wage. This is a major industry, and the workforce in it deserves to be treated with the same respect as the employers within it.

[53] **Ms Blythyn:** On the national minimum wage, you do not have an allowance for the skills, career progression, training, and time off for training. Another quite significant thing is that, if you want to bring people into the agriculture sector in order to grow the sector in Wales, the apprenticeship rates are significantly different.

[54] **William Powell:** Mr Monckton, I would like to thank you for coming here today with your colleague and also for the way that we have been engaging with the issue with some of us via various media, such as Twitter and other things. You claimed to be a technophobe earlier, but that is clearly not the case. [*Laughter.*]

[55] **Mr Monckton:** I am learning.

[56] **William Powell:** I am interested in this issue, because I know that you are a Radnorshire man and you come, I believe, from the Borders, near Presteigne: in the event that the Deputy Minister were to be successful and a form of the Agricultural Wages Board were to be maintained in Wales, with it being abolished in England, what impact would you envisage that having in the border area, where you have some farms that straddle the border, and some farmers own different holdings on both sides of the border? Are there any issues there that you think would need particularly careful handling, given your experience and the years that you have served on the board?

[57] **Mr Monckton:** Certainly. I work up and down the border, because I do a lot of work on Offa's Dyke. So, I work on a huge length of the English-Welsh border. However, let us just take Presteigne. I know that there are farms that have land on both sides of the border, but there are not that many. Most farmers will be substantially on one side or substantially on the other. I suppose there could be some technical issues—I suppose it depends on where the

farm worker lives—but, I do not honestly see that as being a huge problem. If you are on a farm, for instance, on the Herefordshire and Radnorshire border and you have land on the Herefordshire side of the border, you are going to be—I will not say a wealthier farmer—but, you will have the opportunity to make money a little bit easier than if you live where I live, three miles over the border and up in the hills. I do not think that will be a big issue as far as they are concerned.

[58] **William Powell:** The Deputy Minister, when he previously spoke to the committee, spoke about his aspirations for any potential future body to develop other areas around training, and so on. What advice would you give him as to how you would wish to see a reformed body, if that were to come forward?

[59] **Mr Monckton:** As far as training is concerned?

[60] **William Powell:** Indeed. Training and any other issues. You referred to the need for flexibility earlier. What other key messages would you give him?

[61] **Mr Monckton:** On the training issue, the Agricultural Wages Board for England and Wales includes paid time for training. If there is to be a Welsh version, I would urge that farm workers are given the right to some time for training. We have had these discussions in the Agricultural Wages Board. We are not talking about some stropky trade unions deciding that they need five days this year and five days next year and it does not matter what the subject is. We are talking about seriously needing and wanting training to further your career both within the farming industry and maybe wider over the years. I urge the National Assembly for Wales, if it recommends the introduction of anything, to make sure that there is the right to paid time off for training within that.

[62] The other things that we would urge are contained in our paper. I think that improvements could be made to the Agricultural Wages Board as it exists at the moment. We have talked about the need for flexibility, which will not be easy. A lot of people will need to do some serious work on how that is drafted to be introduced, but we absolutely support that. There are other issues, simple things that would cost nothing, like a national bilingual phone number for Wales where farmers and farm workers are guaranteed to get through in a few minutes. The idea put forward by the Government is that there would be an HM Revenue and Customs phone number. However, anybody who has tried to phone HMRC will know how wonderful it is to sit at the end of the phone with the meter ticking and the work not getting done while you await a response. So, we would like to have a national phone number. What else did we have?

[63] **Ms Blythyn:** On the broader issue of training and time off, if we were establishing a new body or organisation in Wales, we might want to look into how we use that to bring people into the agricultural industry, such as linking up with colleges, relevant further education organisations and schools, like horticultural colleges and things like that. We could make it much more than just paid time off work, it could be about bringing people into the industry.

[64] **Mr Monckton:** Sorry, I have just remembered another thing we mention in the paper. We think that it is imperative for every farmer to get a copy of the Agricultural Wages (England and Wales) Order 2011 and the associated guidance. It is incredible to me that there is a piece of legislation that everybody claims is terribly complex and incredibly difficult, but nobody gets a copy of the actual paperwork as a right. The NFU distributes some to its members when they ask for it, the Farmers Union of Wales will distribute some to their members, and we distribute some to our members. However, the important people are the farmers and we think that enough bumph goes out. I deal with the bumph for one of my union members who is also a smallholder, so I know how much bumph comes through. However, a

copy of the agricultural wages Order sent to every farmer would be something useful to do.

[65] **Ms Blythyn:** Yes, in our submission, we put a lot of emphasis on the need to raise awareness.

10.00 a.m.

[66] **Llyr Huws Gruffydd:** Rwyf am holi, am ein bod wedi dechrau ar hyd y trywydd hwn, ynghylch pe bai bwrdd i Gymru yn dod i fodolaeth, a oes gennych unrhyw syniadau ynglŷn â symleiddio'r trefniadau presennol? Yr ydych wedi awgrymu rhai pethau y byddai angen eu gwneud, ond yr ydym yn ymwybodol o'r fiwrocratiaeth o ran hyn. Yr ydych wedi sôn am anfon dogfen arall at ffermwyr, ond nid wyf yn siŵr a fyddai ffermwyr yn croesawu hynny, oni bai ei fod yn hawdd ei ddeall. Soniasoch hefyd yn eich papur am ehangu'r meysydd a'r swyddi, neu'r proffesiynau, sy'n cael eu dal o fewn cylch gorchwyl y bwrdd. Hoffwn glywed mwy am hynny.

**Llyr Huws Gruffydd:** I want to ask, because we have started down this route, regarding, if a board for Wales came to being, whether you have any ideas about simplifying the current arrangements. You have suggested certain things that may need to be done, but we are aware of the bureaucracy that is involved. You have talked about sending another document to farmers, but I am not sure that farmers would welcome that, unless it was easily understood. You also talk in your paper about expanding the areas and the jobs or the professions that are covered in the board's remit. I would like to hear more about that.

[67] **Mr Monckton:** First, there is a guide for workers and employees, which covers everything that the Agricultural Wages Board covers. In fact, the agricultural wages Order is a substantial document, and it does not necessarily have to go out every year. Unless there are substantial changes to it, that covers all of the annual changes. It is not difficult; it is not a bureaucratic exercise, and most farmers would not think, 'Oh, my god, I've got to deal with this now'. It is just a document, which you stick on your shelf, and it is there to help farmers, more than anything else. Therefore, I do not believe that it is a bureaucratic exercise.

[68] I am sorry, what was the first part of the question? Oh yes, it was about expanding the remit. I am struggling a bit to remember the complete question. We have talked about simplification. I am a rural worker, so I will not be able to tell you exactly how it should be done. However, what we need is the ability to set salaries. That is the most basic issue—setting salaries. When it comes to the idea of simplifying the Order, there is this huge idea that the Order is incredibly complicated, and, if you look at every detail of it, it can be complicated. However, I am sure that that is the case for every piece of legislation that has ever existed. Most people do not have to get hold of the original legislation and the Hansard debates to find out what it is all about. Therefore, I do not accept that it is incredibly difficult. However—I am sorry, I am losing my thread here.

[69] **Llyr Huws Gruffydd:** Beth am ehangu'r meysydd cyfrifoldeb? Soniasoch yn eich papur am giperiaid a gwahanol weithwyr ystâd, ac yn y blaen. Pa mor helaeth fyddech chi'n awyddus i weld y cylch gorchwyl yn cael ei ehangu?

**Llyr Huws Gruffydd:** What about expanding the fields of responsibility? You talked in your paper about gamekeepers and various estate workers, and so on. How wide would you like to see the remit being extended?

[70] **Mr Monckton:** That is up for negotiation with the various professional bodies. Gamekeepers have their own body, and other groups of people have their own professional bodies, or whatever. Gardeners do not have their own body—certainly not gardeners within the private gardening sector. However, we have argued for this for many years, and it is quite simple, really: if you earn your living using your hands, outside, doing some sort of

agricultural or horticultural activity—or veterinary activity. Most people will know who we are talking about. We are talking about people whose present rates are often tied to those of the Agricultural Wages Board, although perhaps not officially. For instance, although I am self-employed, when we negotiated a 2.5% increase, I put my rates up by 2.5%. There are a host of industries where people look to the wages board. They might not be at the same rate as the wages board, and, of course, they are not covered in legal terms, but, when it comes to working out what they are going to charge, they will look to the board. What we are saying is that, rather than leaving it to individuals to organise that for themselves, and for some to be able to get it, and for some not to be able to do so, we would like all of those people to be covered. We are not talking about huge numbers of people. I do not want to be adversarial or anything, but we are talking about the rural poor. If you work on the land, with your hands, in Wales, you are poor.

[71] **Antoinette Sandbach:** Could I come in on that point? No rural areas have been identified as Communities First areas by the Welsh Government. In terms of classifying whether there is an issue of rural poverty, it has not been recognised officially by the Welsh Government in the programmes that it delivers. Therefore, where do you take your evidence from on that issue? I have been calling for a virtual Communities First programme, and I would like to know where you take that evidence from.

[72] **Mr Monckton:** It goes back to my original point, Antoinette; if you want to come out with me for a couple of days—this is a serious offer—I will take you around and will show you my evidence.

[73] **Antoinette Sandbach:** I have knocked on many thousands of doors, I live in a rural area and I have visited quite a few rural parts, which is why I have raised some of these issues. However, I do not think that this matter is necessarily tied to agriculture. I want to take you back to the cross-border issue. You talked about farms that had land on one side of the border or the other and you seemed to think that that was not going to be a problem. However, if a farm straddles the border, having land in England and Wales, which law should effectively apply, because this is going to be an employment law regime? Are you saying that the farmer will have to administer two schemes—an English scheme and a Welsh scheme—that will, therefore, double his bureaucracy?

[74] **Mr Monckton:** I would suggest that you look at what happens in Scotland and Northern Ireland because both countries share borders with countries where the position is different. If the English wages board goes, exactly the same problem will happen in Scotland, and the same situation exists at the moment between Northern Ireland and Ireland. I am not an expert on these things. If you really want to know what the issues are, I suggest that you talk to your politicians in Ireland and Scotland, because they are going to be facing the same problems as you; they are not insurmountable.

[75] **Antoinette Sandbach:** On the accommodation issues that you spoke about, I wonder whether you can tell me what your experiences of the childcare sector are, where, very often, employment is linked to residence? Is that a useful guide to the ability to negotiate terms and conditions?

[76] **Lord Elis-Thomas:** I do not think that that is relevant; I do not think that there is any reference to childcare in the paper that we had from Mr Monckton.

[77] **Antoinette Sandbach:** It is about housing being supplied by the employer.

[78] **Lord Elis-Thomas:** With respect, I do not think that that is relevant to the evidence that we have received.

[79] **David Rees:** The National Farmers Union has indicated that it believes that the funding that would have gone to the Agricultural Wages Board should be used to encourage more young farmers into the industry. What is the AWB doing to encourage young farmers at this time? Is it fair to say that we need to invest more, and that this money could, therefore, be better spent on encouraging more young farmers into the industry?

[80] **Mr Monckton:** There are two issues here. I think that you are talking about entrants to the industry and not young farmers; they are not the same thing. There are young farmers, and the vast majority of them come through because they happen to be born as children of farmers. There are some, including people I know, who move into farming and become farmers. As for getting young people into farming in general, we could spend the next two days on this issue. I have been to seminars over the years that I have been an agricultural trade unionist; I have been to seminars put on by the Government, the NFU and the Countryside Commission in the old days. There have been so many seminars, and the question is always ‘How do we get young people into farming?’ Let me tell you how we do not get them in, which is by paying the rates that are in these papers that are going to become substantially less. We should bear in mind that the national minimum wage does not set wage rates for the variety of young people that we do, down to 16 years of age. I think that it is going to be increasingly difficult to get those young people in. Using the money that is, somehow, going to be saved by taking it off farm workers to encourage more farm workers into the industry seems to me to be a dubious argument and one that would be very difficult to win with young people who are saying ‘Okay, you are pulling me into this industry, but you are actually cutting wages at the same time’.

[81] **Ms Blythyn:** You are not offering them any career progression and there are no clear training standards. Also, I think that we need to be careful when we talk about what we mean by benefits and costs. What some people are calling benefits are significant costs to workers, as the Department for Environment, Food and Rural Affairs impact assessment shows; I think that the cost to workers is £15.2 million in Wales alone. We need to be careful with what we are saying in that regard.

[82] **Mr Monckton:** The board introduces a career-progression element. Only a few years ago, members of the board, including the NFU and ourselves—I was on the sub-committee with the leader of the NFU side, who is a very decent man—worked for years introducing the system of progression within the wages board. That will all be scrapped. The whole idea was to get to people in so that they see that there is a possibility of progression through the industry—moving to different scales. That is why we have—I do not know, although I should, exactly how many scales there are. I think that there are seven. Is it seven?

[83] **Ms Blythyn:** There are six.

[84] **Mr Monckton:** There are six. So, there are a number of scales. In the past, there were fewer scales. Each of those scales now has specific criteria and qualifications associated with them. So, if you get the qualifications, you move up the scale. That is the way to get people in: offering them something that is something other than a hard, underpaid, manual job out in all weather. Just imagine the weather that we have had this winter, with the snow and the rain. Just imagine what it has been like for me and others to earn our living out there. You can be in here and it is weatherproof and warm and all the rest of it, but there are huge numbers of workers that have to get out there and trudge through eight or 10 inches of snow and have to break through ice to dig post holes and all the rest of it. That is what we do. There are some good points and there are some bad points.

[85] **David Rees:** Your paper comments:

[86] ‘Unite has witnessed this occurring in other industries and campaigned hard against

this.’

[87] You are talking about workers being pressured into a change in terms and conditions of service. Yet, we have had statements from other unions saying they want to be more like other employers. What evidence do you have that the abolition of the board would deteriorate conditions and pay for staff? You say that you have witnessed that. Do you have the evidence?

[88] **Mr Monckton:** What page are you on?

[89] **David Rees:** In your document you say:

[90] ‘AWB rates will be put under pressure as new workers employed on less favourable terms will divide these tight-knit workplaces and communities. Unite has witnessed this occurring in other industries and campaigned hard against this.’

[91] In other words, you are saying that you have seen a deterioration of conditions and pay in other industries when regulatory bodies have been abolished. Yet, the farmers’ union is saying there is a desire to be treated like other employers. What evidence do you have that in relation to other employers? Do you have evidence of that happening in other industries?

[92] **Mr Monckton:** I will come back to you on that. I will get some more research done. That has come from our research department and is probably based on the abolition of the wages councils in the past. A more general way of looking at it is what is happening within the supermarket sector—the retail sector. Welsh Country Foods is scrapping 350 jobs on Anglesey—350 people are being thrown on the scrap heap—because the supermarket will move to somewhere else where there is no trade union and the wages will be lower and therefore they can make an extra 10p per sheep or whatever. There is that sort of circumstantial evidence.

[93] **Lord Elis-Thomas:** I do not think that we are discussing that at the moment. We are discussing it later.

[94] **Antoinette Sandbach:** I want to go back to the point on career progression. You argued earlier that the AWB has not performed its function effectively because it has not provided flexibility for things like annual contracts. In many other professions and jobs, there is career progression. Why do you think that that would not be available in agriculture, particularly when there is an acknowledged skills level needed, for example, to drive very expensive and complicated machinery and so on?

[95] **Mr Monckton:** Why would it not happen? Because it has not happened so far.

[96] **Antoinette Sandbach:** No, but it happens in other industries.

[97] **Mr Monckton:** But it has not happened in agriculture.

[98] **Antoinette Sandbach:** But we have had the AWB, which you claim sets out that structure.

[99] **Mr Monckton:** But we have only had that structure in place for a couple of years.

[100] **Antoinette Sandbach:** We have had the structure—

[101] **Mr Monckton:** We have had the structure of progression for two or three years. We have also had evidence—if you want evidence of what is likely to happen and what happens

in the industry in general—in front of the wages board that showed that people have not been moved through the progression, even when they have the qualifications and even though that was absolutely integral and was the whole intention of it. We have evidence of that, even when it is there, but it has only been around for two or three years.

10.15 a.m.

[102] **Antoinette Sandbach:** Even when it is there, it is not working. If there is flexibility and an ability, for example, to offer—there is a lot of contract farming and share farming at the moment—

[103] **Mr Monckton:** Is there?

[104] **Antoinette Sandbach:** I would be quite interested to know how that works.

[105] **Mr Monckton:** Well, I would be interested to know how it works, too. There is not a lot of contract farming and share farming. There is some, but the idea that in Wales there is this huge quantity of contract farming and share farming is a nonsense.

[106] **Mark Drakeford:** You explained to us earlier that low wages are endemic in rural Wales in the agricultural industry. Would I be right to assume that in order to, simply, make ends meet, many of your members are obliged to rely on means-tested benefits, having to claim housing benefit, council-tax benefit, tax credits, and so on? I imagine that most of those people would rather that their earnings were sufficient enough not to have to rely on those. Would I be right to assume that as wages fall, when the board is abolished, as they surely will, people will have to rely more on means-tested benefits to meet the gap? So, in fact, what is going on here is not, simply, as you described it, a shift from workers to employers; it is a shift from workers to employers via the taxpayer, because it will be the taxpayer who will end up providing additional wage subsidies to employers in an already very highly subsidised sector.

[107] **Mr Monckton:** I agree with that 100%. That is the reality. I am self-employed and I have to claim tax credit. I get substantial tax credits. I do not get housing benefits, but I get tax credits. The vast majority of farm workers—and not just farmer workers, but rural labourers or workers—in Wales will be on those very benefits. We have an UK-wide Government that might indeed say ‘No, it is coming down, and there isn’t going to be any replacement’, in which case there will be absolute destitution like we have not seen for a hundred years. There will be destitution.

[108] **Mark Drakeford:** To clarify the point I am trying to make, from the point of view of the committee, which is interested in public money and how it is spent, in a disguised way, this draws the taxpayer even more into subsidisation in relation to an industry that is already heavily subsidised by the taxpayer.

[109] **Ms Blythyn:** As a union, we do not just make an argument for decent pay because that is what unions do; it is economically sound to pay people a decent wage. You save the taxpayer money in tax credits and other supplementary benefits, and people have more money to spend in the local economy as well.

[110] **Antoinette Sandbach:** However—

[111] **Lord Elis-Thomas:** I am sorry, but I cannot call you now, Antoinette; you have had six or seven questions already. We have to be even-handed, and I am an impartial Chair.

[112] **Mick Antoniw:** In the impact assessment that has gone to Westminster—which

contains a lot of useful information and so it might be worth circulating among the Members, Chair—there is reference to casual workers. The impact assessment suggests that about a third of agricultural workers are within the category of casual and part-time workers. We have also seen, from evidence that we have received for something, that the trend is towards increasing casual and part-time work. What would be the impact of those changes on casual workers? Is there any particular impact on women? What percentage of casual work is done by women workers?

[113] **Mr Monckton:** When the board was threatened in the past we did an impact assessment, and our evidence is based on the fact that a larger proportion of casual workers will be women; fewer will be in the full-time and the regular part-time workforce. We all know that. I cannot quite get my head around this, but when I was a kid, I worked on fruit and potato farms during the holidays, and the vast majority of people doing that sort of casual work were women. So, if there is an impact on the casual rate as well as the terms and conditions, and if there is an increase in casual work, then that will obviously have an effect on women.

[114] To be honest, we would need to do more research on this, but the figures that have been quoted for the number of casual workers in England and Wales are massively out, because they are based on a survey that is done at a particular time of year when the number of casual workers is not at its peak. So, the figure of 50,000 is talked about, but the HSE did some work and discovered that up to 1.5 million people work casually in agriculture in any one year, mostly in horticulture during the season. Although it is just over the border, S & A Produce Ltd in Herefordshire employs thousands of casual workers. I do not quite know how many of those seasonal casual workers are employed in Wales, but it is vastly more than the figure stated in the official statistics.

[115] **Ms Blythyn:** You will have probably seen in our paper that we urge the Welsh Government to do its own impact assessment and to do research into the unique nature of the industry in Wales, so that those figures could be updated.

[116] **Mick Antoniw:** It is clear from the Order that there is a certain level of terms and conditions to casual and part-time workers in terms of leave and such things that are not covered by the minimum wage. In terms of the large number of people working, if the Agricultural Wages Board is abolished, how soon will casual and part-time workers see their terms and conditions reduced to minimum-wage levels?

[117] **Mr Monckton:** It would be instant, because they are on seasonal contracts. So, a casual worker might have been working at a certain rate this year, but as soon as they start next year, it will reduce. Let us be frank and honest: this whole attack on the Agricultural Wages Board has been led by the horticulturalists who are determined to get migrant workers—and other workers, but mostly migrant workers—down to the casual-worker rate. That is what this attack is about. It has been led by the determined large horticulturalists. The wages for casual workers will drop as soon as they go back to work next season. That is absolutely guaranteed.

[118] **Yr Arglwydd Elis-Thomas:** Mae gan Keith Davies y cwestiwn olaf. **Lord Elis-Thomas:** Keith Davies has the final question.

[119] **Keith Davies:** Gofynnaf fy nghwestiwn yn Gymraeg. Diolch ichi am eich papur. Synnais wrth ddarllen y papur mai eich diwydiant chi yw'r un mwyaf peryglus yn y Deyrnas Unedig. Felly, yr hyn sy'n fy mhoeni yw, os bydd y bwrdd yn **Keith Davies:** I will ask my question in Welsh. Thank you for your paper. I was shocked in reading the paper that your industry is the most dangerous of all industries in the United Kingdom. So, what concerns me is, if the board is abolished,



diflannu, pa effaith a gaiff hynny ar iechyd a what impact will it have on the health and diogelwch y bobl sy'n gweithio yn y safety of those working in the industry? diwydiant?

[120] **Mr Monckton:** It is true that we have the worst health and safety record in the country, certainly as far as deaths go, but there is a massive under-reporting of accidents as well. We know that it is a huge issue; everyone accepts that. All sides of the industry accept that health and safety is a massive problem for agriculture. Some people might say, 'Well, he would say that, wouldn't he?'. The fact is, if wages get tighter, then there will be a pressure on piece work—if you are on a piece-work rate—and there will be pressure to work longer hours when you are absolutely knackered and you need to go home and rest, but you have the chance of an extra two hours' overtime. All of those pressures are bound to lead to increased accidents at work. It is inevitable.

[121] **Ms Blythyn:** Going back to the impact on the taxpayer, that will have a knock-on effect on the NHS in Wales, due to the cost of treating people who are injured at work.

[122] **Lord Elis-Thomas:** Thank you for coming here and giving us your frank evidence. You have given us a number of steers, which we will discuss when we come to communicate with the Deputy Minister, as a result of this inquiry.

[123] Diolch yn fawr iawn.

Thank you very much.

10.27 a.m.

**Ymchwiliad i Ddiddymiad Arfaethedig y Bwrdd Cyflogau Amaethyddol—  
Tystiolaeth gan Undeb Amaethwyr Cymru a CFFI Cymru  
Inquiry into the Proposed Abolition of the Agricultural Wages Board—Evidence  
from Farmers Union of Wales and Wales YFC**

[124] **Yr Arglwydd Elis-Thomas:** Rwyf wedi derbyn ymddiheuriad oddi wrth un o'n tystion, Rhian Nowell-Phillips, sydd wedi methu â dod drwyddo am resymau trafniadaeth. Diolch yn fawr i Nick Fenwick ac Iestyn Thomas. Yn gyntaf, gofynnaf gwestiwn a ofynnwyd i'r tystion blaenorol, gyda golwg ar y ffaith bod—yn yr achos hwn, beth bynnag—Undeb Amaethwyr Cymru ac NFU Cymru yn cymryd safbwynt gwahanol, ac felly hefyd cynghrair y ffermwyr ifanc: sut ydych wedi casglu'ch tystiolaeth? A ydyw'n adlewyrchu barn eich aelodau?

**Lord Elis-Thomas:** I have received an apology from one of our witnesses, Rhian Nowell-Phillips, who could not attend because of transport reasons. Thank you to Nick Fenwick and Iestyn Thomas. First, I will ask a question that was asked of the previous witnesses, in view of the fact that—in this case, at any rate—the Farmers Union of Wales and NFU Wales take different positions, as does YFC Wales: how have you collected your evidence? Does it reflect the views of your membership?

[125] **Dr Fenwick:** Ydy, yn sicr. Rwy'n gwybod eich bod chi'n ymwybodol o strwythur Undeb Amaethwyr Cymru, ond er mwyn y pwyllgor i gyd, mae gennym ganghennau tu fewn i siroedd. Er enghraifft, yn fy ardal i, mae gennym gangen Bro Ddyfi, sydd yn anfon pobl i bwyllgor sir Drefaldwyn, ac wedyn mae pobl o sir Drefaldwyn yn cynrychioli barn eu sir a barn

**Dr Fenwick:** Yes, certainly. I know that you are aware of the structure of the FUW, but for the sake of the committee as a whole, we have branches within counties. For example, in my area, we have the Bro Ddyfi branch, which sends delegates to the Montgomeryshire committee, and then people from Montgomeryshire will represent the views of their county and the views of the

canghennau'r sir yng nghyngor canolog yr undeb. Felly, pan fo cwestiwn fel hwn yn codi, rydym yn ymgynghori ar bob lefel y gallwn ac wedyn mae'r farn yn dod yn ôl drwy strwythur yr undeb ac yn cael ei thrafod un ai yn y pwyllgor sy'n delio â'r mater hwnnw neu yn y cyngor—mae'n dibynnu pa un sy'n cyfarfod yn gyntaf. Bydd cofnodion y pwyllgor hwnnw yn cael eu hystyried gan y cyngor, a fydd yn eu pasio neu yn rhoi sialens i'r penderfyniad sydd wedi cael ei wneud yn y pwyllgor. Felly, mae system ddemocrataidd tu fewn i'r undeb, ac felly pan rwy'n eistedd yn y fan hon, nid wyf yn mynegi fy marn fy hun ond yn adlewyrchu barn ein haelodau sydd wedi ei chasglu dros gyfnod o ymgynghoriad.

[126] **Yr Arglwydd Elis-Thomas:** Rwyf hefyd yn ymwybodol bod y ffermwyr ifanc yn fudiad hynod o ddemocrataidd.

[127] **Mr I. Thomas:** Ydy, wir. Diolch i'r panel ac i chithau, Mr Cadeirydd, am y gwahoddiad i ddod yma i roi tystiolaeth i chi i gyd ar ran Clybiau Ffermwyr Ifanc Cymru. Mae'n fudiad democrataidd iawn.

10.30 a.m.

[128] Mae'r aelodaeth yn cynnwys yn agos at 6,000 o bobl ifanc o gefn gwlad a chymunedau gwledig Cymru rhwng 10 a 26 oed. Felly, mae cryn dipyn o brofiad a barnau y gellwch elwa arnynt, a'r gobaith yw y bydd barnau, syniadau ac egni'r mudiad yn cael eu pasio ymlaen drwy swyddogion y clybiau—y cadeiryddion, yr ysgrifenyddion, ac eraill—drwy'r ffederasiynau sirol—y mae 12 ohonynt yn y wlad—ac wedyn wrth gwrs, drwy swyddogion Clybiau Ffermwyr Ifanc Cymru, a finnau'n un ohonynt, sy'n gweithio o'r ganolfan yn Llanelwedd.

[129] Mae'r broses ddemocrataidd yn digwydd bob mis Medi pan fydd y clybiau a'r siroedd, i raddau, ac wrth gwrs yr is-bwyllgorau o fewn y siroedd ac o fewn y mudiad gwladol yn cael eu hethol yn ddemocrataidd. Bydd cyfarfod o'r cyngor—cafwyd un y penwythnos diwethaf—lle caiff cynigion a syniadau eu trafod, gyda sgwrsio a phenderfyniadau gan yr aelodau eu hunain. Nid ydym ni'r swyddogion yn cael ethol.

county's branches at the union's central council. Therefore, when a question such as this arises, we consult on all possible levels and then views are fed back through the union structure and are discussed either at the committee dealing specifically with that issue or in the council—it depends which meets first. The minutes of that committee will be considered by the council, which will either pass them or challenge the decision that may have been made at that committee stage. So, there is a democratic system within the union, and therefore as I sit here, I am not expressing my own views, but reflecting the views of the membership, which have been gathered over the consultation period.

**Lord Elis-Thomas:** I am also aware that the young farmers is an extremely democratic organisation.

**Mr I. Thomas:** Yes, indeed. I thank the panel and you, Mr Chairman, for the invitation to come here and give evidence to you all on behalf of Wales Young Farmers Clubs. It is a very democratic organisation.

The membership is made up of nearly 6,000 young people from Wales's countryside and rural communities between the ages of 10 and 26. So, there is a broad range of experiences and opinions that you could benefit from, and the hope is that the opinions, ideas and energy of the organisation will be passed on through the club officials—the chairs, the secretaries, and others—through the county federations—there are 12 of those in the country—and then of course, through the Wales YFC officials, of which I am one, who work from the centre in Llanelwedd.

The democratic process happens every September when the clubs and the counties, to some extent, and of course the sub-committees within the counties and within the national organisation are elected through democratic means. A meeting of the council will take place—there was one last weekend—where motions and ideas will be discussed, with opportunities for members to chat and take decisions. We, as officials, do

Felly, yn union fel yr oedd Nick yn ei ddweud gynnu, barn y mudiad sydd wedi cael ei pharatoi i chi.

not get to elect anyone. So, just as Nick was saying earlier, it is the opinion of the organisation that has been prepared for you.

[130] Hoffwn ddweud hefyd bod y papur a gyflwynwyd i'r panel ymlaen llaw wedi cael ei baratoi gan Kay Lewis—rwyf wedi cymryd drosodd yn ei swydd hi ddechrau'r mis hwn, felly mae hyn yn gwbl newydd i mi ar hyn o bryd. Os ydwyf ychydig yn ansicr o ran rhai o'r ffeithiau, ymddiheuraf am hynny reit ar y dechrau. Er hynny, gwnaf fy ngorau glas i fynd ag unrhyw bwyntiau yn ôl gyda fi ac adrodd yn ôl i'r panel.

I would like to say that the paper distributed to the panel beforehand was prepared by Kay Lewis—I took over from her at the start of this month, so this is all very new to me at the moment. If I am a little uncertain about some of the facts, I apologise for that at the very outset. Nonetheless, I will do my level best to take any points back with me and to report back to the panel.

[131] **Yr Arglwydd Elis-Thomas:** Nid wyf yn sicr a ydym wedi derbyn y papur, ond yn sicr byddwn yn ei groesawu.

**Lord Elis-Thomas:** I am not sure that we have received the paper, but we would certainly welcome it.

[132] **Dr Fenwick:** Liciwn i wneud yr un esgus, achos Rhian sy'n delio â'r mater hwn, ac mae'n sownd ochr arall môr Iwerddon.

**Dr Fenwick:** I would like to use the same excuse, because Rhian usually deals with this issue and she is stuck on the other side of the Irish sea.

[133] **Yr Arglwydd Elis-Thomas:** Rwy'n siŵr y dewch chi i ben â hi, y ddau ohonoch.

**Lord Elis-Thomas:** I am sure that you will cope, both of you.

[134] **Russell George:** Good morning. I just want to go on a little further from what the Chair asked with regard to your response on how you obtained the views of your own members. The reason I ask the question is that I represent Montgomeryshire, which has a high percentage of agricultural workers, and not one constituent has contacted me on the issue. I contacted the MP for Montgomeryshire, and he mentioned that one person had contacted him. A number of organisations had made contact, but only one constituent. It is also interesting that the NFU has taken a different position on this matter. I note that you say in your evidence:

[135] 'The majority of the Union's members believe that'.

[136] Would you stand by that statement, that the majority believe that? When you talked about your processes earlier on, you talked about representatives, but would it be accurate to say that the majority of the union's members take that view?

[137] **Dr Fenwick:** To deal with your first point, about the fact that you have not been contacted, if you go to Dolgellau this Friday, it will not be the burning point of discussion in the market. A lot of people will not even be aware of it. However, over the years, before this issue came up, I can assure you that we never had people phoning us up to say, 'This is disgraceful; this board must be abolished', so the converse is also true. I am sure that none of you have received e-mails during your time as Assembly Members saying, 'This is a disgrace; it needs to be abolished. We should have only one minimum wage'.

[138] In terms of our democratic structure, I am sure that, as members of political parties, you will understand the logistics of contacting every single member and the cost involved regarding every single consultation issued by the Welsh Government or by Westminster. We have as democratic a system as is possible, just as your own parties have—you have regional structures, et cetera—and that is our only mechanism by which we can collect views. That is

how democracy works: if people turn up to meetings and express an opinion, as employers, as people who pay these amounts that are set by the Agricultural Wages Board, then it is my job to represent those views. I also sit on committees of farmers, which have nothing to do with the FUW, who employ people under these terms. Unanimously in those committees, farmers have supported setting wages based on the Agricultural Wages Board levels. I have never heard anyone complain about it.

[139] **Russell George:** My second question was on point 11 of your evidence, where you talk about a real need for guidance on terms and conditions and the fact that staff can be a long-term investment for the business. Can you set out why that exists in national legislation, but cannot provide the cover or benefits provided by the board?

[140] **Dr Fenwick:** The fact that the board exists recognises something that we spend our lives trying to highlight, which is that agriculture is not the occupation of dirty, smelly country bumpkins, which is the perception of many, including careers advisers and teachers.

[141] **Lord Elis-Thomas:** In my whole life, I have never met a dirty, smelly country bumpkin. Where do these people hang out? [*Laughter.*]

[142] **Dr Fenwick:** However, there is that perception. We consistently receive complaints from farmers whose children have been advised by careers advisers who do not consider agriculture to be a career. It is regarded as being on the same level as stacking or filling boxes in a factory. In reality, on a daily basis, a farmer or a farm worker can undertake complex medical veterinary procedures on an animal first thing in the morning, saving that animal's life, and by lunch time, they might be changing the gearbox in a vehicle. They have those levels of skills. By the afternoon, they may be working out protein rations for animals. It is a highly skilled industry. The fact that the Agricultural Wages Board exists recognises that fact and that it does not deserve to be treated in the same way as the criteria used to establish the national minimum wage.

[143] **Russell George:** I was not talking so much about the national minimum wage, but about the working terms and conditions. I accept everything that you said about the level of expertise that is needed in the job, but other industries that also need a high level of expertise are covered by national legislation for health and safety and other guidance on terms and conditions. I was trying to distinguish between those and wondered why you thought that that legislation would not cover agricultural workers.

[144] **Dr Fenwick:** There is a huge diversity of careers in this world; I am here to represent the agricultural sector, which is unique in terms of the conditions and the hours that people have to work and so on. There are, no doubt, other industries that are unique and it is up to those industries to make representations regarding those situations. However, as far as my members and I are concerned, it is so unique that it deserves to have such a board that recognises its unique nature and the unique skills needed by those involved in the industry.

[145] **Russell George:** If the board were abolished, which is likely to be the case, would you then lobby for Government to implement new legislation, so, rather than there being a board in place, there would be new legislation to cover areas that the board covered, as you suggested?

[146] **Dr Fenwick:** I imagine that our membership may well be of that view, if consulted on that hypothetical situation. However, I hope that we will not get to that position.

[147] **Vaughan Gething:** I want to go back to something that I heard from Unite, which made a particular point that wages would inevitably fall for categories of rural workers if the Agricultural Wages Boards were abolished. I would like to hear your view on that. Unite also

made a point about individual negotiations, which it thought would be very difficult for workers. I note that in paragraph 13 of your paper, you make the point that those negotiations can be difficult, particularly for small farmers, and that you welcomed the note of depersonalisation.

[148] The second part of my question relates to the fact that the NFU does not make that point, and it does not appear at all in its written evidence, so I wonder why you think that that is a problem and the NFU does not.

[149] **Mr Fenwick:** First, going back to Mr George's point about us being contacted by people in relation to the Agricultural Wages Board, we are contacted about it, as our county offices. They are contacted by farmers who simply pick up the phone and say, 'Hi, Susan'—or whoever it is at the other end—'What is the wage set by the board this year?'. They are given it and then they put the phone down. They have that bar set. It is a point of reference for them, and there is never any discussion; they just want to know what the figure is. Clearly, were it not for the existence of the board, they would not be in that position. They would be involved in direct negotiations regarding not only wages, but terms in relation to the people whom they employ. So, there would be more negotiations, which our members do not want to enter into. They are quite happy to be able to pick the phone up to find out, or to allow their accountants to do the job for them, based on a national standard. As far as reductions in wages are concerned, I would hope that that would not occur if the board is abolished. However, it is not rocket science to understand that that is a threat.

[150] **Vaughan Gething:** To clarify, is part of your concern that the Agricultural Wages Board provides certainty and a level floor for all farm businesses to adhere to, as a minimum, and that you do not want to see additional volatility in the setting of rates and in how different workers deal with each other? I have a second question, which I will want to ask the young farmers clubs as well, and I know that the NFU will have a view on this also. In the NFU paper, paragraphs 17-19, you talk about training and apprentice rates. You make the comparison that the minimum-wage apprentice rate is significantly lower than the agricultural wages board rate. Why do you think that that would be a disincentive for people to come into farming, after all, many of these people are in rural communities anyway, and would they not be just as attracted to go into the agricultural industry? Would you not welcome the flexibility?

[151] **Mr Fenwick:** We live in a capitalist age. People do not follow careers for altruistic and passionate reasons alone. They weigh up the career prospects within an industry and, ultimately, the income, knowing full well that, over time, they will have to pay into pension pots, have children, probably pay for them to go to university in the future, et cetera. So, clearly, having higher rates provides more of an incentive for people to go into any one industry. So, the answer is in the question to some extent. If you lower levels, then you lower the incentive to follow that career.

[152] **Vaughan Gething:** Does the young farmers club have a view on that as well?

[153] **Mr I. Thomas:** Certainly. I was fortunate to hear some of the discussion with the previous consultees—the Unite officers—with regard to encouraging young entrants into the industry. The YFC has a successful scheme running whereby we encourage young people to become involved in farming and provide opportunities for them to do so, but not necessarily for those who will inherit a farm. We are very keen to be able to provide opportunities for young farmers to take on tenancies with local authorities, where they become available. So, we promote those opportunities as they become available from local authorities, certainly within Powys, in the promotional and publicity systems that we have in place to be able to share that information among the membership. As regards the most important point for members, this is noted in the statement that was prepared and which I have dug out for the

panel, and it is included in the report that Mr Antoniwi has prepared: the viewpoint gathered from the YFC membership is that one of the most vitally important things about the AWB is the housing, holiday and sickness terms and conditions—protecting workers’ rights. Many young farmers, and new entrants in particular, have to work off-farm to gain experience. Therefore, it provides workers’ rights.

10.45 a.m.

[154] As the representatives of Unite stated, this is a billion-pound industry for the wellbeing of this nation. Agriculture is one of the biggest industries in Wales, providing for all of us in one way or another. Therefore, we must provide a structure for young people to come into this industry—and I say ‘this industry’ in this room, but, if I were talking within any other four walls, we could be talking about any other industry. For example, if you want to encourage young entrants into education, into health, into sports, or into agriculture, there has to be a structure to encourage them to do so, and to have the security for them to feel valued and that it is worth their while, if they study hard, to be able to do it.

[155] **Llyr Huws Gruffydd:** Credaf fod nifer o bobl yn rhagweld, neu’n ofni, pe bai’r bwrdd yn dod i ben, y bydd y trafod yn digwydd ar lefel unigol ac y byddai hynny’n creu pob math o *issues*. A ydych chi fel undeb yn hyderus bod gennych y sgiliau angenrheidiol, o ran arbenigedd, cyflogaeth ac yn y blaen, yn ogystal â’r capasiti, i allu delio â’r llwyth gwaith ychwanegol a fyddai’n dod yn sgîl y galw cynyddol am eich cymorth?

**Llyr Huws Gruffydd:** I believe that many people anticipate, or are concerned, that if the board was abolished, the discussions would be held on an individual level and that that would raise all sorts of issues. Are you as a union confident that you have the necessary skills, in terms of expertise, employment and so on, as well as the capacity, to be able to deal with the additional workload that would come in the wake of the increasing demand for your support?

[156] **Dr Fenwick:** Yr wyf yn siŵr bod gennym y sgiliau i wneud y gwaith hwnnw. O ran *resources*, rwy’n gobeithio na fyddwn ni yn y sefyllfa honno, a bod yn berffaith onest. Mae’n fwy tebygol y buasem yn cynghori ein haelodau i fynd at ein cyfreithwyr neu ein *accountants* i ddelio â’r mater hwnnw yn y dyfodol. Fodd bynnag, bydd yn creu sefyllfa anodd i’n haelodau—ac i ni, er mai ein haelodau sy’n bwysig, wrth gwrs—ac nid ydynt am fod yn y sefyllfa honno; dyna eu barn glir.

**Dr Fenwick:** I am sure that we have the skills to do that work. In terms of resources, I hope that we will not find ourselves in that position, to be honest. It is more likely that we would advise our members to seek the advice of our solicitors or accountants in dealing with that issue in the future. However, it will create a difficult situation for our members—as well as for us, although it is our members who are important, of course—and they do not want to be in that situation; that is their clear view.

[157] **Llyr Huws Gruffydd:** Ai’r perygl yw, pe baent yn cael eu cyfeirio, y buasai goblygiadau cost sylweddol?

**Llyr Huws Gruffydd:** Is it the case that, if they were to be referred, there would be significant cost implications?

[158] **Dr Fenwick:** Yn union.

**Dr Fenwick:** Yes, exactly.

[159] **Llyr Huws Gruffydd:** Clywsom yn gynharach gan Unite fod nifer o weithwyr yn y sector ehangach yn edrych i’r lefel cyflog a’r telerau safonol sy’n cael eu gosod gan y bwrdd ar gyfer gosod eu telerau a’u graddfeydd tâl eu hunain. A ydych yn cydnabod mai honno yw’r sefyllfa wir, ac y

**Llyr Huws Gruffydd:** We heard earlier from Unite that several workers in the wider sector are looking to the standard pay levels and conditions that are set by the board in order to set their own conditions and pay grades. Do you recognise that as the genuine situation, and are you concerned that the

buasai effaith cael gwared â'r bwrdd yn mynd y tu hwnt i'r rhai sy'n dod yn uniongyrchol o dan gyfrifoldeb y bwrdd, oherwydd buasai'n golygu na fuasai eraill, efallai, yn gallu dilyn yr un telerau?

[160] **Dr Fenwick:** Fel yr wyf wedi ei ddweud, yr wyf yn eistedd ar bwyllgorau eraill y tu allan i'r undeb. O brofiad personol, gallaf ddweud ein bod yn defnyddio'r graddau hyn i dalu pobl sy'n gweithio y tu allan i fyd amaeth, ond sy'n ymwneud ag amaeth. Felly, yn bersonol, gallaf ddweud bod hynny'n wir; mae pobl yn eu defnyddio, er nad yw'r ddeddfwriaeth yn ei roi iddynt, efallai.

[161] **Llyr Huws Gruffydd:** O edrych ar sefydlu bwrdd i Gymru—ac mae rhai ohonom yn gobeithio y bydd hynny'n digwydd—mae'n gyfle, fel y dywedodd y Dirprwy Weinidog, i edrych ar roi cyfrifoldebau ychwanegol o ran hyfforddiant a sgiliau. Mae un awgrym hefyd ynglŷn ag ehangu'r ystod o weithwyr sy'n dod o dan y bwrdd, ac yn y blaen. Hoffwn glywed rhai o'ch syniadau chi ynglŷn â'r potensial hwnnw, yn ogystal ag, efallai, edrych ar sut y byddai modd symleiddio rhai elfennau o waith y bwrdd. A oes gennych unrhyw syniadau ynglŷn â hynny?

[162] **Dr Fenwick:** Credaf y byddai'n rhaid i ni groesi'r bont honno pan y down ati, o ran symleiddio yr hyn y mae'r bwrdd—neu'r bwrdd newydd yn y dyfodol—yn ei wneud. Mae angen i ni ystyried hynny'n ofalus. Fodd bynnag, gobeithiaf, os y bydd yn cyrraedd y pwynt hwnnw, y bydd Cymru'n sefydlu rhyw fath o fwrdd. Mae'n bosibl, os nad oes gan Loegr y math hwnnw o fwrdd, y byddwn yn tynnu talent o Loegr i Gymru—talent yr ydym angen ei chadw y tu fewn i'r diwydiant, a thalent sy'n mynd i gael ei cholli dros y ffin.

[163] **Lord Elis-Thomas:** Mick Antoniw has the next questions, followed by William Powell and Antoinette Sandbach.

[164] **Mick Antoniw:** Following on from that point, the Deputy Minister for agriculture, when he gave us evidence a while back, obviously expressed the Welsh Government's opposition to abolition, but said that if we do our own thing, there are real opportunities to modernise, to take forward and to look at things like training, skills and so on. Is that something that you would actually welcome, and, as a union and as young farmers, would actually welcome participating in? Do you have any particular views in terms of some of the

impact of abolishing the board would go beyond those who come directly under the board, as it would mean that others, possibly, would not be able to follow the same conditions?

**Dr Fenwick:** As I have said, I sit on other committees outwith the union. I can say from personal experience that we use these grades to pay people who work outside the agricultural sector, but who work in professions that are related to it. Therefore, I can personally testify that that is the case; people use these grades, even though the legislation perhaps does not apply to them.

**Llyr Huws Gruffydd:** Looking at establishing a board for Wales—and some of us hope that that will happen—it is an opportunity, as the Deputy Minister said, to look at giving additional responsibilities in terms of training and skills. There is another suggestion in terms of expanding the range of workers who come under the board, and so on. I would like to hear some of your thoughts about that potential, as well as maybe looking at how it would be possible to simplify some elements of the board's work. Do you have any thoughts on that?

**Dr Fenwick:** I believe that we would have to cross that bridge when we come to it, in terms of simplifying what the board—or any new future board—would do. We have to consider that carefully. However, I hope that, if it gets to that point, Wales will establish some sort of wages board. It is possible that, if England does not have that sort of board, we will draw talent from England to Wales—talent that we need to retain in the industry, and talent that will be lost over the border.

issues that it might want to address, particularly things like training and education, and in terms of the promotion of the image of the industry?

[165] **Mr I. Thomas:** One of the points that the rural affairs committee raised and included in the report was that the image of the Agricultural Wages Board was outdated and that awareness of it was not as broadly recognised as it should be perhaps, and certainly not at the moment. The young farmers believe that if there is the opportunity to create our own Welsh version, it would be an ideal opportunity to be able to lead the industry and implement something that is modern, innovative, robust in its structure and, far more importantly, delivers what we want or what you want, as the Government, for your constituents—people like me, Nick and the people we represent.

[166] On your point about training, promotion, upskilling and providing the basic skills for people to be able to come into the industry, this is something that the YFC is very keen on doing. As some of you may be aware, we launched at the Royal Welsh Winter Fair a vision for Welsh agriculture—2050 Vision—and education is a very important part of that, be it education of what happens on a farm or learning opportunities, and the provision of training in specific skills to give young people from whatever background—urban, rural, on-farm or off-farm—the skills to do the job, whether that may be shepherding sheep on a hill farm, a hedge-laying contractor, forestry, woodland or land management, arable work and livestock work. It could be all sorts. I am quite sure that both farming unions would support those philosophies or objectives to be able to provide for a sustainable workforce not just in agriculture or in farming, but in the countryside, which comes back to some of the points that Mr Gruffydd made. The wages board encompasses all of the countryside industries. I emphasise the plurality of industries; it is not just a farming wages board, but it is about agriculture and the countryside.

[167] **William Powell:** Moving back to the issues that Iestyn Thomas just raised around attracting new people to the industry and the importance of doing that, do you think that there is any basis to the concerns raised by the Tenant Farmers Association Cymru which, in its evidence to this committee, has suggested—and we will be seeing them in the next session—that the all-important area of work experience placements are made more complex by restrictive practice and issues around the way that the board currently operates? I do not know whether that is an issue that has been raised with you, or indeed with our colleagues in the FUW.

[168] **Mr I. Thomas:** I am not aware of that, but that may be because I have only been in the job for three weeks.

[169] **William Powell:** So, it is still early stages.

[170] **Mr I. Thomas:** I hold my hands up to my ignorance on that front. However, being someone that began his career by volunteering, I am well aware that the opportunities for work placements, apprenticeships, or whatever you want to call them—on-the-job training—are few and far between. It is very difficult to get a footing into a career. I left college and university with a Higher National Diploma and a science degree, and I could not get a job because I did not have experience. It is that old catch-22 situation—you cannot get a job without experience and you cannot get experience without a job. There should be a structure for work placement schemes or apprenticeships, such as the big flagship placement scheme that the Wales YFC and the National Trust are running at the moment at Llyndy Isaf farm in Nant Gwynant. It is a 12-month scholarship for a young farmer to run a 614-acre hill farm. That is outwith the Agricultural Wages Board discussion, but it is an example of the type of things that we feel need to be promoted to provide the experience and the skills for people to come in and work to get a foot on that first rung of the ladder.



[171] **Antoinette Sandbach:** Nick, coming back to your evidence, there are substantial anomalies in terms of what professions and workers are and are not covered by the AWB. Have you provided advice to your members who fall outside the AWB provisions?

[172] **Dr Fenwick:** I cannot quote specific examples of advice provided to any individual members. I am not suggesting that you are asking me to do that, but I am unaware of individual cases that have landed on my desk regarding those inquiries. All I know is that our county officers will get inquiries regarding employees. In some cases, I am sure that they are employees who fall within the criteria set by the board and within the jurisdiction of the law, while in other cases people will be saying 'I'd like to use this as a reference point, even though this case doesn't technically fall within that law'.

[173] **Antoinette Sandbach:** There are anomalies regarding whether annual salaries can be paid or not, and so on. Do you accept that there are shortcomings?

[174] **Dr Fenwick:** There are certainly shortcomings as regards the board, as there are shortcomings with regard to any regulations. It would be a very peculiar situation if the FUW supported a regulation in its entirety, because we would always like to see improvements made to any particular piece of legislation.

[175] **Antoinette Sandbach:** Therefore, you have not experienced great problems with your members negotiating terms and conditions for jobs that fall outside the provisions of the board?

[176] **Dr Fenwick:** No. As I have already said, people often use the wages set by the board as their reference point, which immediately avoids problems.

[177] **Antoinette Sandbach:** From a young farmers' point of view, I met the Clwyd Young Farmers Club, and it was not aware of the consultation in respect of the AWB. Can you describe the process that you went through in relation to the AWB proposals?

[178] **Mr I. Thomas:** My understanding of the consultation response that was submitted was that it was discussed during one of the rural affairs committee meetings of the Wales YFC. Representatives from each county are invited to sit on the committee. I am not sure whether Clwyd was able to send any representatives to that meeting.

[179] **Antoinette Sandbach:** So, there was no wider consultation among your members using methods such as SurveyMonkey, for example?

[180] **Mr I. Thomas:** Not that I am aware. We send out a weekly newsletter to the counties. I can go through the back issues to find out whether information was submitted within one of those editions. If there was not, this is a point that we can easily rectify through the use of social media such as Facebook or Twitter, and I can encourage people to respond at their earliest convenience.

[181] **David Rees:** You mentioned that your members tend to reference the different levels as a consequence of the AWB. If that is abolished, is it likely that those levels will disappear and that the only reference that they will have is the national minimum wage?

11.00 a.m.

[182] **Dr Fenwick:** That is a possible impact and it will also put them in a situation in which they are more likely to be involved in a complex negotiation, approaching accountants, solicitors and so on to find out about employment law. So, yes, that is certainly possible.

[183] **David Rees:** Can you answer one point in addition on that? One of the arguments that I have also heard, during many inquiries, is about the bureaucracy that farmers have to face. Will abolishing the board increase the bureaucracy because of all the negotiations and the possible conflict?

[184] **Dr Fenwick:** Our members are of the view that that will be the case. They know precisely where they stand at the moment, and they do not need to delve into the finer complexities of employment law, because they have a package that is set out for the people they employ to do agricultural work. So, it is likely to increase red tape. I cannot see that it will reduce red tape in any way.

[185] **Yr Arglwydd Elis-Thomas:** Â'r gair olaf i Llyr Huws Gruffydd. **Lord Elis-Thomas:** The final word goes to Llyr Huws Gruffydd.

[186] **Llyr Huws Gruffydd:** Yr unig beth rwyf eisiau ei ddweud yw nad wyf yn meddwl ei fod yn deg i gwestiynu a yw'r tystion yn cynrychioli barn eu haelodaeth a'r lefel o ymgynghori mewnol sydd wedi digwydd, er cysondeb. Ni wnaethom ofyn y fath gwestiynau pan oeddem yn trafod diwygio'r polisi amaethyddol cyffredin, ac yn y blaen. Rwy'n sicr yn derbyn yr hyn sydd wedi cael ei ddweud wrthyf heddiw fel geiriau llais y mudiadau sy'n cael eu cynrychioli. Dyna'r cwbl roeddw'n eisiau ei ddweud. **Llyr Huws Gruffydd:** All I want to say is that I do not think that it is fair to question whether the witnesses represent the views of their members and the level of internal consultation that has taken place, for consistency. We did not ask such questions when we were discussing the reform of the common agricultural policy, and so on. I certainly accept what I have been told today as the voice of the organisations that are being represented. That is all that I wanted to say.

[187] **Yr Arglwydd Elis-Thomas:** Roedd yn sylw diddorol. Diolch yn fawr i'r ddau dyst. Cymerwn egwyl o bum munud yn awr. **Lord Elis-Thomas:** It was an interesting comment. I thank both witnesses. We will now take a five-minute break.

*Gohiriwyd y cyfarfod rhwng 11.01 a.m. a 11.12 a.m.  
The meeting adjourned between 11.01 a.m. and 11.12 a.m.*

**Ymchwiliad i ddiddymiad arfaethedig y Bwrdd Cyflogau Amaethyddol—  
Tystiolaeth gan NFU Cymru a Chymdeithas Ffermwyr Tenant Cymru  
Inquiry into the proposed abolition of the Agricultural Wages Board—Evidence  
from NFU Cymru and the Tenant Farmers Association Cymru**

[188] **Yr Arglwydd Elis-Thomas:** Croeso i gynrychiolwyr NFU Cymru, Ed Bailey a Huw Thomas. Mae gennym ymddiheuriad oddi wrth George Dunn o'r Gymdeithas Ffermwyr Tenant, sydd wedi methu â chadw at y trefniadau a wnaethom y bore yma. Cychwynnaf gyda'r cwestiwn rwyf wedi'i ofyn i bob un o'r paneli o dystion y bore yma, sef: ar ba sail rydych wedi casglu barn eich aelodau ar y mater hwn? Hefyd, o ran diddordeb, pam mae eich barn chi fel undeb yn wahanol i farnau eraill rydym wedi eu clywed y bore yma? **Lord Elis-Thomas:** Welcome to the NFU Cymru representatives, Ed Bailey and Huw Thomas. We have had apologies from George Dunn of the Tenant Farmers Association, who has not been able to keep to the arrangements we made for this morning. I will start with the question I have asked all the panels of witnesses this morning, namely: on what basis have you collected the opinions of your members on this issue? Also, out of interest, why is your opinion as a union different to the other opinions we have heard this morning?

[189] **Mr Bailey:** Diolch, Gadeirydd, am y cyfle i ddod yma i roi ein tystiolaeth a thrio sefyll i fyny dros yr hyn rydym wedi'i ddweud yn barod yn ein papur.

**Mr Bailey:** Thank you, Chair, for the opportunity to appear before you to give our evidence and to try to support what we have already presented in written evidence.

[190] The evidence we collected was not done through any form of a poll, but by going to the highest level of governance and policy boards in the union, the council and the rural affairs board in Wales. We have sought the opinions of our members and office holders, many of whom are employers and some who are not. We got the information that we needed to find their opinions.

[191] **Yr Arglwydd Elis-Thomas:** Rydym yn derbyn bod y farn yn adlewyrchu barn eich aelodaeth. Mae'r pwyllgor hwn â diddordeb mewn cynghori'r Dirprwy Weinidog drwy fynegi ein barn yn dilyn y dystiolaeth hon. Pe baem yn argymhell ei bod yn bosibl sefydlu corff tebyg neu gorff gwahanol yng Nghymru er mwyn sicrhau bod peth o waith y Bwrdd Cyflogau Amaethyddol yn parhau, a fyddai hynny yn ennyn gwrthwynebiad sylweddol gan eich aelodau, neu a fydddech yn gweld posibilrwydd cydweithredu?

**Lord Elis-Thomas:** We accept that the view represents the view of your members. This committee has an interest in advising the Deputy Minister by expressing our view following this evidence. If we were to recommend that it would be possible to establish a similar body or a different kind of body in Wales to ensure that some of the work of the Agricultural Wages Board continues, would that be significantly opposed by your members, or would you see a possibility of co-operation?

11.15 a.m.

[192] **Mr Bailey:** We would not oppose it in any shape or form. What we would do, and what I would personally do, is to preach a word of caution, because there is an element of danger in treating agriculture differently from any other form of employment in Wales. I know that agriculture is a very important industry within the principality, but so are the tourism and food industries. I feel that if you were to set up a particular board just to deal with agricultural wages, you might be put under pressure to do the same for the other industries, which could, in many ways, increase the costs significantly. I am aware that, when this was last looked at by the Welsh Government in 2010, the then Minister decided that the cost of £200,000 to set up a board would be prohibitive. I am also aware that it is very difficult to get down to the cost of the Agricultural Wages Board; I have heard figures as low as £57,000 and up to in excess of £0.5 million. So, it is quite difficult to find out what the exact cost would be, and cost is one of the considerations that we feel should be borne in mind before a board is set up in Wales. However, if it were to be set up, then, yes, we would very much like to play our part within it and make our recommendations to that board on such issues as skills and so on.

[193] **William Powell:** Could you substantiate the suggestion made in your evidence that the board in its current form is, in some way, a barrier to diversification? As we all know, increasingly, farmers have been encouraged over the last decade or more to diversify. You have mentioned tourism, and we have seen farmers getting involved in energy-related enterprises—anaerobic digestion and other such things—forestry and other routes. What concrete examples can you give that the board has in some way acted as a barrier to that?

[194] **Mr Bailey:** To a certain extent, we have to look at the history of the board. It was originally set up in 1917 as a corn laws board, and then it was consolidated in 1948, which is 65 years ago. When it was set up, it was a fine organisation; there is no question about that. The agricultural workforce then was disparate; it was spread all over the country and, in lots of ways, had little education and certainly no communication. That has all changed. Over the

last 10 years, certainly, we have had a communication revolution that means that information is out there virtually before it has been released as such.

[195] As far a barrier is concerned, yes, I think so. I will give you an example. I know that some of you were here last night when we had the Countryside Alliance awards. I have not had permission to mention names, so I will not; I will talk in general terms, but I can tell you privately afterwards, if you would like. When I told one of the winners what I was doing here and that I would be here today, she rolled her eyes and she said, 'It is so complicated'. She runs a farm that is also part of a processing business. The Agricultural Wages Board kicks in for the farm workers, so there is that for the work done on the farm. Then, when it comes to the processing side, particularly if the animals or products have been bought in from other farms to be processed, you get into another wage-level structure, which is provided by the national minimum wage. So, I have no doubt that the complication of the AWB running alongside the national minimum wage is a restriction to any form of further employment. What we need to do is to be encouraging employment in this country, and encouraging wealth creators in many ways, so that there is a guaranteed form of employment in the future, not one that is tied down or dogged by over-regulation.

[196] **William Powell:** I appreciate the concrete example from that event, which I also attended; I met several of the prize winners.

[197] On a slightly different point, do you share the concerns that were expressed this morning by the head of policy for the FUW that there could be a capacity issue for your union, with farmers across the length and breadth of Wales getting in touch to seek guidance as to appropriate wage levels in the absence of the board post its potential abolition?

[198] **Mr Bailey:** No, frankly. We state on the last page of our evidence—in point 26—that we offer support to our members on employment law to ensure good employer-employee relationships. That is certainly something that we do and will continue to do, because we find that it is an important service that we need to provide. Often enough, the complications of the 90-page or 60-page document that comes from the AWB every year to employers can be sorted out by a quick phone call to the NFU.

[199] **William Powell:** Finally, if I may, do you have any sympathy with the concerns expressed earlier this morning by the representative from Unite, who said there is a real danger, if the board is abolished, of an increased casualisation of farm workers and a removal of protection for them?

[200] **Mr Bailey:** Frankly, no. I know that we have a few hurdles to cross in this industry, and there is no-one more willing than me to point them out to anybody who is willing to listen. However, I think that we are on the crest of a wave, or we will shortly be on the crest of a wave. It is a particularly dynamic industry—an industry that has a tremendous future, and you only have to look at the needs and challenges for agriculture for the rest of this century to realise that. I think that there will be a desperate need, as there is today, for skilled employees, and, if you want those skilled people, and if the money is there, you are going to have to pay for them. That is the sort of attitude we need—not one that is outdated or outmoded. I should say that, presently, 25% of the roles that are not filled are not filled because of a lack of skills, and those are the sort of issues that we have to push on, rather than harking back to some sort of Victorian-type view that the wage has to come—. We are being told constantly by the Deputy Minister that change brings opportunity and we must adapt to that, and the same applies in lots of ways to good, skilled workers. They are in demand at present, and will be even more in demand when we face the challenges that we will need to face to feed a burgeoning population by the middle of this century.

[201] **William Powell:** Thank you.

[202] **Mick Antoniw:** How does taking away a base wage and basic terms and conditions make agriculture more attractive?

[203] **Mr Bailey:** You are assuming that the base wage is going to be taken away. What we are talking about is the level that will be set, as opposed to the wage. What we are talking about is a small amount. I cannot remember—is it down as something like £190 million in England and Wales over a 10-year period? Bear in mind that the wage paid in that 10-year period to agricultural workers will be something like £230 billion. So, it is not a massive amount of money in comparison, but what we need to do is imagine agriculture two years hence, when people will want to get involved in agriculture because it is a good job to get involved in—as it is at present. There is no question that we are one of the few industries that, in the last five years, has increased the number of workers in it. There has been an increase of 2,000, probably, in agriculture in the last five years.

[204] **Mick Antoniw:** So, is it your position that, with the abolition of the Agricultural Wages Board, the likelihood is that average wages in agriculture are going to go up and more people will be employed as a result?

[205] **Mr Bailey:** It could well be. That £190 million that I mentioned is, overall, something like 16p per hour taken off. As I said earlier, however, that is a minimal line. If the agricultural worker—whether they are a man or woman—can provide the skills and prove to be worthy and of benefit to their particular employer, company, or whatever, there is no question that they can virtually name their own price in today's market.

[206] **Mick Antoniw:** How does the abolition of established levels of wages and terms and conditions actually result in improved wages and terms and conditions?

[207] **Mr Bailey:** It is because it releases the potential to employ other people. The lady whom I was talking to last night said that the conditions, she felt, were restrictive to further employment. It would do away with one level of bureaucracy and release that potential. It is also important to remember that agriculture is being treated specially and differently, for whatever reasons—the reasons that I outlined at the beginning of my piece are now outdated and outmoded, and even the Unite representatives, towards the end of their evidence, agreed that the Agricultural Wages Board does need some serious work and thinking about, in terms of salaries, for instance, and piecework. That is evidence that we can concur with.

[208] **Mick Antoniw:** To summarise your position, abolishing the AWB will result in an improvement in the terms and conditions and wages for agricultural workers.

[209] **Mr Bailey:** I think that it could well do. It will take away a lot of the bureaucracy that holds people back from getting involved. Like I said, the lady whom I met last night is having to decide whether somebody working on the line is doing agricultural work or not and whether they come under the AWB.

[210] **Mick Antoniw:** Moving on, perhaps, from that theme, the Deputy Minister has indicated that, in the event that the AWB is abolished, the Welsh Government will look at a new body for Wales. He was very specific in trying not to talk in old language terms about what the future might look like. If a new body were to be created in Wales that had some of the functions and responsibilities of AWB et cetera, and also the capacity to look at such things as training, promotion and the selling of the agriculture industry, what would you want that body to look like?

[211] **Mr Bailey:** It is difficult for me to say. The Deputy Minister is very forward thinking—I am aware of that. You could probably draw Farming Connect into the debate. It

could very much be involved, particularly in terms of upskilling the labour force that we have at the moment, or the potential labour force. Whether you would want it to go into the minutiae of deciding a national minimum wage over and above other industries would be entirely a decision for politicians to make, not for us. However, I would caution against it, for the very reasons that I gave the Chairman, namely that you might well find that you will have to consider other industries, such as the tourism industry, and certainly the food industry, both of which are important industries in Wales.

[212] **Mick Antoniw:** Okay, thank you.

[213] **Antoinette Sandbach:** Could you outline the consequences for cross-border issues, particularly where a farm is based in Wales and renting land in England, or vice versa? I am thinking in particular of finishing stores, as that is often done separately, and finishing sheep and so on. What impact do you anticipate that will have on your members?

[214] **Mr Bailey:** I can only think that it could be particularly difficult. I am drawn to think about the difference in the way that the single farm payment is paid in England and the way that it is paid in Wales, and you can be absolutely certain that the last recipients of the SFP are those border holdings that have the difficulties between England and Wales. So, I cannot see that it is a way forward. What happens in England is not necessarily a course for us to consider in Wales, but, as far as equality is concerned—and the freedom of movement for labour all over Europe, let alone the freedom of labour to traverse the England-Wales border, is an established right, and long may that be the case—I think that there will be tremendous difficulties in that, and am not quite sure how we can get about it, to be honest.

[215] **Mr H. Thomas:** I would just add to that. We have heard mention of the situation in comparison to Scotland, but the England-Wales border is very integrated in terms of farming activity. The number of farms that span the England-Scotland border is probably in single figures, whereas we are talking about hundreds of farms across the well-integrated England-Wales border.

[216] **Antoinette Sandbach:** Therefore, if you have a farm that spans the border, which regime would apply?

[217] **Mr Bailey:** It would probably depend, certainly as far as the SFP is concerned, on which country most of your land is in. I would imagine that this would have to be done on a similar basis. Whether you could, in theory, legitimately send your worker across the border to do some work in an English field when you are paying a Welsh rate, I do not know; it is slightly mind-boggling.

[218] **Antoinette Sandbach:** In the case of such things as share farming, how would it impact on the kinds of arrangements that farmers may make between themselves, when there may not necessarily be an employer-employee relationship?

11.30 a.m.

[219] **Mr Bailey:** I really do not know. I must be honest; I do not really understand the question. I do not see that it would have an impact on share farming. I imagine that that is not considered by the AWB—unless I am wrong?

[220] **Mr H. Thomas:** I am not sure.

[221] **Antoinette Sandbach:** So, that is an anomaly then.

[222] **Mr Bailey:** It is probably an anomaly. There is a fine example in north Wales where

the assets are provided, or initially provided, by the landowner and the labour is provided by the young chap. He has gone on to do great things and is very proud of his achievements, without a doubt.

[223] **David Rees:** I have a couple of points. On your point about the anomaly in terms of the Scotland and Wales borders, I accept that there are smaller numbers in Scotland, perhaps—I do not have the figures—but they still have to be dealt with; you cannot just ignore them. So there would have to be some mechanism in place for Scotland, as well.

[224] **Mr H. Thomas:** I suppose so.

[225] **David Rees:** Okay, thank you. I just wanted to clarify that point. In relation to the claims in relation to wages, you say in your paper that such claims pay no regard to,

[226] ‘existing contractual obligations or for the commercial realities of farming businesses operating in a competitive marketplace.’

[227] ‘Competitive marketplace’ is critical here, because one way to reduce your costs and be competitive is to reduce your wages bill. Is it therefore a likelihood that because you are in a competitive marketplace, you will be reducing your wage bill to be more competitive? Alternatively, on the reverse side, are you saying that it will drive up your costs because you want the skills? Are we going to end up like football clubs—this is an extreme case—where wages rise so high that you exclude the competitors and smaller businesses, as a consequence, because they cannot fit into that marketplace?

[228] **Mr Bailey:** Being a rugby player, I am not sure that I appreciate your football analogy; I have always thought that they have been far too highly paid. [*Laughter.*] That is my opinion.

[229] If you drive wages down—irrespective of what the gentleman from Unite said; there is an awful lot of individual negotiation going on and it happens on my own farm—you are not going to get the right people working for you, which will cost you more in the long run. Most people who are involved in agriculture understand the long-termism of the business; they are not just in it for the short term. Consequently, if you drive wages down, you might be lucky to retain your employee, but I think that there will be somebody around the corner who will be willing—if you have a good employee—to pay a little bit more for them. So, you will lose your good, experienced employees and then your own business will suffer.

[230] **David Rees:** Is there not therefore an argument to have a body that settles a standard figure across the board, so that everyone knows where they are and there are no issues of next-door neighbours taking employees by offering them a bit more money?

[231] **Mr Bailey:** Do we not already have that issue under the national minimum wage?

[232] **David Rees:** You are talking about the bottom level, now.

[233] **Mr Bailey:** Yes, but I am talking about a level. The fact that there is a bottom level does not necessarily mean that it is going to go to the bottom, but the bottom level provides a floor and negotiations can be anything above that, I would have thought, up to a point that the employer decides that he cannot possibly afford the employee or that it would not be viable for his business. My wife used to tell me this a great deal: ‘You must remember that the biggest asset your business has is your employees.’ I could not agree more. If you have good employees, you can do what I do and spend days away from the farm and leave it in the hands of capable people. If you have not, you need to make sure that things are done and clear up on weekends; the trouble then brews.

[234] **David Rees:** In a sense, we are therefore looking at a situation where individual negotiation per farmer will be the norm. You have indicated, quite rightly, that you offer support at the moment. However, at present, you have a board that sets the figures for you. So, if that disappears, surely an increased capacity of support will be required. Have you estimated what that capacity will be?

[235] **Mr H. Thomas:** We have committed, in the event of the abolition, to putting a structure in place to deal with the issues to which you have alluded. We have made that commitment; it is in paragraph 26—the final paragraph—of our evidence. We will be prepared to do that.

[236] **Mr Bailey:** To further answer your question, the other issue is why, in your mind, should agriculture now be treated differently from other industries? Why should it not be open to the possibilities and opportunities that other industries have, which will eventually benefit the labour force as well as the industry itself?

[237] **David Rees:** I am grateful to you for saying that because in many other inquiries we have been informed that agriculture is different from other industries. So, I am more than happy to hear you say that agriculture should be treated equally in terms of everything that it gets across the board, particularly subsidies and so on.

[238] **Mr Bailey:** That debate could go on and on, with the greatest respect. I heard your comments earlier—

[239] **Lord Elis-Thomas:** We are not discussing the whole of agricultural support this morning.

[240] **Llyr Huws Gruffydd:** Derbyniaf y bydd cyfran o bobl yn cael ei heffeithio mewn ffordd lai na phositif pe bai'r bwrdd yn cael ei ddileu oherwydd yr hyn a gewch chi, heb amheuaeth, yw ffermwyr yn gorfod trafod a negodi cytundebau unigol. Bydd hynny'n anochel yn arwain at rhai o'r rheiny yn dibynnu mwy ar gyngor cyfreithiol a bydd goblygiadau cost a goblygiadau mwy o amser yn cael ei dreulio ar elfennau mwy biwrocraidd. Hefyd, mae nifer fawr o'r cyflogwyr hyn yn ffermwr unigol sy'n cyflogi un gweithiwr. Mae potensial i achosi drwgdeimlad sydd, yn ei dro, yn gallu arwain at *stress*, a hyd yn oed os nad oes drwgdeimlad, mae yna ofid y gallai fod anghytuno ac yn y blaen. Felly, a ydych yn derbyn y bydd rhai amaethwyr yn dioddef baich ychwanegol ar sawl gwahanol lefel o ganlyniad i gael gwared ar y bwrdd?

**Llyr Huws Gruffydd:** I accept that a proportion of people will be affected in a less than positive way if the board is abolished because what you will get, without a doubt, is farmers having to discuss and negotiate individual contracts. That will inevitably lead to some of those having to rely more on legal advice and there will be cost implications as well as implications of more time having to be spent on more bureaucratic matters. Also, a large number of these employers are single farmers who employ single farm workers. There is a potential for there to be ill feeling, which, in turn, can lead to stress, and even if there is no ill feeling, there is concern that there may be disagreements and so on. So, do you accept that some farmers will experience additional burden on many different levels as a result of the abolition of the board?

[241] **Mr Bailey:** It would be incorrect of me not to accept that that is a possibility, but I would rather look on the positive side and try to explain the situation in Wales, where a tenth of the number of people employed in agriculture in England are employed in agriculture here—I forget the number, but I think that it is around 13,800. With that in mind, you will find everyday farmers and their workers, working shoulder to shoulder in the field. The Unite representative mentioned something about the farm workers going out in the cold and in 12



inches of snow and in the mud to feed cattle and so on. That is also true of the farm owners, namely the farmers themselves. They are doing exactly the same work; they work shoulder to shoulder with their workers, and they build up a relationship. For example, one of my employees is a county councillor. He lives in a house that belongs to him for six months of the year and that belongs to me for six months of the year.

[242] **Lord Elis-Thomas:** We are interested in this mansion. [*Laughter.*]

[243] **Mr Bailey:** Would you like me to respond to that? [*Laughter.*] I think that the fact that this relationship builds up between the farmer and the employer is important, particularly in Wales, where the number of employees is considerably less. Farms are smaller in Wales and the type of farming does not generally demand a high number of employees, although I know that there are exceptions. However, as you work shoulder to shoulder, you build up a relationship and you get to know your employees—you get to know them and their wife and children or their husband and children. You can understand and see when perhaps difficulties arise and, if you can possibly do so, you try to ensure that they do not suffer too much in economic terms.

[244] **Llyr Huws Gruffydd:** Hoffwn wybod sut yr ydych yn gwneud hynny, ond efallai nad oes gennych amser i ddweud wrthym y bore yma. Fodd bynnag, fel yr ydym wedi clywed, mae penderfyniadau'r bwrdd ar lefelau cyflog, a'r telerau y mae'r bwrdd yn eu gosod, yn cael effaith ehangach ar y sector gydag eraill yn edrych i'r lefelau hynny i osod eu lefelau eu hunain fel contractwyr a gweithwyr amrywiol eraill yn y sector. Beth fyddai *impact* diddymu'r bwrdd ar y bobl hynny?

**Llyr Huws Gruffydd:** I would like to hear how you do that, but perhaps you do not have time to tell us this morning. However, as we have heard, the board's decisions on wage levels, and the terms that the board sets, have a wider impact on the sector with others looking to those levels to set their own levels as contractors and various other workers in the sector. What would be the impact of the abolition of the board on those people?

[245] **Mr Bailey:** Contractors, part-time workers and such people?

[246] **Llyr Huws Gruffydd:** Yes.

[247] **Mr Bailey:** The effect is yet to be seen. Ideally, we would like to get away from part-time workers and we would like to have full-time employees, but, inevitably, part-time workers play an important part. The same applies. A part-time worker is a good, skilled man, and there are certainly a number in our area who I call on regularly to shear or gather animals on the mountain. I am just giving you my own experiences there. To a certain extent, part-time workers name their own price, and if I do not want them, I do not get my sheep sheared and I do not get my mountain herd gathered, which is important for me to do. Part-time workers probably have much more freedom to negotiate the wage or the salary that they require. I do not see this is going to be a massive problem, to be honest.

[248] **Mark Drakeford:** Mr Bailey, twice this morning, I think, you have asked the committee to take seriously one of the remotest possibilities that I have ever heard any witness in any inquiry that I have sat in make to a committee. You told us that it is your belief that the retention of the Agricultural Wages Board could lead to demands for similar arrangements in other industries. Can you offer me a single example in the last 30 years where the protection of wages of this sort has been extended to a new industry?

[249] **Mr Bailey:** I cannot give you an example because—

[250] **Mark Drakeford:** Well, I—

[251] **Mr Bailey:** Just let me qualify that statement. I think that you are possibly forgetting that the 11 other wages boards that were set up have gone since John Major's time, and the national minimum wage was set up within Tony Blair's time, as I understand it. The archaic nature of the Agricultural Wages Board is plainly defined by that. It is the last one of 11 to be set up. In that respect, why you feel that there is a need for a special board for agriculture, particularly in the future, beggars belief.

[252] **Mark Drakeford:** I was putting back to you the proposition that you offered to us. It was not my proposition. You suggested to us that we should be worried that if we retained the Agricultural Wages Board there would be pressure to extend those sorts of arrangements to tourism and other sorts of industries. I asked you to give me a single example where that has happened in the last 30 years and you could not do so. The reason why you cannot do so is because there is no reason. The reason for that is because the direction has all been in the one direction. So, that proposition, really, is not one that anyone would be prepared to—

[253] **Mr Bailey:** I think that I have a right to come back on that. I think that what I said was 'a word of caution'; I did not say 'it would do'. I said to the Chair at the beginning that I had a word of caution, and that that situation 'could' arise.

[254] **Mark Drakeford:** So, it is a remote possibility that we might just want to worry about—

[255] **Mr Bailey:** All that I was doing was preaching caution. I think that it is something that you all should—

[256] **Mark Drakeford:** Okay. Thank you. So, if we did not have serious things to worry about, we could worry about that. Let me move on to my next question, which is about your second most remarkable proposition that we should abolish the Agricultural Wages Board as an act of altruism in order to allow farmers to be able to pay their workers more. In all the wages councils that have been abolished can you let me know what the impact has been on the wages of people who work in those sectors?

[257] **Mr Bailey:** I am not sure that I can, but I can advise you to get out to talk to employers, as I was doing last night, to understand where they are coming from. They feel that the Agricultural Wages Board is restricting employment opportunities for them. In having accountants and auditors coming to their businesses, they fear the difficulties of having someone working under a national minimum wage and someone working under the Agricultural Wages Board. What I was trying to encourage was the probability of increasing employment opportunities by going down that particular route.

[258] **Mark Drakeford:** Had you taken the trouble to find the evidence on what happens in sectors where boards like the Agricultural Wages Board have been abolished, you would have been able to let us know that the evidence is unambiguous and that it leads to reductions and restraint in wages. Had you taken the trouble to do that, you would have seen that your proposition that abolishing the Agricultural Wages Board will not lead to such an outcome in Wales seriously lacks credibility.

[259] **Mr Bailey:** That is your opinion.

[260] **Mark Drakeford:** It certainly is.

[261] **Russell George:** Following on from the Chair's opening remarks, part of our committee's work is to report, effectively, to the Minister the views of the community and the country. What I find difficult is that there are two unions that have a similar make up that

have completely opposing views. We took evidence from the FUW this morning, which reinstated its view that the majority of its members were in agreement of its position. You have stated that the majority of your members are in agreement of your position. I think that you implied that.

11.45 a.m.

[262] I would understand if you had an opposing view to that of Unite, because the make-up of your members is different. However, can you expand on why you think that your two unions, which I would have thought have a very similar make-up of members, have got such opposing views on this issue?

[263] **Mr Bailey:** That is a fairly difficult question. As I am sure that you will appreciate, Mr George, to explain the workings and the thinking of the FUW in Wales is probably not my role. I am here giving you my opinion, which is the opinion of my membership, garnered in the same way as the opinion of the FUW membership is garnered. I am not sure whether you asked a similar question to the FUW and whether you asked it why its evidence and opinion differs from the NFU's, as much as why ours differs from the FUW's. Generally, and on most things, I am pleased to say that we very much see eye to eye, but on this particular issue we have a different way of thinking. Perhaps it is a case of all roads leading to the same place, but that it is taking quite a different and opposite route to us at present.

[264] **Russell George:** I did ask them the same question. I suppose it makes our job harder because we have two unions with a very similar make-up with different views. However, I accept that I am putting you in a difficult position by asking that question.

[265] **Lord Elis-Thomas:** I would like to make it quite clear that it is up to witnesses to decide how they want to answer a question. It is not up to Members of this committee to impute certain views to witnesses. I am not suggesting that you are doing so, but it would be easier if we could carry on in this manner, where the witness is here as a witness, voluntarily—although he is my constituent and if he did not come he would be in trouble—and in that sort of spirit. *[Laughter.]*

[266] **Russell George:** Absolutely, Chair. Going back to some earlier answers that you gave with regard to terms and conditions for farm workers, the evidence that we have had from Unite and FUW suggests that enhanced terms and conditions were required, and your evidence says that you believe that there should be a level playing field across all industries. I think that that is what you are suggesting. However, if the board goes, as will probably happen, do you think that any extra legislation is needed in other areas to combat the board no longer being in existence?

[267] **Mr Bailey:** I am not aware that it is involved in any other industry. If it is, I would not want farm workers to be disadvantaged in that form, contrary to what others might believe on this particular committee. I think that reducing bureaucracy in employment law could have a contra impact and increase opportunities, and as we have been told on a regular basis by the Deputy Minister, as I have already said, if we can be competitive and prove ourselves to be the best at what we do, then we can hold our heads up and reap the rewards. You could offer that advice to employers and employees at the same time.

[268] **Keith Davies:** Byddaf yn gofyn fy nghwestiwn yn Gymraeg. Roedd un peth nad oeddwn yn ei ddeall ar y dechrau, sef beth yw cost rhedeg y bwrdd. Mewn un papur dim ond £57,000 oedd y gost a nodwyd. Felly, efallai gallwch chi ateb y cwestiwn hwnnw. **Keith Davies:** I will ask my question in Welsh. One thing I did not understand at the outset was the cost of running the board. In one paper, it said that it was £57,000. Maybe you could answer that. However, I look at your paper as a mathematician, and in

Fodd bynnag, fel mathemategydd rwy'n edrych ar eich papur, ac ym mharagraff 18, lle rydych chi'n sôn mai'r unig beth y mae wedi ei wneud yw codi tâl yr awr gan 2c, ond wedyn o edrych ar baragraff 21, rydych chi'n sôn yno bod 90% o'r bobl sy'n gweithio yn y diwydiant yn ennill llawer mwy na hynny. Mae un frawddeg, sef yr ail, yn nodi eu bod yn ennill 40% uwchben y tâl lleiaf. Yna rwy'n mynd nôl i baragraff 19 ac mae'n dweud yno eu bod yn ennill £100 yr wythnos, ar gyfartaledd eto, yn fwy na phobl sy'n gweithio mewn diwydiannau eraill. I mi, sydd wedi fy nghodi mewn ardal ddiwydiannol, mae hynny yn dweud wrthyf fod teimlad fan hyn, oherwydd y bwrdd, bod pobl yn cael mwy o arian nag y dylent ei gael, a'u bod yn elwa o'r peth. Yna, mae eich brawddeg olaf ym mharagraff 19 yn dweud o gael gwared ar y bwrdd byddech yn trafod cyflogau mewn cyd-destun mwy personol. Nid wyf yn gweld, ar yr adegau pan fo hynny'n digwydd, bod pobl yn codi cyflogau pobl. Rwy'n gweld y bydd pobl yn colli allan a bydd eu cyflogau yn dod i lawr yn is. Mae eich holl bapur yn dweud wrthyf mai cael gwared â'r bwrdd yw'r ffordd orau o dynnu cyflogau i lawr ac wedyn bydd ffermwyr yn gallu elwa mwy.

paragraph 18, where you talk about the fact that the only thing that it has done is to raise the hourly rate by 2p, but in paragraph 21 you say that 90% of the people who work in the industry earn a lot more than that. One sentence, which is the second, says that they earn 40% above the minimum pay. Then, going back to paragraph 19, it says that they are earning, on average, £100 per week more than people who work in other industries. Now, as far as that is concerned, for me, as a person who was raised in an industrial area, that tells me that there is a feeling here that because of the board, people are paid more than they should, and that they benefit from it. Then, the final sentence in paragraph 19 says that getting rid of the board would allow a discussion of wages in a more personal or individual context. I do not see, at times when that happens, that people will raise people's wages. I see that people will lose out and that their wages will be reduced. Your whole paper tells me that getting rid of the board is the best way of reducing wages and then farmers will be able to profit more.

[269] **Mr Bailey:** I will try to answer those in order, but there were a number of questions and comments, and if I do not pick them all up, I am sure that you will come back to me. On the minimum payment that the Agricultural Wages Board proposes, on an England and Wales basis, 58% of people receive in excess of that minimum wage, so that is one point. The second point is that the national minimum wage determination order for 2012 is 2p per hour—

[270] **Mr H. Thomas:** That is for the lowest grade.

[271] **Keith Davies:** Ie, ond dyna pam roeddwn yn mynd at ail frawddeg paragraff 21, lle'r ydych yn sôn am 40% yn uwch na'r lleiafswm. Nes ymlaen yn yr un paragraff, rydych yn sôn am 90% yn ennill llawer mwy. Nifer bach sy'n cael ei effeithio gan y 2c.

**Keith Davies:** Yes, but that is why I turned to the second sentence in paragraph 21, where you talk about 40% being above the minimum. Later on in the same paragraph, you mention 90% earning a lot more. So, only a small amount of people will be affected by the 2p.

[272] **Mr Bailey:** Item 18 in our evidence is about the award, while item 21 is the reality that farm workers are earning considerably more than that. Item 19 refers to an average worker being

[273] '£100 per week better off than the tens of thousands employed in retail and hospitality'.

[274] So, that could be the result of being above the basic minimum wage with the basic

wage set by the Agricultural Wages Board.

[275] **Keith Davies:** Fodd bynnag, oherwydd eich bod yn rhoi'r ffigurau hynny, rwy'n gweld mai'r hyn a fydd yn digwydd o gael gwared ar y bwrdd yw y bydd cyflogau'r bobl sy'n gweithio yn y diwydiant yn dod i lawr.

**Keith Davies:** However, because you gave those figures, I see that what will happen if the board is abolished is that the wages of the people working in the industry will come down.

[276] **Mr Bailey:** Na, os yw'r gweithwyr yn haeddu'r arian neu'r arian da y maent yn ennill ar hyn o bryd, nid ydych yn mynd i dorri lawr ar hynny am y rhesymau a esboniais yn gynharach. Hynny yw, os ydych yn colli staff, bydd eich busnes yn mynd lawr y *drain*, fwy neu lai.

**Mr Bailey:** No, if the workers deserve the wages or the good wages that they get at present, you are not going to pay less, for the reasons that I explained earlier. That is, if you lose staff, your business will go down the drain, essentially.

[277] **Mr H. Thomas:** Byddwn i'n ychwanegu bod prinder—rydym wedi clywed sôn bod 25% o swyddi'n wag achos nad yw'r bobl â'r sgiliau ar gael i'w llenwi. Mae'r farchnad lafur yn weddol gyfyng. Mae gweithwyr ffarm yn hŷn na gweithwyr cyffredin arferol, felly maent yn gadael y gweithlu ac mae mwy o alw am bobl i ddod i mewn i'r farchnad lafur mewn amaeth.

**Mr H. Thomas:** I would add to that that there is a shortage—we have heard that 25% of posts are unfilled because of the skills shortage. The labour market is relatively restricted. The age of farm workers is, on average, older than workers in other professions, so they leave the workforce and there is greater demand for people to come in to the labour market in the agricultural sector.

[278] **Keith Davies:** Yn ogystal, fel y dywedodd yr undeb wrthym y bore yma, oherwydd y bwrdd, mae'n rhaid i'ch aelodau chi, y gweithwyr, gael eu hyfforddi mewn sgiliau—mae'n rhan o'r hyn mae'r bwrdd yn ei ddweud. Os bydd y bwrdd yn mynd, bydd neb yn gallu dylanwadu hynny wedyn.

**Keith Davies:** In addition, as the union told us this morning, because of the board, your members, the workers, have to be trained in the appropriate skills—that is part of what the board does. If the board goes, nobody will then be able to influence that.

[279] **Mr H. Thomas:** Mae'n rhaid cael sgiliau mewn amaeth. Fel y clywsom sôn, mae gweithwyr yn defnyddio peiriannau gwerth miloedd o bunnau ac yn gyfrifol am stoc ac am les ac iechyd stoc. Nid oes un ffermwr yr wyf yn ei adnabod eisiau gadael rhywun anghyfrifol sydd heb ei hyfforddi yn ddigonol yn gofalu am fuches odro neu ddefaid neu yn gyrru tractor gwerth £50,000.

**Mr H. Thomas:** Skills are essential in agriculture. As we heard, workers use machinery worth thousands of pounds and are responsible for stock and for the health and wellbeing of that stock. I know of no farmer who would want to leave someone who is irresponsible, who has not been adequately trained, in charge of a dairy herd or sheep or driving a tractor worth £50,000.

[280] **Keith Davies:** Roedd fy nghwestiwn cyntaf—achos nid oeddwn yn deall yr ateb—ar gost y bwrdd.

**Keith Davies:** My first question—because I did not understand the answer—was on the cost of the board.

[281] **Mr H. Thomas:** Os ydych yn edrych ar drawsgrifiad y drafodaeth yn Nhŷ'r Arglwyddi bythefnos yn ôl, gwelwch fod tua hanner dwsin o ffigurau gwahanol yn cael eu dyfynnu yno.

**Mr H. Thomas:** If you look at the transcript of the discussion in the House of Lords a fortnight ago, you will see that about half a dozen different figures are quoted there.

[282] **Yr Arglwydd Elis-Thomas:** Maent i gyd—*[Anghlywadwy.]* **Lord Elis-Thomas:** They are all—*[Inaudible.]*

[283] **Mr H. Thomas:** Ie. Pwy sy'n gwybod? *[Chwerthin.]* Fodd bynnag, y ffigur a gawsom oddi wrth Lywodraeth Cymru pan wnaeth Elin Jones ysgrifennu atom ym mis Awst 2010 oedd £200,000. Mae dadl ac ansicrwydd ynglŷn â'r gost ac mae nifer o ffigurau gwahanol wedi cael eu dyfynnu. **Mr H. Thomas:** Yes. Who knows? *[Laughter.]* However, the figure that we received from the Welsh Government when Elin Jones wrote to us in August 2010 was £200,000. There is debate and uncertainty about the cost, and a number of different figures have been bandied about.

[284] **Lord Elis-Thomas:** On this, Mick Antoniwi.

[285] **Mick Antoniwi:** *[Inaudible.]*—the Government's impact assessment says that the cost is £179,000.

[286] **Mr Bailey:** There is also an added cost, if I may come in on that—a cost that I think has been involved in the assessment: a cost to the employer as well, if you remember that, which is in excess of £250,000.

[287] **Lord Elis-Thomas:** Antoinette Sandbach is next and then the last word goes to Vaughan Gething.

[288] **Antoinette Sandbach:** I wanted to come back on the issue of extending the remit of the Agricultural Wages Board, which was something that Mark Drakeford put to you. Could you comment on the Unite evidence that its remit should cover game workers, estate workers, gardeners, forestry workers and packhouse workers? The criteria for that appear to be that they work on farms, so if there is a tourism activity on the farm, it may well affect that. Could you comment on the evidence that Unite has given, because I would welcome your view on that?

[289] **Mr Bailey:** It is surprising, but perhaps that is where we and Unite concur in some respects, because we say in the opening evidence that we provided that it does not cover aspects such as salaries. If you go to a bank manager and mention that you have a salary, they will be more interested in giving you a loan on that than they would be if you are on a weekly wage. It does not mention piece workers, and there is an awful lot that needs to be modernised about the Agricultural Wages Board. So, we would probably concur on that.

[290] I do not know whether the Welsh Government in its wisdom would want us to take into account all those other various classes of employees, but there needs to be some clarification for the employers. We have been encouraged for a number of years to diversify our businesses into other forms—you rightly mentioned tourism and on-farm processing—and people are concerned about whether they are breaking the law or the regulation by employing people under the AWB or the national minimum wage.

[291] To a certain extent, I can understand the way that the Welsh Government feels about the high-handed way in which this has been dealt with by Westminster, but we must not have a knee-jerk reaction to that. We must contemplate, as I am sure that you will, the need to set up a board, if you think that it is worthwhile having for whatever reason, and not as a knee-jerk reaction to a diktat that has come on high from another place.

[292] **Antoinette Sandbach:** I would like to follow up on that in terms of transitional arrangements, because it is one thing that we have not discussed. What do you think the issues might be for your members in terms of transitional arrangements if the board is abolished?

[293] **Mr Bailey:** I refer you again to point 26 in our conclusion, where we say that we are committed to offering support to our employers so that they will know the best way forward.

[294] **Lord Elis-Thomas:** We will have to move on because we are expecting Mr Bailey to appear before us again in an about an hour's time.

[295] **Vaughan Gething:** I am going to return to the issue of cost, which is quite an important issue for us to consider. I am sure that you have seen the Government's impact assessment, and I want to clarify what the difference is between your evidence today, where you said in response to Mick Antoniw that the abolition of the wages board could well see wages increase, and the suggestion in the impact assessment that there will be a net benefit to the industry of £260 million over 10 years, including a reduction in wages of £150 million over that time across England and Wales. Why do you think that the Government has got it quite so wrong in its impact assessment?

[296] **Mr Bailey:** If I remember correctly, the £150 million-odd is to do with the presumption that if a minimum wage is set which is lower than the one than the agricultural wages board recommends, that will be the base figure, but it will not necessarily mean that that type of money will be paid. It could be considerably more to reflect the value of the worker to that particular business.

12.00 p.m.

[297] **Mr H. Thomas:** The other aspect is the existing contractual arrangements that are in place between the farmer and their employee.

[298] **Vaughan Gething:** On that point, do you accept the other part of the impact assessment, which says that, after 10 years, it would expect at least 40% of permanent full-time and part-time workers to be off the Agricultural Wages Board terms across all grades, and every casual worker to be off the Agricultural Wages Board terms at the end of year 1? Is that a fair assessment, or do you dispute that?

[299] **Mr Bailey:** I think that that was in DEFRA's evidence, was it not?

[300] **Vaughan Gething:** It is in the impact assessment. Part of the difficulty with this issue is that the common course of history suggests that, every time collective bargaining is removed, wages reduce. Are you seriously asking this committee to accept the evidence that you are giving us that, actually, you expect there to be wage inflation if the wages board is abolished, rather than wage deflation, which is what history tells us will happen?

[301] **Mr Bailey:** If I was not asking you to seriously consider my evidence, I would not be here in the first place, if I can put it like that. The signals that I have had from talking to employers—and I suggest that we ought perhaps to do more of that—are about the restrictions on employment when there are two different wage settlements often in the same business. That is restrictive. As I said, we are a pretty dynamic industry, and with the exception of one or two hurdles that we have to cross, which, no doubt, we will be discussing with you in the next hour or so, I think that there is a glowing future for the industry. In that case, we have to take people with us. I know that—

[302] **Vaughan Gething:** On the point that you make about people having different terms—

[303] **Lord Elis-Thomas:** I think it would be fair if you allowed the witness to finish his sentence.

[304] **Vaughan Gething:** I am looking at the time.

[305] **Mr Bailey:** To be honest, Chair, I have forgotten what I was going to say. [*Laughter.*] Over to you, Mr Gething.

[306] **Vaughan Gething:** On the point that you make that it is difficult to have Agricultural Wages Board terms and the minimum wage, it only affects one grade, of course, in terms of the difference between the bottom grade and the minimum wage itself, so what you are essentially arguing for is—you accept the impact terms—a two-tier workforce. About 40% of your workers will be on terms that are not governed by a wages board and about 60% will be, and you have to consider how those terms will be uprated or not. So, you will have a two-tier workforce if you get your way and the wages board is abolished.

[307] **Mr Bailey:** I do not really agree with that. The evidence that I gave was that 41%—

[308] **Vaughan Gething:** I do not think that it is a debating point—I think that it is the reality.

[309] **Lord Elis-Thomas:** What is it with people this morning interrupting each other?

[310] **Mr Bailey:** Thank you, Chairman. I think that the 41%—I think that is the figure that you are referring to, when you say 40%—and, certainly the figure could be higher than that, that are paid above the minimum payment established by the Agricultural Wages Board is only a sign of things to come. We could look forward to having more people, in a dynamic industry, being paid more if, indeed, we were to deregulate employment law, rather than having two different wage packets, as I explained earlier in the case of the person who won the Countryside Alliance award last night. That person came to me massively concerned about what their auditors and accountants say about whether they should employ someone under one set of terms or another. These people are employing 60-odd people at present and 130 people at peak times in the year, so it is not a small business.

[311] **Lord Elis-Thomas:** Diolch yn fawr. We have to finish.

[312] **David Rees:** May I just ask one thing?

[313] **Lord Elis-Thomas:** Well, since I have been giving leeway on the right, I shall give it on the left.

[314] **David Rees:** Thank you, Chair. You mentioned the diversity of employment opportunities on farms going forward. Have you done any investigation into what the average wage is for sectors that are not part of the AWB compared to those that are on AWB contracts?

[315] **Mr Bailey:** I think that the information is in here, is it not?

[316] **David Rees:** No, that is about AWB wages. I have not seen any analysis of figures for people who work in the tourism industry, which you mentioned, and how much they earn compared with how much a farmer could be earning.

[317] **Mr H. Thomas:** The third Assembly's Rural Development Sub-committee did a report on rural poverty and deprivation. On page 11 of that report it says that:

[318] 'Rural areas also have a high proportion of jobs in the distribution, hotels and restaurants sector, especially in north Wales. This sector makes up 20.5 per cent of employee



jobs in rural authorities. Figures from the Office for National Statistics show that, on average, these sectors are paid less than the UK average. Median weekly earnings for the agriculture sector in 2007 were estimated to be £315, while earnings for the hotels and restaurants sector were £199.’

[319] Therefore, they are paid quite a bit less.

[320] **David Rees:** What I want to know—and you yourself have raised today diversity issues and the implications that this would have—is whether you have done any analysis recently into what the differences are and the difficulties and, therefore, the complexities that an employer would face as a consequence.

[321] **Mr Bailey:** Are you referring to within the same business?

[322] **David Rees:** Yes—it was what you highlighted today.

[323] **Mr Bailey:** No, I have not done that.

[324] **David Rees:** Okay. I just wanted to ask that.

[325] **Lord Elis-Thomas:** Diolch. Fe’ch **Lord Elis-Thomas:** Thank you. We will see gwelwn ymhen llai nag awr. you in less than an hour.

*Gohiriwyd y cyfarfod rhwng 12.05 a 12.50 p.m.  
The meeting adjourned between 12.05 and 12.50 p.m.*

### **Materion sy’n Effeithio ar y Diwydiant Cig Coch yng Nghymru—Trafodaeth Issues Affecting the Red Meat Industry in Wales—Round-table Discussion**

[326] **Yr Arglwydd Elis-Thomas:** **Lord Elis-Thomas:** Good afternoon and Prynawn da a diolch i chi am ddod yma. thank you for coming here.

[327] Roeddwn yn meddwl y byddai’n syniad da i ni fel pwyllgor i ddangos ein consŷrn am y diwydiant amaethyddol yn gyffredinol ac am y farchnad cig coch yn benodol yng nghyswllt yr amgylchiadau diweddar yn y farchnad a hefyd yn y sector brosesu. Roeddwn yn meddwl mai ffordd dda i ni weld beth y gallwn ei wneud fel pwyllgor i gyfrannu, ac i ddylanwadu ar y Llywodraeth, ac yn wir i roi rhyw gymaint o hyder ychwanegol i’r diwydiant, oedd i’ch cael chi at eich gilydd. I thought it would be a good idea for us as a committee to show our concern for the agricultural industry in general and for the red meat market in particular in relation to the recent circumstances in the market and also in the processing sector. I thought that a good way to see what we can do as a committee to contribute, and to influence the Government, and indeed to give some added confidence to the industry, was to get you together.

[328] Hoffwn gychwyn gyda Dai Davies, fel y person a all rhoi i ni, ar ran Hybu Cig Cymru, olwg cyffredinol ar y farchnad. Nid yw’r bwrdd hwn cweit yn fwrdd crwn, ond yn un sgwâr, ond bydd cyfle i bawb ohonoch i gyfrannu i’r drafodaeth. I would like to begin with Dai Davies, as the person who can give us, on behalf of HCC, an overview of the market. This table is not quite a round table, but a square one, but there will be an opportunity for everyone to contribute to the discussion.

[329] **Mr Davies:** Diolch, Mr Cadeirydd. Hoffwn ddiolch i’r pwyllgor am gymryd **Mr Davies:** Thank you, Mr Chairman. I would like to thank the committee for taking

diddordeb yn y pwnc hwn. Fel y dywedodd y Cadeirydd, Dai Davies, cadeirydd Hybu Cig Cymru ydw i, a Mr Gwyn Howells yw ein prif weithredwr. an interest in this subject. As the Chair said, I am Dai Davies, chairman of HCC, and Mr Gwyn Howells is our chief executive.

[330] I will kick off with the background of Hybu Cig Cymru and its role. Hybu Cig Cymru or Meat Promotion Wales was set up in 2003 for the purpose of developing the market for the red meat industry in Wales. We must remember that, of all of the red meat that we produce in Wales, 95% has to find a market outside Wales, as we only consume 5% in Wales.

[331] The other role was industry development. By industry, I mean the livestock farmers, as well as the processing sectors in Wales. To achieve this, we transfer knowledge of new developments and also drive efficiencies. Some of you may know that HCC is wholly owned by Welsh Ministers. It is financed by statutory levies on cattle, sheep and pigs, if slaughtered in Wales.

[332] From time to time, we also draw down support from various projects from the rural development plan and certain European funding streams when possible. Wales is very fortunate in having EU protected name status for both lamb and beef. HCC is responsible for ensuring the integrity of these PGI status brands, as they are called. Welsh red meat production contributes 39% of the annual total value of Welsh agriculture and further contributes £1 billion to the Welsh economy, employing in excess of 42,000 people. That is the background of HCC.

[333] There has been a big drive, as far as HCC is concerned, over the last few years to develop a strong export market for Welsh lamb and beef. If memory serves me—I do not think that I will need it, because my figures are now in front of me—back in 2006, exports of lambs from Wales would be around 50 million; in 2011, that export market had grown to 177 million. So, that is quite a dramatic change. On the beef situation, back in 2006, we would have been exporting around £6.4 million-worth of beef; in 2011, we were exporting £67 million of beef. So, there has been a dramatic change. We look at the export market to try to bring our home market into balance.

[334] Sadly, with regard to the situation this year, we have not been able to bring the market into balance, mainly because of weather conditions throughout the summer. In 2012, we saw a steady flow of Welsh lamb onto the market throughout the year, from May through to December. We were able to find a market constantly. However, that has not been the case this year; there seems to have been a flood of lambs coming onto the market post September, because many of them were not finished prior to that. So, we did not have the same volume. The exchange rate has also played a small part, but I would not have thought that that was the major reason for this.

[335] Another reason why we find ourselves in difficulty at the moment is that there seem to be a lot of cheap imports coming onto the market, mainly from New Zealand. If you look at the situation over the last two years in New Zealand, there have been two multinational companies competing fiercely against one another in order to try to get market share. The fallout of that has affected our market in Wales, and the UK in particular. Those are sufficient as far as words of introduction are concerned. I am entirely in your hands.

[336] **David Rees:** I have a simple question in order to clarify a point. You mentioned that 95% of the meat is eaten outside Wales.

[337] **Mr Davies:** Yes.

[338] **David Rees:** How much is slaughtered within Wales?

[339] **Mr Davies:** I am sure that my chief executive will enlighten you on that point.

[340] **Mr Howells:** In 2012, the calendar year that has just finished, we slaughtered circa 3.5 million lambs and 160,000 cattle in Wales.

[341] **David Rees:** What percentage of the lambs that were slaughtered were from farms within Wales?

[342] **Mr Howells:** Of sheep, it is around 80% and, of cattle, it would be around half. Therein lies quite a large issue for the industry in the future, in terms of the ability to fund Hybu Cig Cymru's work through the levies that are paid by farmers and processors. Those levies are collected in England, and in Scotland in some cases, and cannot be used for the benefit of the Welsh industry in that respect. Perhaps you will have picked up that we would like to see a change in the distribution of that levy, which would need agreement between Governments in Cardiff, Edinburgh and Westminster.

[343] **David Rees:** So, the levy applies across the UK, but your income depends on where the actual slaughter takes place.

[344] **Mr Howells:** Yes, the levy is a UK system, but the legislation for each country lies within each country, so the legislation that underpins our powers is in Cardiff.

[345] **Mr Davies:** That is a very good question to ask: 'Where are they slaughtered?'. I mentioned the fact that this is worth £1 billion to the Welsh economy, but the potential to the Welsh economy is far greater than that. If we could process some more of these cattle in Wales, it would help not only the farming industry, but the economy of Wales, because we would be adding value to those animals or carcasses within Wales instead of passing them on to somebody else to benefit from them.

[346] **David Rees:** Do we have any idea why that percentage is so low?

[347] **Mr Howells:** It is largely historical, and there is an increasing trend among the processing companies—which are multinational companies these days, and in very few hands in the UK industry—to locate abattoirs and processing plants closer to population bases and retail distribution hubs within the UK. Very often, that means that they are located in England.

[348] **David Rees:** So, they are located closer to the end user rather than the actual producer.

[349] **Mr D. Thomas:** If I may add to that, I see that as a problem because we all know that animal welfare is a key driver for consumer purchases, and it is far easier to transport dead carcasses in a refrigerator van than to hike live animals to a point of slaughter that is convenient to the supply sector. So, there are issues there. We get told that the multiple retailers are very keen on animal health and welfare, yet they have this policy of wanting the slaughter plant located where it is easiest for their distribution model. Obviously, there are no animal welfare problems in transporting carcasses.

[350] **William Powell:** I wanted to stay with the topic of abattoirs and the slaughterhouse network. The research paper that was prepared for us ahead of today's meeting has confirmed that, in the last 25 years, there has been a reduction of over 50% in the number of abattoirs. I know there have been a number of issues that have fed into that, and also, in the last couple of years, there have been particular sources of concern for the future of those that have survived. One is around issues to do with the Food Standards Agency and the passing on of costs. I had

heard from a number of people in the sector that that would be very detrimental. Also, possibly colleagues would find it useful if we could have an update on that particular issue. It is a live issue at the moment in relation to Vion and so on. There is also another specific point that I would like to return to afterwards, if I may, but if it is possible to have an update on the potential FSA threat and on any related issues, that would be useful.

1.00 p.m.

[351] **Mr Davies:** As far as abattoirs are concerned in Wales, there are pluses and minuses to the structure that we have. Four of the largest lamb processing plants in the northern hemisphere were based in Wales. That is a big plus point, because, if you are exporting to Europe—or to any other part of the world, as we do now—they like a good-quality product, which we have in Wales, and they also like consistency of supply. To achieve that consistency of supply, you need a large processing plant. That is a positive point. However, as far as we are concerned in HCC, 80% of our levy comes from four plants. Therefore, a situation such as the one that we have in Anglesey, of potential closure, would be a huge knock to us. If the Anglesey plant disappears, there will be a dent in our resources of about £0.5 million, and our budget is not very big anyway.

[352] On the other abattoirs, I believe that we have 22 abattoirs in Wales altogether. Small abattoirs are important to farmers especially, as well as for providing for the needs of the domestic market in Wales.

[353] **William Powell:** Along with the hospitality sector in Wales.

[354] **Mr Davies:** Yes, and the hospitality sector. Therefore, you need a balance as far as that is concerned. Do you have anything further to say on the FSA and that situation, Gwyn?

[355] **Mr Howells:** Your question on the FSA is a valid and important one. For two or three years now, there has been a huge amount of dialogue with industry, the FSA, and the Government, about a considerable hike in meat hygiene charges; you will know that the FSA is responsible for inspecting meat before it gets into the food chain. The latest set of proposals that it had to increase the charges—this was some months ago—was put on hold, pending a review of what could be done by looking at different ways of working. One of those different ways of working would be, potentially, looking at a risk-based system of auditing on the basis of the record of a particular premises on how the regulations in terms of meat are applied. As I understand it, the FSA will consult on charges for 2013-14 in the next month or two. Therefore, the spectre of charges is still there; it is probably not as acute as it was a few years ago, but it is nevertheless a huge issue for all abattoirs—large, medium and small—in terms of the need to inspect and to levy charges.

[356] You will also be aware that Scotland—the Scottish Government—has decided to go it alone in terms of its own FSA and will not be part of an England-and-Wales structure. Therefore, Scotland will look at meat hygiene charges in a different way, in that context. That might have a bearing on charges in England and Wales.

[357] **Mr Davies:** As far as penalties are concerned, it is the smaller abattoirs that will lose out more if there are changes in the structure of payments to the FSA.

[358] **William Powell:** That is the impression that I gained from an operator that I know well, namely Mr Bryan George of W.J. George of Talgarth. I believe that that point was also made by Mr Williams of Machynlleth, who won the prime accolade in last night's Countryside Alliance awards.

[359] I wish to raise one other point, Chair, which is not directly related to that issue. My

colleague, Russell George, and I serve on the Assembly's Petitions Committee. Currently before us is a petition that has been advanced by Animal Aid regarding the installation of closed-circuit television in slaughterhouses. I know that Dunbia has adopted this approach in Llanybydder. As we have the opportunity to question such a well-informed panel, I would like to ask its members whether they have any experience, or views, on that issue, as to whether it would have any impact on the sector.

[360] **Mr Howells:** It has been discussed widely within the industry, and I am aware of the petition that you talk about. We have responded to that consultation. Many abattoirs do operate systems of surveillance, but before making any categorical decisions on CCTV, we need the dimensions of how it might operate within the plant on an ongoing basis, so that, quite importantly, it does not become a problem in terms of operation in order to protect the business and the employees, as well as taking into account the animal welfare angle. So, I think that more work and discussions need to be had on that area. In principle, I do not think that abattoirs, on the whole, are against the introduction of such measures. At the end of the day, we want to safeguard consumer interests, confidence and trust in the products.

[361] **William Powell:** Chair, thank you for your indulgence.

[362] **Russell George:** I thank Bill Powell for raising that question. It was a question that I was also going to raise because I have had representations from constituents on that issue. There was a view that there would be an unfair playing field, if you like, if the legislation was brought in for Wales and not for the rest of the country and across Europe. Do you have any views on that?

[363] **Mr Howells:** Are you talking about CCTV?

[364] **Russell George:** Yes.

[365] **Mr Howells:** What I meant by 'how it might work' and 'who might access the data on CCTV' needs to be discussed thoroughly so that it does not become anti-competitive for some abattoirs or some sectors of the abattoirs, compared with abattoirs in other member states, perhaps, or in regions of other member states. Saying, 'Let's have CCTV everywhere on a 24/7 basis' is probably missing the point slightly. I think that more thought needs to be put into it as to how it might be used, who has access to it, and what the objectives are.

[366] **Russell George:** I think that there is also concern that the cost will be more of a difficulty for smaller abattoirs than for larger abattoirs.

[367] **Mr Howells:** That mirrors and echoes the point that Mr Powell made in terms of the reduction of the abattoirs by 50% in the last 30 years. The reason for them not being in the industry now is one of compliance with regulation and the cost of meeting the demands of those regulations. Therefore, they closed their doors. We would not want to see this being another case of the straw that broke the camel's back by sending more abattoirs into obscurity.

[368] **Dr Fenwick:** I think that there is an overarching principle, which is that when such measures are introduced, they should be accompanied by reductions in bureaucracy, so that there is a win-win situation. So, if a small abattoir does have to invest in something like that, there must be a quid pro quo, which means that it potentially saves money. What invariably happens is that it becomes another layer of bureaucracy and does not actually address what may be a handful of isolated incidences that have triggered a petition or whatever.

[369] **Russell George:** So, you are saying that, as a result of the legislation that we have brought forward, there is other legislation that is now redundant as a result of it.

[370] **Dr Fenwick:** Precisely, but that very rarely happens.

[371] **Mick Antoniw:** I have a couple of questions on the big supermarkets—the big four, I suppose—particularly in the light of what is happening in Anglesey. What influence do the big supermarkets have over the industry? What is their role? I may have a few follow-on questions.

[372] **Mr Davies:** They sell 84% of our produce. That statement in itself, as far as our domestic consumption is concerned, means that 84% of our meat comes from the supermarket. They are our customers. We do not have to dance to their tune, but we are very much in their hands. The only alternative that we have to flex any power whatsoever is to have an alternative market, which is why Hybu Cig Cymru is working so hard to make sure that we have an export market as an alternative, in order to put some competition into the market. Otherwise, we are totally in their hands.

[373] **Mick Antoniw:** I wish to ask about some of the practices. I know, for example, that a big chunk of the tailor and garment industry was effectively wrecked when a big store pulled out because of restrictive contracts, that is contracts saying, ‘You can only supply us’. If that custom goes, large employers are suddenly left in a position in which they have no alternative market. This has concerned me for some time; I know that it is not just meat and that there are issues with milk and so on, but we will focus on meat for a moment. Is it your view that there is insufficient planning, regulation or whatever in terms of the way that the large supermarkets exercise their power for the broader interests of the country, the industry, agriculture and so on?

[374] **Mr Davies:** It becomes a little complex in that we have four major supermarkets and we also see rationalisation within the slaughter industry, so there are fewer companies that are slaughtering. In order to have a successful business, naturally, you have to be linked to some supermarket or other, and if you are not in favour with that supermarket, and it says ‘Thank you very much, but we don’t want your business any more’, where do you go? There are only three left. So, the stranglehold is not only on farmers, but also on processors.

[375] Historically, when we had about 6 million sheep in Wales, supermarkets would put pressure on the processors, and the processors were in a position to put pressure on the producer. However, as production has dropped in recent years, the processors are not in such a strong position to put pressure on the primary producer, and they are squeezed from both ends; hence their margins have become very small.

[376] **Mick Antoniw:** Does the Welsh Government play any role in consultation, negotiation or attempting to ameliorate the effects of what is almost a monopoly control of the market?

[377] **Mr Davies:** I am not sure that we are in a position to answer that.

[378] **Mr Howells:** Do you mean in terms of the meat business for multiple retailers?

[379] **Mick Antoniw:** The point that I am making is that it seems that the large supermarkets have a very strong influence in terms of price, impact, and even whether a producer will survive, and that is a matter that is almost impossible, on your side, to influence. I am wondering whether you think that there might be some role for the Welsh Government, or the UK Government, to play to try to restore the balance of interests.

[380] **Mr Howells:** The recent announcement on the groceries code adjudicator will hopefully go some way to addressing some of the issues between processors, retailers and the

primary producers. So, we have now got to a position where there is a mechanism whereby somebody will independently look at the issues that arise—that can only be good for industry confidence, whatever the supply chain might be—and to try to exercise a duty of care for everybody in the supply chain. At the end of the day, we need farmers, processors and retailers to achieve a fair profit margin, but we do not want one particular retail sector having all of the margin, because, for long-term sustainability, that is unquestionably a big problem for not only processors in the industry, but consumers as well, who will not be left with a choice.

[381] **Mr D. Thomas:** We have to put the supermarkets in perspective; they are a conduit market. They are an important conduit, as Dai has said—82% of our red meat finds its way to them. There is only one person on this planet whom they respond to, and that is Mrs Smith from Wokingham. It is the consumer who, ultimately, will dictate to them. It is important that, as an industry, we do not lose sight of that engagement with the consumer. So, the consumer will be the key driver. We saw this only recently, and I do not necessarily want to mention the burger issue with Tesco, but consumers were appalled by that and Tesco reacted with enormous alacrity. There was press statement after press statement. So, although supermarkets are a route to market, they are not the market, and we must not lose sight of the fact that the consumer is the overall customer, and that supermarkets are ultimately responsible and answerable to the consumer. So, we need to constantly remind ourselves that we need to engage on that platform as well.

1.15 p.m.

[382] **Mr Bailey:** I agree with what my colleagues have said, but I do not think that we can get away from the fact that they have an immense and amazing amount of power, as we have seen. They can wield this power, to a certain extent, and Asda is just one example of one pulling out of a slaughterhouse that Vion had already indicated it wanted to sell. However, I am very much aware of the lamb market presently in Wales; it is affected primarily by the weather, but there are several other circumstances. One of the circumstances is the fact that the supermarkets have forward-bought New Zealand lamb and are now intent on pushing it through their stores. Until yesterday, I was calling very much for the price of Welsh lamb on the shelf in particular to reflect what was being paid at the farm gate. It is still far in excess of that for New Zealand lamb. The day before yesterday I was shown a Welsh leg of lamb that cost £24, and the same weighted New Zealand lamb cost £13. So, obviously, Mrs Smith from Wokingham was going to choose the £13 leg of lamb, and, at the end of the day, who can blame her? However, when you look at the economics behind it, and the fairness behind it, you will see that if they are buying it cheaply, it should be on the shelf at the same price, to a certain extent, to that of New Zealand lamb. Although I am aware that Sainsbury's is offering 60p more a kilogram to its suppliers, I think that it put a 50% sale on UK and Welsh lamb, which brings that leg of lamb to slightly below the New Zealand leg.

[383] We need to move these lambs, because, as Gwyn rightly said, we have a backlog of lambs—a glut of lambs—on the market. By September and October, 260,000 lambs would normally have been off the ground by then, but they were not. They were still on, and we have the hill lambs coming down at the same time as the increased incursion of New Zealand lamb, and it is having a massive impact. All of that, or some of it, can be dealt with by the Welsh Government, and I have appealed to the Deputy Minister on this issue. However, some of it is beyond his scope. I understand that, but a lot of it can be dealt with by supermarkets, so I have a great deal of hope and faith that, certainly in the next year or two, the adjudicator will have an impact and will be able to draw these questionable practices to our attention.

[384] **Mr Howells:** Following on from the New Zealand part of the story, it is very important for us to say that we are not particularly averse to imports, because we want to export—Wales is an exporting nation. However, with regard to the New Zealand situation, it

is important to point out that New Zealand has a quota that it can export into the EU, set at 227,000 tonnes on an annual basis. The problem with the industry in New Zealand at the moment is that it is fulfilling that quota and the timing of when it sends products to this country distorts the market at key times—before Christmas and all the way through to June. So, the distortion in terms of timing is one issue. Moreover, at the moment, New Zealand, to put it mildly, is dumping lamb onto the market at a lower cost than its production in New Zealand. Farmers are losing money in New Zealand and the processing companies are knocking six bells out of each other trying to gain market share in Europe, and that is not sustainable. In doing that, it is distorting our market in the UK. So, there are structural problems, perhaps not for this committee or the Welsh Government, but certainly for the EU, that need to be considered in terms of how coming in at such a low price distorts the market and creates a competition issue.

[385] **Dr Fenwick:** I would like to go back to Don Thomas's point. I do not disagree with the fact that supermarkets are our customers and that, to a huge extent, they are answerable to their own customers—people who go into the Tescos and the Asdas of this world. However, the degree to which supermarkets control their own consumers should not be underestimated. They decide when to promote certain products, and the sales of those products will go through the roof when they decide to do that. One of the key problems that we have is that the power is in too few hands. If you look at what happened with the dairy industry in the past, you will see that companies have been prevented from coming together by such bodies as the Office of Fair Trading and the Competition Commission—or, effectively, by the Government. However, supermarkets have been allowed to gain control of the market, which, in percentage terms, is at a far greater percentage threshold to what was said to be too much for dairies when they were trying to come together to get more negotiating powers in the middle part of the supply chain with the supermarkets. So, it seems that supermarkets have been appeased to a huge extent, although we all know of their aggressive tactics when it comes to planning, land banking et cetera. They are renowned for that type of activity, to the extent that if a planning application for a supermarket is turned down, it will appeal and appeal because, ultimately, it can pay millions to go through the courts. Within a week of that supermarket opening, it will have paid the bill for all their lawyers et cetera. That puts county councils in a very difficult position when it comes to applications for supermarket planning.

[386] **Llyr Huws Gruffydd:** Mae enghraifft o hynny nid nepell o le rwy'n byw, ond ni ddywedaf fwy am hynny.

**Llyr Huws Gruffydd:** There is an example of that not far from where I live, but I will not say any more about that.

[387] Sonioch am fewnforio cig o Seland Newydd. Roeddwn i'n meddwl mai un o'r rhesymau pam fod pris cig oen wedi gwella yn y blynyddoedd diwethaf, tan y cyfnod diweddar hwn, wrth gwrs, oedd achos bod llawer o gig Seland Newydd yn mynd i Tsieina, a bod y marchnadoedd newydd hynny yn llyncu llawer o'r cynnyrch hwnnw. Camagraff o'm rhan i yw hynny, efallai. A yw hynny wedi bod yn rhan o'r *mix*? Sut mae marchnadoedd fel Tsieina yn cael effaith ar bris cig oen?

You talked about importing meat from New Zealand. I thought that one of the reasons why the price of lamb had improved recently, until this recent period, of course, was because a lot of meat from New Zealand went to China, and that those new markets are swallowing up that produce. That was a misapprehension on my part, perhaps. Has that been part of the mix? How are markets such as China having an impact on the price of lamb?

[388] **Mr Howells:** Mae yna lai o ŵyn yn Seland Newydd—mae yna lai o ddefaid yno, felly mae llai o ŵyn. Er hynny, eleni, fe fydd miliwn yn fwy, ond nid yw hynny'n llawer o ran y nifer rydym yn sôn amdano yn Seland

**Mr Howells:** There are fewer lambs in New Zealand—there are fewer sheep, and therefore fewer lambs. However, this year, there will be a million more, but that is not a huge number in the context of New Zealand.



Newydd. Mae Seland Newydd wedi chwilio am farchnadoedd newydd yn Asia, ac yn Tsieina yn benodol, ond mae hanner ei holl allforion yn dod i Ewrop, felly mae Ewrop yn parhau i fod yn farchnad bwysig iawn. Mae'r Deyrnas Unedig, o fewn Ewrop, yn cael chwarter holl allforion Seland Newydd. Felly, mae'n awyddus iawn i gadw'r fraint sydd ganddi, sef yr hawl gan yr Undeb Ewropeaidd i allforio tunelli i Ewrop. Mae felly'n awyddus iawn i gadw'r busnes a'r hawl hwnnw. Nid wyf yn credu bod dim o'i le gyda'r ffaith ei bod yn cael allforio, ond mae angen ychydig mwy o ffrwyno o ran pryd yn union mae'r allforion yn dod, ac yn sicr o ran ei bris, achos mae hynny'n broblem fawr i'r diwydiant.

It has sought new markets in Asia, and in China specifically, but half of its exports come to Europe, so the European market continues to be a very important one. The UK, within Europe, accounts for a quarter of all exports from New Zealand. So, it is very eager to retain the privileged position that it has, which is the agreement, through the European Union, to import tonnes of meat into Europe. It is therefore very eager to retain that foothold in the market. I do not think that there is anything wrong with the fact that it is exporting, but there needs to be limits on when exactly that meat comes into the market and what its price is, because that is very problematic to the industry.

[389] **Mr Bailey:** To follow on from Gwyn's point, it is important to say that, while the number in tonnes of lamb from New Zealand may have reduced, in terms of quality it is still sending over to the EU market the choice cuts. Where it has benefitted in particular from the Chinese and the Asian market is with those cuts that have little favour within Europe. So, the value of what it is exporting to Europe is increasing.

[390] **Mr D. Thomas:** To extend my debate about the consumer being an important driver, one of the major threats I see coming down the rail track, and which was noted in a report produced by Mintel last year, is that 15% of British people now choose to avoid red meat, either for issues to do with health or lifestyle. Of those 15%, only 6% are vegetarian and 2% have an allergy or intolerance. The question of avoiding red meat is accelerated by the recessionary times in which we have found ourselves, and, obviously, people will look for cheaper meal solutions. However, we must be very aware of this concern. Red meat may very well become a premium product, and that suits the Wales outlook well because we are a premium producer. We want to make sure that we continue to provide a premium product to those people who may select it on fewer occasions, but are prepared to pay more for it. I think that there is another dynamic here. We should not ignore the consumer's lifestyle trend patterns. Once you decide that you are going to go without meat on a Monday or a Friday, or whatever Paul McCartney has advocated in the past, it tends to stick and become habit-forming. So, there is a threat, but there is an implied opportunity from that threat.

[391] **Lord Elis-Thomas:** While Dai is dealing with his telephone—

[392] **Mr Davies:** Sori, Gadeirydd.

[393] **Yr Arglwydd Elis-Thomas:** Mae'n iawn, siŵr. **Lord Elis-Thomas:** It is fine.

[394] **William Powell:** I have the same ringtone. [*Laughter.*]

[395] **Mr Davies:** I ddychwelyd at yr hyn a ddywedodd Llyr Huws Gruffydd, mae'r wybodaeth yn iawn, i ryw raddau. Os siaradwch â phobl o Seland Newydd, byddent yn dweud wrthyf fod 25% o'u hincwm o ddefaid yn dod o Tsieina. Wrth gwrs, nid dydynt yn sôn am y cig sy'n mynd i Tsieina,

**Mr Davies:** Returning to what Llyr Huws Gruffydd said, the information is correct to a degree. If you speak to people from New Zealand, they will tell you that 25% of their income from sheep comes from China. Of course, they are not talking about the meat that goes to China, but about the wool and the

ond am y gwlan a'r traed. Felly, er eu bod yn feet. So, although they talk about 25%, that is  
sôn am 25%, nid cynnyrch cig yw hynny. not meat produce

[396] **Mr Fenwick:** I want to make a broader point, about the fact that we have a quota within Europe for imports into the EU. We also have quotas for beef imports. An issue that occasionally arises, and has done so recently, is the prospect of a trade deal with Mercosur, the South American trading group, which would liberalise imports into the EU.

[397] We know that Queen's University Belfast undertook work that was commissioned by the Department for Environment, Food and Rural Affairs. It was an impact assessment of its common agricultural policy—or anti-CAP policy, effectively—and the Treasury's position on the CAP, which has not changed between Governments. That impact assessment predicted huge falls in prices for our cattle and sheep if trade was liberalised. So, while free trade is something that everyone likes to see, the reality for Wales of liberalising trade or making a deal with Mercosur, would be less money for the Welsh economy and less money in farmers' pockets. It is something that we should not go into with our eyes closed. DEFRA's current policy is to see trade being liberalised. The UK Government wants trade liberalised and it wants to do away with direct payments, which means taking money away from the farmer in more than one way, while bringing in cheaper imports from countries where animal welfare and environmental standards are negligible, compared to those by which we have to abide.

[398] **Llyr Huws Gruffydd:** Gan ein bod ni ar y pwnc allforion o Gymru; rydych wedi dyfynnu ystadegau syfrdanol o'r cynnydd rydym wedi ei weld mewn allforion. A yw'r gwledydd y mae'r allforion yn mynd iddynt wedi newid yn hanfodol, neu a yw'r siâr rhywbeth yn debyg? Mae marchnadoedd newydd wedi eu hagar, ond cymraf mai'r Undeb Ewropeaidd yw'r— **Llyr Huws Gruffydd:** As we are on the subject of exports from Wales; you quoted some amazing statistics on the increase that we have seen in exports. Has there been a change in the countries to which exports go, essentially, or is the share more or less the same? New markets have opened, but I take it that the European Union is—

[399] **Mr Davies:** Rwy'n siŵr fod Gwyn yn gwybod yn well na fi, ond i ni, Ffrainc yw'r farchnad fwyaf sydd i gael yn Ewrop. Rydym yn sôn am ddatblygu marchnadoedd eraill, a gobeithio gallwn eu datblygu a'u tyfu nhw. Dyna'r unig arf sydd gennym yn erbyn pŵer yr archfarchnadoedd yw'n gallu i allforio; mae'n rhaid i ni ddatblygu hynny. **Mr Davies:** I am sure that Gwyn knows better than I do, but for us, France is the largest market in Europe. We are talking about developing other markets, and I hope that we can develop and grow those. The only weapon that we have against the power of supermarkets is our ability to export; we need to develop that.

[400] Pan rydym yn allforio, rydym yn cynyddu'r nifer o wledydd rydym yn allforio iddynt er mwyn sicrhau ein bod yn delio mewn gwahanol arian, wedyn pan mae un arian yn cryfhau a'r llall yn gwanhau, mae gennym *buffer* yn ei erbyn. Mae hynny'n hollbwysig. Pan rydych yn rhoi eich wyau i gyd yn yr un fased, ac yn delio dim ond yn yr ewro ac mae hwnnw wedyn yn cwmpo; rydych mewn gofid. Os gallwn ddatblygu marchnad fyd-eang, byddwn mewn gwell sefyllfa, ond mae hynny'n cymryd amser ac arian, sy'n fater yr oeddwn yn gobeithio codi rhywbryd yn ystod y cyfarfod. Ydych chi eisiau dweud rhywbeth, Gwyn? When we export, we try to increase the number of countries to which we export to try to ensure that we deal in different currencies, then when one currency strengthens and the other weakens, we have a buffer against that. That is essential. When you put all your eggs in one basket and deal only in the euro and its value then drops; you are at risk. If we can develop a global market, we will be in a better situation, but that takes time and money, which is a point that I hoped to raise at some point during this meeting. Do you want to say anything, Gwyn?

[401] **Mr Howells:** Ffrainc yw'r farchnad fwyaf yn nhermau tunelli, ond mae honno wedi bod yn weddol fflat eleni, oherwydd bod economi Ffrainc yn weddol wan. Roedd y cwestiwn a yw'r gwledydd rydym yn allforio iddynt wedi newid yn eithaf diddorol. Mae'r rhestr ohonynt wedi newid, oherwydd yr Almaen yn awr yw'n ail farchnad fwyaf; mae wedi bwrw ymlaen o'r Eidal. Felly, Ffrainc, yr Almaen wedyn yr Eidal ydyw yn awr, gan gofio hefyd bod marchnadoedd eraill pwysig yn Sbaen, yr Iseldiroedd a Gwlad Belg.

1.30 p.m.

[402] Y strategaeth sydd gennym yw i barhau gyda marchnadoedd Ewrop, gan eu bod yn agos ac yn hawdd i ddelio â hwy, ond mae'n rhaid i ni edrych ar farchnadoedd eraill sy'n fodlon talu pris da am gynnyrch da, clodwiw gyda llawer o rinweddau iddo yn y dwyrain canol, y dwyrain pell, Sgandinafia a Chanada. Gobeithio yn y dyfodol y cawn hawl i fynd i mewn yn uniongyrchol i Tsieina—ac rydym yn gweithio ar hynny ar hyn o bryd gyda'r Llywodraeth yn y fan hyn a Llywodraeth San Steffan—ac hefyd i Ogledd America, gan fod potensial aruthrol yno. Felly, mae'n bwysig nad yw'r wyau i gyd yn yr un fased, a'n bod yn braenaru'r tir ar gyfer y dyfodol. Lle bynnag yr ydych yn y byd, mae cyfoeth i'w gael ac mae pobl sydd eisiau prynu'r cynnyrch gorau. Dyna'r strategaeth y bydd yn rhaid i ni ei ddilyn yn y dyfodol.

[403] **Yr Arglwydd Elis-Thomas:** Mae capasiti prosesu yng Nghymru yn hanfodol i hynny, yn amlwg.

[404] **Mr Howells:** Mae'n bwysig iawn ein bod yn gallu cael y prosesu hwnnw yng Nghymru er mwyn lladd yr ŵyn, prosesu'r ŵyn a chael y gwerth ychwanegol yng Nghymru cyn ei allforio. Mae hynny'n aruthrol o bwysig.

[405] **Keith Davies:** Rwyf eisiau dod yn ôl i'r archfarchnadoedd, a'r ffaith y bydd y Cynulliad yn edrych ar ddeddfwriaeth cynllunio cyn bo hir. Bydd Dai yn gwybod bod Sainsbury's wedi cael ei wrthod yn Llandeilo, ond mae'n dod i Cross Hands. A

**Mr Howells:** France is the largest market in terms of tonnage, but that has been quite flat this year, because the French economy is relatively weak at present. The question about whether there has been a change in the countries to which we export is interesting. The list of countries has changed, because Germany is now our second largest market; it has taken over from Italy. So, it is France, Germany then Italy now, while also bearing in mind other important markets in Spain, the Netherlands and Belgium.

Our strategy is to continue to work in the European markets, because they are close by and easy to deal with, but we also have to look at other markets that are willing to pay a good price for good products that are recognised as being of high quality in the middle east, the far east, Scandinavia and Canada. We hope in the future to have direct export rights for China—and we are currently working on that with the Government here and the Westminster Government—and also North America, because there is huge potential there. Therefore, it is important that we do not put all our eggs in one basket, and that we prepare the ground for the future. Wherever you are in the world, there is money available and there are people who want to buy the best produce. That is the strategy that we must follow in the future.

**Lord Elis-Thomas:** Processing capacity in Wales is obviously critical to that.

**Mr Howells:** It is extremely important that we can do that processing in Wales, to slaughter the lambs, process the lambs and get the added value in Wales before exporting it. That is extremely important.

**Keith Davies:** I want to come back to the supermarkets, and the fact that the Assembly will consider planning legislation in the near future. Dai will be aware that a Sainsbury's has been rejected in Llandeilo, but it is coming to Cross Hands. Should you not be

ddylech chi fod yn edrych a dod yn ôl atom ni ar bethau fel cynllunio, a mynd at yr awdurdodau lleol? Dyna beth ddigwyddodd yn sir Gâr—roedd gymaint o gwynion yn erbyn beth oedd yn digwydd fel iddo ddod yn fater i'r Gweinidog fan hyn, a'r Gweinidog fan hyn a wnaeth y penderfyniad yn y pen draw.

[406] Roeddech hefyd yn sôn am Ynys Môn—mae Asda yn symud oddi yna, ond mae'n mynd i Llanybydder. A yw'n creu swyddi ychwanegol yn Llanybydder? A yw'r swyddi sy'n cael eu colli ar yr ynys yn mynd i gael eu creu yn Llanybydder? Nid wyf yn gwybod. A ydynt eisiau estyniad ar beth sydd ganddynt yn Llanybydder? A yw hynny wedi mynd drwy Cyngor Sir Caerfyrddin o ran rhoi caniatâd cynllunio, ac yn y blaen?

[407] **Mr Davies:** Fel ambell i wleidydd, mae Asda yn gallu rhoi sbin ar bethau. Y sbin gan Asda yw'r ffaith nad yw yn mynd o Gymru, ac y bydd yn dal i gael cig Cymreig o Llanybydder. Os edrychwch ar y sefyllfa yn Ynys Môn, rydych yn siarad am ryw 300,000 neu ragor o ŵyn. Tebyg iawn mai dim ond rhyw 100,000 neu 150,000 o'r rheini sy'n cael eu brandio gyda statws dynodiad daearyddol gwarchoddedig Cymreig. Tebyg iawn y bydd y rheini yn dod o Llanybydder a dyna'r sbin mae Asda yn ei roi arno, ond tebyg iawn y byddai'r hanner arall yn diflannu i rywle arall. Mae'n dweud y gwir, ond nid y gwir yn gyflawn.

[408] **Mr Bailey:** Roeddech yn sôn am brosesu, Gadeirydd.

[409] It is important for the processing units that we maintain the throughput. I think this is a problem with Llanybydder, which is not working to full capacity, or at least it was not, and Gaerwen was not working to full capacity because of the explanation that has been very well furnished by my colleagues. The only way that we can maintain the throughput in the plants is to maintain the confidence of the sheep farmer. The situation in which we currently find ourselves, because of the various reasons that I explained earlier, will make people wonder whether it is worth keeping sheep. That is a great pity because of the value of the product to the Welsh economy and the number of people employed by the agricultural sector, particularly by people within the high hill who are perhaps suffering more.

[410] Some of the figures that I have given the Deputy Minister completely throw into doubt the incomes of high hill farmers because of the demise of a particular form of support. There will probably be in excess of 53% of the income earned this year as opposed to 100% last year, so I think that we are looking at a pretty desperate situation within the sheep sector. The knock-on effect will be a lack of confidence, a lack of throughput, and further closures for slaughterhouses and processing plants with further redundancies. It is a finely balanced

looking at and coming back to us on issues such as planning, and going to the local authorities? That is what happened in Carmarthenshire—there were so many complaints about what was happening there that it came to the Minister here, and it was the Minister here who ultimately made the decision.

You also mentioned Anglesey—Asda is moving from there, but it is going to Llanybydder. Is it creating new jobs in Llanybydder? Will the jobs that are being lost on the island be created in Llanybydder? I do not know. Does it want to extend what it has in Llanybydder? Has that gone through Carmarthenshire County Council for planning approval, and so on?

**Mr Davies:** Like some politicians, Asda can put a spin on things. The spin from Asda is that it is not leaving Wales, and that it will still get Welsh meat from Llanybydder. If you look at the situation on Anglesey, you are talking about 300,000 or more lambs. It is likely that only about 100,000 or 150,000 of those will be branded with Welsh protected geographical indication status. It is likely that those will come from Llanybydder and that is the spin that Asda puts on it, but it is likely that the other half will disappear somewhere else. It is telling the truth, but not the whole truth.

**Mr Bailey:** You mentioned processing, Chair.

machine, but we need to maintain, in the first instance, a supply of Welsh lamb for the slaughterhouses and processing plants in the country.

[411] **Russell George:** Going back to encouraging and growing global markets, what would the repercussions be? I am not trying to get into any party political discussion, but what considerations have been given to the repercussions of talk in the past few weeks of a changed relationship with the EU and a referendum? What repercussions, if any, good or bad, do you think there will be from those discussions?

[412] **Dr Fenwick:** We know from what happens with Norway—which is outside the EU—that when it exports to the EU, it has to pay import tariffs, because it is not part of the common market that we agreed to enter 40 years ago. We would find ourselves in the same position that all other people outside the EU find themselves in. As Gwyn has emphasised, our main market is France, and we would potentially lose that market, in terms of value and numbers, overnight. So, our main market could be lost instantly.

[413] **Russell George:** How real is that?

[414] **Dr Fenwick:** The EU is a common market, and the rules for importing into it mean that you have a quota. If you exceed that quota, you pay fines. Those rules are there to protect the market, and if you are outside that market, there is no obligation to protect you. The implications for agriculture and the Welsh economy as a whole of withdrawal from the EU, given the views of successive UK Governments on supporting agriculture and the farming industry, are severe. We would see the Welsh economy collapse—or, at least, a large proportion of the Welsh economy would collapse.

[415] **Llyr Huws Gruffydd:** Rwyf am ddod yn ôl at fater yr ardoll, os caf. Soniwyd am y gost o golli Welsh Country Foods, ac yn y blaen. Pa newidiadau y byddech chi'n hoffi eu gweld yn nhrefn yr ardoll bresennol?

**Llyr Huws Gruffydd:** I want to come back to this issue of the levy, if I may. The cost of losing Welsh Country Foods and so on was mentioned. What changes would you like to see in the current levy system?

[416] **Mr Howells:** Yn syml iawn, mae'r system casglu'r ardoll yn gweithio'n hynod o dda ar hyn o bryd. Mae'n hawdd ac yn syml, ac mae'n costio ychydig iawn i'w chasglu. Mae'r ardoll yn cael ei thalu, fel y soniasom yn gynharach, gan ffermwyr a phroseswyr neu ladd-dai, a chaiff ei chasglu yn y man lle mae'r anifail yn cael ei ladd. Y broblem sydd gennym yw os nad oes lladd-dai gennym, nid oes modd casglu'r ardoll. Felly, yr hyn yr ydym yn ei awgrymu, ac yn gobeithio dal pen rheswm gyda'n cyfeillion dros Glawdd Offa amdano, yw ein bod yn casglu'r ardoll yn union fel yr ydym yn ei wneud yn awr—Hybu Cig Cymru fydd yn ei chasglu yng Nghymru, Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth yn Lloegr, a Quality Meat Scotland yn yr Alban—ond wedyn, ein bod yn cytuno ar fformiwla sy'n adlewyrchu nifer y da byw magu sydd i'w cael yn y gwledydd hynny, a chytuno, efallai ar ddiwedd y flwyddyn neu ddwywaith y flwyddyn, rannu'r arian a gasglwyd yn ôl faint o stoc

**Mr Howells:** Quite simply, the levy collection system works very well at the moment. It is easy and simple, and it costs very little to collect. As we mentioned earlier, the levy is paid by farmers and processors or abattoirs, and it is collected where the animals are slaughtered. The problem that we have is this: if we do not have any abattoirs, then we have no means of collecting the levy. Therefore, what we suggest, and we hope to have a discussion with our colleagues on the other side of Offa's Dyke on this, is for the levy to be collected exactly as it is now—so, Hybu Cig Cymru would collect it in Wales, the Agriculture and Horticulture Development Board would collect it in England, and Quality Meat Scotland would do likewise in Scotland—and we would then agree on a formula that reflects the breeding stock produced in each of those nations and agree, possibly at the end of the year or twice a year, to share the levy collected to reflect the amount of stock and the work that

sydd a'r gwaith y mae'r cyrff fel Hybu Cig Cymru yn ei wneud ar ran y sawl sy'n talu'r ardoll. Os cariwn ni ymlaen fel yr ydym yn awr, nid oes gennym reolaeth dros y lle y mae'r lladd-dai yn cynnal eu gwaith a'u busnesau—gallwn fod heb ladd-dai o gwbl yng Nghymru, dywedwn i, ac felly heb ardoll.

[417] Felly, mae synnwyr cyffredin ar ein hochr ni, ond rhaid inni gael y maen arbennig hwnnw i'r wal a chael pobl eraill i weld bod synnwyr cyffredin yn bwysig yn hyn o beth.

[418] **Mr Davies:** Cafodd y system sydd gennym ar hyn o bryd ei gosod oherwydd adroddiad Rosemary Radcliffe, a ddaeth allan yn 2005. Gofynnodd hi a oedd yn beth da cael yr ardoll orfodol i bob ffermwr a phob canolfan prosesu. Un o'r gwendidau bryd hynny yn ei thyb hi oedd y ffaith ein bod yn casglu'r arian mewn lladd-dai ac nid oedd yn meddwl bod hynny o fantais i bob cynhyrchwr. Roedd yn meddwl bryd hynny y dylem ail-ystyried y system.

[419] Rhaid dweud ein bod ni yn Hybu Cig Cymru wedi bod yn byw gyda'r ffaith ein bod ar ein colled o ryw £1 miliwn y flwyddyn o'r ardoll i Loegr dros y blynyddoedd diwethaf. Wrth gwrs, mae'r ysgrifen ar y wal yn glir i ni bellach; rydym wedi gweld yr hyn a all ddigwydd yn Broxburn yn yr Alban, lle caeodd Vion ei safle prosesu a chollodd yr Alban dwy ran o dair o'i levy dros nos. Mae posibilrwydd, a gobeithio mai dim ond posibilrwydd yw e, y gall rywbeth tebyg ddigwydd yn sir Fôn ac y gallem golli £0.5 miliwn dros nos, ar ben y £1 miliwn yr ydym yn ei golli'n barod. Mae gwir angen yr arian hwn arnom os ydym i ddatblygu'r farchnad; mae'n rhaid i ni gael yr arian hwn i'w datblygu hi, ac os nad ydym yn mynd i gael rhyw system arall, byddwn o dan anfantais ofnadwy wrth i ni fynd ymlaen. Nid wyf yn credu, fel y cadeirydd, y gallwn ddal ati ar yr un *rate* yr ydym wedi gweithio arno dros y pum mlynedd diwethaf. Mae hynny'n rhywbeth pwysig iawn. Rwy'n gobeithio y bydd synnwyr cyffredin yn cael ei ddefnyddio, ac na fydd hyn yn cael ei glymu mewn rhywbeth politicaidd. Mae synnwyr cyffredin yn dweud na fydd y system hon gyda ni am y tymor hir achos nid yw'n ymarferol o gwbl.

organisations such as Hybu Cig Cymru do on behalf of those who have paid the levy. If we continue as we are at present, we have no control over where abattoirs carry out their work and run their businesses—we could end up with no abattoirs at all left in Wales, I would say, and therefore no levy.

So, we have common sense on our side in this, but we have to bring persuasion to bear and make sure that others realise that common sense is important in this matter.

**Mr Davies:** The system that we have at present is based on the Rosemary Radcliffe report, which came out in 2005, in which she asked whether it was desirable to have a compulsory levy on every farmer and processing unit. One of the problems that she identified was the fact that we were collecting the money in abattoirs and she did not think that it would benefit all producers. She said at that time that we should review the system.

I must say that we in Hybu Cig Cymru have been living with the fact that we have been losing around £1 million a year from the levy to England in recent years. Of course, the writing is on the wall very clearly now; we have seen what can happen in Broxburn in Scotland, where Vion closed its processing site and Scotland lost two thirds of its levy overnight. There is the possibility, and hopefully it is only a possibility, that something similar could happen in Anglesey and that we could lose £0.5 million overnight, on top of the £1 million that we are already losing. We desperately need these monies if we are to develop the market; we must have this money to develop it, and if we do not have some sort of alternative system, we will be severely disadvantaged as we move to the future. I do not think, as the chair, that we will be able to continue at the same rate at which we have worked for the past five years. That is exceptionally important. I hope that common sense prevails and that this does not get tied up in political matters. Common sense tells us that the current system will not be with us for the long term because it is not practical in any sense.

[420] **Dr Fenwick:** Hoffwn ychwanegu bod y diwydiant yng Nghymru, yr undebau a Hybu Cig Cymru wedi cydnabod a rhagweld y sefyllfa hon ers llawer iawn o flynyddoedd; dyna un rheswm pam y cawsom y *red meat Order*, ac rwy'n siŵr bod rhai ohonoch yn cofio ystyried hwnnw tua thair blynedd yn ôl. Ond, nid yw'n ateb perffaith; mae'n *fall-back position*. Nid wyf yn credu ei bod yn gyfrinach i ddweud mai un o'r problemau yr ydym wedi'u cael yw nad yw'r Alban wedi gweld pethau yn yr un ffordd; er eu bod wedi colli allan, nid ydynt wedi gweld pethau yn yr un ffordd â ni. Rwy'n siŵr bod y sefyllfa yn yr Alban wedi newid yn sylweddol yn ystod y 12 mis diwethaf, ond roedd Cymru yn llais ar ei phen ei hun yn dadlau am ran decach o'r *levies* sy'n cael eu casglu ar draws Prydain. Heb gefnogaeth yr Alban, roedd yn anodd iawn i wneud unrhyw beth am y peth, oherwydd y peth olaf y mae Lloegr eisiau yw rhoi pres i ni ac i'r Alban.

**Dr Fenwick:** I would like to add that the industry in Wales, the unions and HCC have recognised and foreseen this situation for many years; that is one reason why we had the red meat Order and I am sure that some of you remember considering that about three years ago. However, it is not a perfect solution; it is a fall-back position. I do not think that it is a secret to say that one of the problems that we have had is that Scotland has not seen things in the same way; even though they have lost out, they have not seen things in the way that we have seen them. I am sure that the situation in Scotland has changed significantly in the last 12 months, but Wales was an independent voice arguing for a fairer share of the levies that are collected across the UK. Without the support of Scotland, it was very difficult to do anything about the situation, because the last thing that England wants is to give us and Scotland money.

[421] **David Rees:** Just to clarify the points, clearly there is an issue with slaughterhouses, abattoirs and processing. As we have seen in Gaerwen, if you take some out, you have major issues. However, you mentioned that there was not enough capacity, and Llanybydder working at full capacity. Do we have sufficient capacity in Wales to handle all that we produce or are we over capacity? I am trying to work out how we can get those abattoirs working. Can they all be working or do we have to be honest with ourselves and say that we have too much capacity and that we need to look at this further?

[422] **Mr Howells:** On the sheep sector, we can process all the lambs that we produce, but we are still structurally short of capacity to slaughter some of the ewes. We are probably within 15% or 20% of our capacity with the lamb sector. So, a bit more would be useful. With beef, we are falling way short. We have huge undercapacity to slaughter the beef that we rear, to the tune of around 50%. To change that, we need a major change, for example, a couple of new abattoirs that would slaughter high throughput numbers of beef animals. So, we need to be aware of that as an industry, as does the Government going forward, in terms of how we might invest and attract more of those resources in order for us to add value to the whole chain.

[423] **Mr Davies:** Is it not true, Gwyn, that if we lost Gaerwen, we would lose 16% of our processing capacity for lamb? So, without Gaerwen, we do not have sufficient processing capacity.

[424] **Vaughan Gething:** I want to go back to a question that Russell George asked. I want to be clear about the answer that was given and I notice that no-one disagreed. You said that you thought that there could be a collapse pretty much overnight. Is that simply on the basis of the tariff issue and how long it would take to get produce into the European Union if we were outside it? Does that take into account negotiating, how much that would be in terms of a quota and also the point about common agricultural policy support? Is it all those things or is it just the quota issue?

1.45 p.m.

[425] **Dr Fenwick:** It is all those things together. There is often this very rough figure that is quoted, and obviously it will fluctuate from week to week. Generally speaking, 80% of a farm's income comes from the common agricultural policy through whatever pillar—pillar 1 or pillar 2—while 20% comes from the market. That will vary between sectors, but that is the general picture that we generally accept, and that the statistics tell us. The current DEFRA policy is that it does not want direct payments—so, effectively, to do away with the 80%. So, you are then left with the 20%.

[426] **Vaughan Gething:** Okay. I understand.

[427] **Dr Fenwick:** The 20% is then threatened by the fact that your main market—the common market that we are currently in—disappears because you are no longer a member of the EU. So, that 20% diminishes and, potentially, there are negotiations then as to what our input and quota would be, et cetera. So, who knows what would happen if we did pull out of the EU, but there are a range of effects, all of which I perceive as adverse. I do not see the reduction in red tape and EU bureaucracy saving our economy in Wales the best part of £0.5 billion a year.

[428] **Vaughan Gething:** In terms of the figures about supermarkets and the share in the market, a figure of 84% was quoted in terms of red meat going to supermarkets. I am interested in the other 16%. I know that there was a point about looking to create greater export share, but also about how much goes to other domestic markets. I am very lucky; I get to go to a local butcher probably most weekends, but I know that not everyone is in that position. I am interested in what that other share is currently made up of and what you generally expect to see in terms of prospects for the next few years about increasing either the share that goes to other domestic sellers or indeed the external export market.

[429] **Mr Howells:** Just to clarify, the 82% is 82% of retail sales. The other 18% is made up of approximately 12% through independent butchers, which is the one that you visit at the weekend, and the other remaining percentage would be direct sales or internet sales of products from farm shops and other businesses that will be retailing in that manner. It is 82% of retail sales in the UK.

[430] **Vaughan Gething:** I am sorry. Forgive me; I missed the first part. What is the current share of export? In terms of the whole produce, what is the export share at present?

[431] **Mr Howells:** Although it is higher at some times in the year, overall in the year over 35% of all sheep meat produced in Wales finds its home in Europe or further afield. So, it is one in three.

[432] **Vaughan Gething:** Is that all red meat?

[433] **Mr Howells:** No, all sheep meat in Wales. With beef, it would be less than that; it would be around 15%.

[434] **Vaughan Gething:** What about pigs?

[435] **Mr Howells:** Pig production is very small in Wales. To give you the context on pigs, we have less than half of 1% of the GB pig herd in Wales. Our numbers are around 40,000 heads.

[436] **Lord Elis-Thomas:** They are very tasty though because they come from Conwy. It is good stuff.



[437] **Mr Howells:** It is very good and very important if you are keeping pigs. However, we are a small player and there is no export from Wales.

[438] **Vaughan Gething:** In terms of what you foresee in the next few years, how confident are you of expanding that export share? I know that it is this whole issue of looking to have different markets that do not tie you into the big four.

[439] **Mr Davies:** It all depends how you consider our share of the levy. Going out to export markets costs money. It is not just a matter of setting up an export market; once you have it, you have to service it. If you get an export market and you do not fulfil your promises, there is no point in going back and trying to recapture it, because you will have lost your credibility. In order to service any market, you must have the resources there.

[440] You quite rightly expressed how important the butchers are. As far as quality meat is concerned, they are the best. HCC has set up a butchers' club quite recently to try to stop this drift towards the purchase in supermarkets so that we can give our butchers more support, leaflets, and recipes so that they can convey the advantages of certain joints of meat to the consumer. They can then give an added service to the consumer that perhaps the supermarkets cannot give.

[441] **Vaughan Gething:** Don Thomas talked earlier about having a premium product. The products that you buy from a butcher are not at premium prices even though they are excellent products. I am interested in the balance that you see between the less popular cuts, such as a piece of brisket, for example, which is relatively cheap, compared to premium produce where you want people to pay that higher rate for that cut.

[442] **Mr Davies:** My view would be that even a brisket can be premium, if it is from Wales: it is a premium on what the base market is. These alternative cuts are now becoming hugely in demand because of the desire of celebrity chefs, for example, as they prefer to cook with those pieces of meat, because they are full of flavour and taste. We see that things like brisket and fore rib of beef have become very popular on the celebrity chef circuit, and consequently consumers are trying them at home. So, you are right: there is a premium to the carcass, and in beef the fillet and sirloin steaks are the premium cuts, however, I think that we can establish premium products from Wales right across the spectrum of the carcass cut. A Welsh brisket is more premium than an alternative brisket, if I can call it that.

[443] **Russell George:** This question is probably directed at Dai and Gwyn. What is your view on how organic producers could be better supported? Correct me if I am wrong, but organic producers are probably smaller producers. How can those smaller business, especially, be supported to export to global markets? Perhaps it is about helping with marketing. How is your organisation able to support them? What do you think that we, as politicians, should be doing to support small Welsh organic businesses, especially in terms of marketing to reach global markets?

[444] **Mr Davies:** As an organisation we have to be quite clear that we get levies from everybody. The percentage levy that we would get from an organic producer would be pretty small, and I hope that we give them value for the levies we get. You were talking about exports of organic produce and that comes back to an issue that I mentioned earlier, which is that you need volumes and consistency of supply. I am sure that the producer that you have in mind can deliver quality, but can he deliver consistency of supply? If we cannot do that, it is very difficult to persuade somebody to take them on board.

[445] **Mr I. Thomas:** Following on from Dai's point, it may be that organic farmers might be in a stronger position to be able to supply more of the prime cuts that Mr Gething was just describing. They may be more suitable to supply the smaller end-consumer interface market,

thereby ensuring that it will be more of a community premium product. As Don Thomas described, every product from Wales is a premium product; that goes without saying. It should not even be up for discussion; of course it is premium. However, organic farmers are perhaps more suited to being able to supply specific products at a specific time for a specific market, whereas the work of Hybu Cig Cymru and international exports involve the need for a high level of consistent and reliable supply of a quality product. The quality is still there in organic produce, but there is more seasonality and fluctuation in that industry, which is more acceptable at a more localised market than at the higher end—the long numbers rather than the shorter ones.

[446] **Mr D. Thomas:** There is quite a threat currently to organic production in Wales, because, as you know, the Government in Wales has supported organic production, and we are coming to the end cycle of many that have been in that conversion process. I know that because the Welsh Lamb and Beef Producers Limited is an agricultural co-operative that provides farm assurance to about 7,500 farmers, and we provide organic certification to about 500 farmers. Currently, we are seeing a huge amount of uncertainty among those farmers that have gone through the conversion process, because they are fearful of what comes around the corner. There is an argument that the withdrawal of support to them would mean that the conversion process has been somewhat in vain. A lot of people would cynically argue that they went into the conversion because of the support they had. However, the austerity of the UK market in the last three or four years has not been helpful to the organic market, because people are not buying the more premium organic product, and organic suppliers in Wales have switched to supply conventionally. That is a huge issue, and I think that there will be a rationalisation of organic suppliers. We know of the 500 farmers whom we certify—we are in constant discussion with them—that, come May or April, a lot of them will revert to conventional farming, which, in a way, is a pity, because, hopefully, we will come out of the austere times that we are currently in and there may be more demand for that type of product in the future. So, there is a threat there to our organic production.

[447] Also, and sorry to change the subject totally, but one of the things that we see from our certification of farm assurance on 7,500 Welsh farms, where we have a protocol, is a steady decline in the quality of the farming infrastructure. I am referring to farm buildings mainly. The UK capital allowance regime of abolishing agricultural allowances on farm buildings has not helped that process, because we have seen a lack of investment. The reason for that lack of investment is twofold: it has come from a lack of profitability in the sector, but also, when there is profitability, it is not a tax-effective use of the money. We have seen the opposite with regard to plant and machinery, as people have been purchasing equipment because of the allowances that are available. So, there is a steady but sure decline, and we have 7,500 cumulative non-compliance reports on the infrastructure of farms, which is not the best place for us to be for the long-term stability of farming in Wales. So, I would just raise that point. I doubt that that is in the control of the Government, because capital allowances are a UK taxation issue, but it is very short-term thinking to have abolished that type of allowance, which would encourage a little more investment in infrastructure—when the money is there, of course.

[448] **Mr Bailey:** To go back to organics for a minute, if I may, the advice that we are giving organic farmers in the NFU is not to shift too readily and not to shift too soon, because the ace that they have in their hands is that, in the CAP negotiations presently, there is an organic get-out-of-jail-free card for those who will come under the greening issue. So, the organic farmers have that and, at the moment, it would be short-sighted of them to shift from one form of production to another.

[449] **Dr Fenwick:** May I make a quick point in response to Mr George's point about organics? When you have a limited budget, you have to spend it appropriately, and, if you start splitting it up, the overall impact can be so diluted that you are not promoting anything.

No doubt those who keep Jacob sheep may passionately believe that their sheep taste the best, but, if Hybu started having a Jacob sheep promotion, then an organic promotion and then a Texel sheep promotion, all of a sudden, it would find that there would be no overall impact and that it was not developing any new markets, so it has to stand firm and promote the product as a single entity.

[450] **Yr Arglwydd Elis-Thomas:** Rwy'n ddiolchgar i chi i gyd am eich cyfraniadau parod, am y wybodaeth ac am y safbwyntiau sydd wedi cael eu mynegi. Byddwn yn trafod y dystiolaeth rydym wedi ei derbyn a byddaf yn anfon neges glir i'r Dirprwy Weinidog yn pigo i fyny'r pwyntiau rydych wedi eu rhoi i ni heddiw. Carwn ddweud hefyd: cofiwch bob amser ein bod ni yma i chi ddefnyddio'r pwyllgor hwn fel ffordd i ddylanwadu ar y farchnad, ar y Llywodraeth, yn amlwg, ac ar y Cynulliad, ond hefyd yn ehangach, oherwydd rydym yn gweld ein hunain fel llwyfan i gynrychioli buddiannau cefn gwlad Cymru ym mhob ystyr.

**Lord Elis-Thomas:** I am grateful to you all for your ready contributions, for the information and for the viewpoints that you have expressed. We will discuss the evidence that we have received, and I will send a clear message to the Deputy Minister picking up the points that you have presented to us today. I would also like to say: do not forget that we are here for you to make use of this committee as a means of bringing influence to bear on the market, the Government, clearly, and the Assembly, but also more broadly, because we see ourselves as a platform to represent the interests of rural Wales in all senses.

2.05 p.m.

**Cynlluniau Datblygu Lleol a Ffigurau Poblogaeth/Aelwydydd—Tystiolaeth gan yr Arolygiaeth Gynllunio**  
**Local Development Plans and Population/Household Numbers—Evidence from the Planning Inspectorate**

[451] **Yr Arglwydd Elis-Thomas:** Prynawn da a chroeso cynnes i'r Arolygiaeth Gynllunio i'r pwyllgor ac i'n hymchwiliad penodol ynglŷn ag ystadegau poblogaeth. Gofynnaf i ddechrau ichi ddisgrifio beth yn union yw swyddogaeth yr arolygiaeth mewn perthynas â'r bras amcanion yr amcangyfrifon hyn, ac yn arbennig sut ydych chi'n paratoi capasiti i ddelio gyda'r cwestiynau ystadegol hyn.

**Lord Elis-Thomas:** Good afternoon and a warm welcome to the Planning Inspectorate to the committee, and to our inquiry on population statistics. I will first ask you to describe exactly what the function of the inspectorate is in relation to these projections, and particularly how you ensure that there is capacity to deal with these statistical issues.

[452] **Mr Poppleton:** Prynawn da, good afternoon. I am Richard Poppleton, and I am the director of the Planning Inspectorate in Wales, a post that I have had for a year now. I succeeded Peter Burley, who appeared before this committee last time on a matter of the Integrated Planning Commission, I think, in those days. Thank you for allowing us to come here this afternoon. In answer to the specific question on the function of the Planning Inspectorate in respect of local development plans, our function is to examine the submitted document that the council regards as being sound. Our role starts once it is submitted. The process before that has been that it has been a matter of consultation with local groups, various interested parties, stakeholders, the Home Builders Federation, Welsh Government, and so forth, and then it is submitted to PINS for examination. The guidance suggests that, at that point, the council should be pretty convinced that it is sound—that, if you like, it has legs; it can be tested and it stands up to scrutiny.

[453] The examination starts with a fairly intensive period of reading and researching the

evidence by an appointed inspector, and, following that, the inspector will develop a series of examination sessions where particular topics will be on the agenda. What goes on that agenda is informed by the representations received by the inspectorate, and those would be from individual landowners and interested parties, such as the Countryside Council for Wales, maybe Cadw, maybe HBF—almost invariably HBF—and so there would be a range of representations put forward questioning various aspects. The agenda then would be a matter of the inspector saying, ‘These are matters that have been raised’. I might have other issues that are giving me concern, but, essentially, the examination will then look at those questions and challenge the council to say, ‘Yes, we are justified in saying that our plan is sound because of x, y and z. Here is the evidence to show that, despite this interested party or that group saying something to the contrary’. For the inspector, it would be a matter of judgment at the end of the day. The inspector will come to a view as to whether or not there needs to be some change to the plan to make it sound for whatever reason, and that would be a matter resulting from those oral hearings. Before that, obviously, the council and the parties will have seen the questions that the inspectors are going to probe upon. Taken as a whole, all the evidence should support the policies, plans, allocations and the thrust of the development plan, and, if it stands up, if it tells a story that is consistent with national policy, or if it deviates from national policy, but there is a sound, justifiable reason for it doing so, then the inspector, all being well, will find the plan sound and it can proceed to being adopted as part of the development plan.

[454] So, that is the process, and that is our involvement post submission. In terms of the resources that we have, we have, as you may know, quite a small, intimate team in Wales. It is jealously guarded, I must say. We have five full-time inspectors who devote most of their time to development plans, plus two administrative officers, including Richard here, who is a higher planning officer. They provide administrative and policy support to the inspectors who are out there holding examinations. Last year, because the submissions came through in something of a bulge, we had to import and pay for five inspectors from England to work on the plans. They are specialists on development plans. The process is slightly different, but the principles are very much the same. Those five inspectors, again supported by Richard here, examine the plans, some of which are still ongoing. Next year, we might well need to import two additional inspectors, who come under my control during their period of involvement with the Planning Inspectorate. It is a resource-intensive process, but we can cope with it at the moment.

[455] **Yr Arglwydd Elis-Thomas:** Mae gen i un cwestiwn cyffredinol arall cyn i Llyr ofyn ei gwestiwn. Rydych wedi pwysleisio ei bod yn bwysig i'r cynlluniau hyn fod yn gadarn ac i'r amcanestyniadau poblogaeth fod yn gadarn. A oes amrywiaeth yn safon yr ymchwil a'r gwaith o baratoi'r cynlluniau mewn gwahanol awdurdodau cynllunio lleol, o ystyried bod gennym ni 24, neu 27, o gyrff cynllunio yng Nghymru?

**Lord Elis-Thomas:** I have one other general question before I invite Llyr to ask a question. You have emphasised the importance of these plans being robust and that the population projection estimates should also be robust. Is there a divergence of quality in the research and preparation of these plans in the various local authorities, bearing in mind that we have 24, or 27, planning bodies in Wales?

[456] **Mr Poppleton:** The Welsh Government informs the local authorities of the projections, which is the starting point. If there is no starting point, everybody would be thrashing around asking where to start. The Welsh Government's housing projections are the starting point, with a certain variance. Local authorities take that as a starting point and the way in which Planning Policy Wales's manual is phrased means that the projections are regarded as being robust and should not be deviated from unless there are justifiable reasons. That is what happens: the Home Builders Federation will say, for example, that Welsh Government statistics say a certain amount of housing units should be provided, but the council will say that it is providing another amount because of x,y and z. The x, y and z are

there to be tested.

[457] The variations from the Welsh Government projections give rise to difficulties for some authorities. In the north, for example, I am aware that—certainly based on the 2008 figures—Conwy was part of a group of planning authorities that took the figures and then made comments about them. That informed that round of plans. There have been some similar discussions in south-east Wales as well. Some authorities have the statistical capability of challenging the projections. Some, such as Conwy, provide that facility for their neighbours. Does that answer the point that you were raising?

[458] **Lord Elis-Thomas:** You have confirmed what a fine authority I live in.

[459] **Llyr Huws Gruffydd:** Rwy'n meddwl bod hyn yn dod lawr i'r hyn a ddywedoch chi gynnu, sef y *justifiable reasons* dros grwydro oddi ar y ffigurau, neu'r *projections* sydd yn *trend based*, sy'n dod o'r Llywodraeth. A allwch chi roi enghreifftiau o rai o'r *justifiable reasons* hynny? Byddai rhywun yn tybio bod awdurdodau lleol o'r farn bod ganddynt resymau dilys cyn eu bod yn cyflwyno'r cynlluniau datblygu drafft.

**Llyr Huws Gruffydd:** I think that this comes down to what you said earlier about the justifiable reasons for deviating from the Government's trend-based projections. Could you give us examples of some of those justifiable reasons? One would suspect that local authorities are of the opinion that they have justifiable reasons before they present their draft development plans.

[460] **Mr Poppleton:** Each examination is unique, and, very often, authority specific. We have seen examples where, through the examination, it has become clear that there are justifiable reasons. Some are current at the moment—you may be familiar with Denbighshire, and that there has been an issue there—

[461] **Lord Elis-Thomas:** That may be one of the reasons we are having this discussion this afternoon.

2.15 p.m.

[462] **Mr Poppleton:** There was quite a departure from the figures. The examination is still in session, and I do not know where the inspector is going with it, but I understand that Denbighshire council has come back with a compromise which probably addresses the departure. There was 1,000 units' difference. That has implications not only for ordinary housing, but for affordable housing, and there are consequential implications such as the delivery within the time frame. In Denbighshire, this was to do with the build rate. The Home Builders Federation was challenging the figures and that was the reason it came up. The inspector may have read the figures and thought that they were a bit strange, and HBF was asking, 'Why?'. The inspector has to justify finding a plan sound at the end of the day, based on the evidence.

[463] In places such as Brecon, the figures were different because of the environmental circumstances. In Snowdonia, the figures were varied because of the local environmental circumstances in the national park, for example. So, it happens, and the inspector will balance the various competing claims and come to a conclusion saying, 'That is a justifiable reason for departing' or otherwise. We have examples from around the country where the justification was not emerging even after, in one case, three days of discussions about it. In that case, the inspector said that it did not look as if sufficient justification would be provided. That was agreed and the plan was withdrawn. It is a matter of discussion, providing the evidence and asking, 'Why are you departing?'. If the justification is there, one hopes that the inspector will say, 'Yes, on balance, in the round, it works. It has legs. It will stand up.'

[464] **Llyr Huws Gruffydd:** Diolch am hynny. Pa rôl, felly, mae'r arolygiaeth gynllunio yn ei chwarae wrth wirio ansawdd peth o'r dystiolaeth sy'n cael ei chyflwyno? Sonioch am ystyriaethau amgylcheddol. Yn amlwg mae asesiadau yn cael eu cynhyrchu. Rwyf yn ymwybodol, er enghraifft, o asesiadau o impact ieithyddol mewn un cynllun datblygu lleol, lle'r oedd gennyf—fel rhywun sydd wedi gweithio ym maes cynllunio iaith yn y gorffennol—gonsŷrn mawr ynglŷn â rhai o'r casgliadau oedd yn deillio o'r adroddiad hwnnw. A allwch chi ddweud wrthyf ba rôl mae'r arolygwr cynllunio yn ei chwarae i sicrhau bod y dystiolaeth sy'n cael ei chyflwyno o ansawdd derbyniol ac nad yw'n camarwain?

**Llyr Huws Gruffydd:** Thank you for that answer. What role, therefore, does the planning inspectorate play in checking the quality of some of the evidence that is presented? You mentioned environmental considerations. Obviously, assessments are produced. I am aware, for example, of a language impact assessment in one local development plan, where I had—as someone who has worked in the field of language planning in the past—deep concerns about some of the findings emanating from that report. Can you tell me what role the planning inspector plays in ensuring that the evidence that is presented is of an acceptable quality and is not misleading?

[465] **Mr Poppleton:** If we go back a stage, you confused the 'inspector' and the 'inspectorate'. In all these circumstances, the inspector is the appointed person.

[466] **Llyr Huws Gruffydd:** Yes.

[467] **Mr Poppleton:** The inspectorate is the business that manages the process. I wanted to ensure that there is no doubt about that. The inspector will obviously read a huge amount of papers. I cannot possibly tell you what he looked at in each case. An examination takes the best part of a year. During the discussion, people who oppose each other's views will be challenging those responses. I do not have a thing about the HBF but, in this circumstance, it tends to be the usual body that challenges the figures, because it is talking about delivery, the rate of building and the build rate in past trends and so forth. It is usually the major protagonist in these events. It will question any of the evidence put forward by the local authority in that respect. At the end of the day, the inspector must come to a balanced judgment as to whether or not this evidence stacks up. Is it credible? Is there sufficient doubt to say, 'I just cannot possibly support you in that respect.'

[468] **Llyr Huws Gruffydd:** A fyddai'r arolygwr yn ymgynghori ag arbenigwyr allanol a chael cyngor gan bobl ynglŷn â'r dystiolaeth a gyflwynir, oherwydd gallech gael dau berson mewn ystafell yn dadlau yn erbyn ei gilydd ond, ar ddiwedd y dydd, mae angen, weithiau, cyngor proffesiynol, annibynnol hefyd?

**Llyr Huws Gruffydd:** Would the inspector consult with external experts and take advice from people about the evidence presented, because you could have two people in a room arguing against each other but, at the end of the day, there is sometimes a need for professional, independent advice?

[469] **Mr Poppleton:** The inspector will not draw upon any external advice. The only evidence that the inspector will draw upon is the advice that is given, examined and argued about in public. If the question is hinting at whether we have a statistical analysis group that goes through all the statistics, the answer is 'No, certainly not.'

[470] **David Rees:** We have a situation where the WLGA has concerns about the projections. You are saying that that is the starting point for the figures. Only six LDPs have gone through so far, but if a couple of those then deviate and it has been shown that their deviation is justified, does that affect the credibility of the projections? Technically, one third of what has been approved is shown not to be accurate.

[471] **Mr Poppleton:** It depends on the circumstances of the area. With the ones that have gone through, for example, it is probably not comparable to use the arguments used in the Snowdonia, Brecon Beacons and Pembrokeshire national parks. You could not use those environmental reasons for Wrexham and measure by the same standard, as it were, because other matters might be involved. There might be different migration and build rates. One might not expect such high build rates in the national parks as you would in other areas—in the Swanses, the Cardiffs and the Newports. I do not think that you could say that just because they varied, for justifiable reasons, in the national parks, for example, that the projections generally are wrong.

[472] **David Rees:** I understand that point, but I would have thought that those considerations would have been taken into account in producing the projections in the first place.

[473] **Mr Poppleton:** The projections are to do with trends of birth rates, mortality, migration and so forth. ‘Planning Policy Wales’ says that those are the starting points from which a departure may be justified, taking into account, for example, environmental reasons, local economic reasons and so forth. So, the figures are there as a starting point. Then, if you like, you apply them with regard to those other factors in terms of whether or not the quantum is appropriate and how you allocate within the area. Normally, most of the issues coming up at the LDP inquiry are to do with how you allocate the sites and how you expect the sites to be delivered over the 15-year planned period. That is usually where the arguments rest, rather than on the figures themselves.

[474] **David Rees:** When they came to us, local government representatives highlighted issues other than just some of those calculations, including, for example, the welfare reform issues that are coming forward now and the implications of those on housing and the need for housing. These things are not taken into consideration when you produce projections. So, technically, any local authority could make a major change to the projections based upon policies that governments are actually implementing.

[475] **Mr Poppleton:** PINS does not generate the figures itself, so I am not sure what components and assumptions go into those calculations in the first instance. The inspectors look at how those figures could be applied locally and what the implications are, and they will take evidence from various parties to answer that question.

[476] **William Powell:** I would like to ask a question around the level of reliance that you would suggest is good practice on windfall sites within a particular local development plan. I know that no two authorities are the same but, nevertheless, deliverability is almost certainly one of the key issues to look at. Would you have any guidance for us as to the level of reliance within a planned period on windfall sites in order to achieve the housing development that is necessary?

[477] **Mr Poppleton:** The principles that normally go with windfall sites are to do with trends and delivery. The questions that the inspector will ask are, ‘If you are suggesting this number of windfall sites, what is the basis for coming to that figure over the last so many years?’, and you then provide the evidence. ‘Through the normal system, so many sites have come forward, so why are you now saying it will be something else?’ if there is a departure. The other problem with windfalls is the delivery end. It is all very well to say that we have these brownfield sites, but how does that tie in with bodies like Dŵr Cymru in terms of their capital investment programme, which probably does not—

[478] **William Powell:** That relates to my next question.

[479] **Mr Poppleton:** It does not necessarily align. So, for example, you could say, 'Over the 15-year period, we will have sufficient sites'. However, those windfall sites probably will not turn up until years 7, 8 or 9, rather than in the first five years. So, there is an issue there. Those are the sorts of questions that the inspector will want answered.

[480] In terms of the proportion, it will vary in each area. What about Rhondda Cynon Taf, Richard? Did it have a high windfall or something? Perhaps Richard could elaborate.

[481] **Mr Jenkins:** In terms of windfall, the sort of evidence that you would need would be based on previous trends and previous delivery rates. That would be a starting point for providing evidence for a level of windfall development.

[482] **Mr Poppleton:** I do not think that we have any examples of where it has been particularly high or low.

[483] **Mr Jenkins:** The only example that I can think of is Cardiff's plan, and that was eventually withdrawn. A high level of windfall was expected, and that was based on previous trends of flatted developments. However, that was a unique case, and it does not apply to the rest of Wales.

[484] **William Powell:** I would like to make a couple of additional points, if I may. Some concerns have been raised with me about one or two practices concerning currently live LDP inquiries—I shall not specify where they might be. One of them relates to the arrangements for the recording of proceedings at hearings, so that there is an accurate and definitive record. I do not know what the general practice is, but issues that have reached me suggest that there may be a very partial noting, relying on the multitasking skills of the particular inspector and whatever support he or she might have. It is nonetheless a matter of great concern, particularly to those people who put a lot of store by their own day in court, so to speak, and it is an issue that I would welcome your thoughts on.

[485] **Mr Poppleton:** There is not a scribe writing down every word, and it is not recorded. The only occasions in my 23 years as an inspector when that has happened were in the old examination in public for the structure plan processes, at which somebody would be tapping away as I spoke, to produce a verbatim report. However, I am not sure that anybody ever read the results. When terminal 5 was going on, that was done, but it is very rare and it does not normally happen.

[486] The notes from the sessions are published. They go on the website, and I am sure that if anybody was aggrieved by what was written there, it would get back to the inspector via the programme officer, saying, 'That's not what I said', and it would be reviewed.

[487] **William Powell:** So, there would be a mechanism to change it.

[488] **Mr Poppleton:** As I say, it is published within days of it happening. That is, the notes from the sessions.

[489] **Mr Jenkins:** The hearing sessions?

[490] **Mr Poppleton:** Yes.

[491] **Mr Jenkins:** Yes, the inspectors take their own notes.

[492] **Mr Poppleton:** Yes, but the notes of anything arising from those meetings are included, too.



[493] **Mr Jenkins:** There are quite often action points or matters arising—‘changes’, we call them—and they are recorded and cleared via the programme officer and with the agreement of the council. Then there is a schedule of matters arising changes, which are usually all published within a week of the hearing sessions.

[494] **William Powell:** That clarification is very useful, but it has been a matter of concern that such a critical process relies on one person having to multitask to such an extent, which means that it is a very demanding role.

[495] That leads me to my final question. You referred to the fact that a number of inspectors are being brought across the border from England currently, and that the same may also be required in future. What level of training or ‘conversion’ is available to such inspectors? I realise that the Town and Country Planning Act 1990 is the overarching document, but in the things that have developed since devolution, such as ‘Planning Policy Wales’ and all the rest of it, what is being done to bring the inspectors up to speed?

[496] **Mr Poppleton:** Certainly, the ones that we bring over are very experienced inspectors in the process and practice of holding inquiries and examinations. They are certainly brought up to speed on our policy—PPW, the technical advice notes and the various clarification letters that come from Welsh Government, and so forth. They are brought up to speed and are very familiar with what is happening. Then, every quarter, we have a team meeting at which matters of process will be discussed by the team. Also, to those inspectors who come over from England, my door is always open—I am sure that you know what I mean. Certainly, Richard is there all the time in the office, should something novel arise. At the end of the day, however, an inspector can rely only on the evidence coming to him or her in public; we cannot give a private briefing, as it were, because it is not within our role.

2.30 p.m.

[497] However, I have no doubt that they know the context in which they are working. In fact, some of the inspectors who have worked on some of the plans we will see again because they have been very efficient and very good. So, my first bid, going back next year, is to enquire whether so-and-so is available. Fortunately, England is similarly under pressure at the moment and is also stretched in terms of inspector resources.

[498] **Vaughan Gething:** I want to return to some of David Rees’s points on the regional dimension. David mentioned how figures in certain LDPs may affect others. So, when you look at an individual local development plan proposal, I am interested whether you take into account its regional context. We know, for example, that travel-to-work areas and housing markets do not respect local authority boundaries. We know that there is quite a wide travel-to-work area for Cardiff, Newport and Swansea, where people also travel in different directions. So, I am interested in how those different factors feed in. When you think about, for example, Caerphilly, which has been endorsed, many people in Caerphilly will travel to work in Cardiff, but some will travel in the opposite direction. However, for most people the flow is the other way. How does that affect how you then deal with the area that they suggest should be developed in their plan?

[499] **Mr Poppleton:** One test of soundness requires evidence to show that that particular local authority has had regard to the policies and plans of its neighbours. One can look for evidence that that local authority has regard to its neighbours, but co-operation between authorities does not always exist. What does ‘duty to co-operate’ actually mean? Who are we punishing if the plan comes forward and the other local authority will not co-operate? So, there is an issue there. On the travel-to-work patterns for Caerphilly, obviously that was an issue in terms of where development would be allocated in the Caerphilly area. On the quantum, that is another issue, which goes back to the sub-regional and regional dimension.

[500] **Vaughan Gething:** I will refer to Caerphilly again because it is helpful to have an actual example rather than a generic one. The city of Cardiff and the cities of Newport and Swansea, I imagine, will have to budget for expansions. How would the potential expansion in those areas work, where Caerphilly would be part of the Cardiff travel-to-work area? You talk about the duty to co-operate, but Cardiff does not have an updated LDP at present, so how does Caerphilly get to a point where it can have justifiable reasons for being part of Cardiff's travel-to-work area in terms of the level and nature of its housing growth, if there is an expectation that Cardiff will expand at a certain rate? How do you then judge whether Caerphilly has too much or perhaps not enough housing potential in its LDP, if it is assumed that Cardiff expands and there is more employment and a greater level of commuting from Caerphilly to Cardiff?

[501] **Mr Poppleton:** I am sure that this matter was discussed at the examination, which is going back a while because it was one of the first that came through. Did you have any involvement in that, Richard?

[502] **Mr Jenkins:** Using Caerphilly as the example, the Caerphilly planning policy officers are quite active on the south-east Wales strategic planning group meetings and while it is not a statutory body, it meets regularly. There are possibly up to 10 authorities on that group. In the past, household apportionment work has been done at that level. As Richard mentioned, the tests of soundness require regard to other plans and through these groups, there are informal workings. I would not say that there are any ongoing formal discussions, but the likes of Cardiff Council would be a key stakeholder in the consultation work that is ongoing in preparation for Caerphilly's local development plan. That would work both ways, when Cardiff is preparing its development plan.

[503] **Vaughan Gething:** On David's point again, if the pieces do not fall into place at the same time, and we know that they do not, and if there is movement between the time that one piece is set and the other comes in, then there is a potential mismatch, given that, as you recognise, the expectation to co-operate is not made real. So, on that basis, and this is my final point, the independent advisory group recommended having a regional dimension to planning at a strategic level, particularly in south-east Wales, as a matter of urgency. Is that something that you are prepared to comment on?

[504] **Mr Poppleton:** That is a matter of policy. In terms of doing the job, it might be easier. My career goes back to the time when we had counties and structure plans, and it was a matter of deciding on the cake and allocating the slices at a local planning level, as it were. I would have thought that the issue is one of the democratic legitimacy of whatever decisions are made. That is the crux of the matter. That is what John Davies was hinting at in the independent advisory group's report, namely the hot spots or the city regions of Cardiff, Swansea bay and possibly the Dee up there. Those seem to be areas where there might be useful consideration of how you decide how big the cake is and where the general thrust of development will go.

[505] The Wales spatial plan is there, but it does not have figures in it, as such. It is an aspirational document. The local development plans must have regard to it, but it does not carve the cake up to say 'This area is going to grow by so much over the next period of time and this is where the national infrastructure will go to facilitate that and this is where the economic growth will go to support that'. It does not give as much of that helpful dimension as it might do.

[506] **Vaughan Gething:** That is helpful. I am conscious of the fact that you cannot intrude too far into policy areas.

[507] **Mr Poppleton:** All I can say is that I do not disagree wholly with what is in the independent advisory group report, which is in public.

[508] **Llyr Huws Gruffydd:** Rwyf yn ymwybodol ein bod yn rhedeg dros amser, felly cyfyngaf fy hun i un cwestiwn yn dilyn y cwestiwn ynglŷn â'r ystyriaethau rhanbarthol. A yw'r ystyriaethau hynny yn wahanol mewn unrhyw ffordd pan rydym yn sôn am siroedd sy'n ffinio â Lloegr? A oes unrhyw ffactorau ychwanegol yr ydych yn eu cymryd i ystyriaeth neu rai nad ydych yn eu cymryd i ystyriaeth, oherwydd ein bod yn sôn am ranbarthau sy'n cynnwys siroedd ar draws y ffin?

**Llyr Huws Gruffydd:** I am aware that we are running over time, so I will confine myself to one question, following on from the question about regional considerations. Are those considerations different in any way when we are talking about counties that border England? Are there any additional factors that you take into account or some that you do not take into account, because we are talking about areas that include counties over the border?

[509] **Mr Poppleton:** Such as Wrexham.

[510] **Llyr Huws Gruffydd:** Yes, and Powys and Monmouthshire.

[511] **Mr Poppleton:** The issue was of concern in the case of Wrexham. Inter-country migration—

[512] **Llyr Huws Gruffydd:** I was trying not to make it—

[513] **Mr Poppleton:** No, but that was at the forefront of the issue. The situation there is confused by the proposed revocation of the regional spatial strategies in England and the development plans in the Cheshire area, which are based on different projections.

[514] **Llyr Huws Gruffydd:** There is also the reluctance of west Cheshire and Chester to build on greenfield sites, meaning that the overspill comes in to Wrexham. Would you accept that as a necessity, or is that something that you would be happy for the authority to challenge?

[515] **Mr Poppleton:** It will be a factor that goes into the equation. The inspector would—

[516] **Llyr Huws Gruffydd:** What does that mean? That is what I am trying to grapple with.

[517] **Mr Poppleton:** I cannot say that it will be solved. The inspector will accept that as an argument. The plan has not been submitted yet, so I do not know what the plan is.

[518] **Llyr Huws Gruffydd:** Let us take Wrexham out of the equation; what does it mean in general?

[519] **Mr Poppleton:** Cross-border issues are likely to be a factor that comes into the equation. To move away from housing for a moment, take some of the infrastructure issues, for example; where do you put the massive waste plant to deal with all these houses either side of the border? Take waste, for example: there has to be a critical mass—a number of people or generators of waste—before it becomes worth building a big plant. The plant serving Newport and Monmouthshire may be on this side of the border, but it may be more appropriate, because the market is saying 'We want to build in Bristol, Gloucestershire as well', to push it over that side of the border. It will be part of the equation that those authorities either side of the border, or around there, will have regard to, because at the end of the day somebody will have to provide this. Going back to Caerphilly, for example, one of the

issues there was the waste, and the fact that that was going to be supported from outside the area. If I remember rightly, the evidence brought forward included the contract details that showed that the issue had been addressed and that the service would be provided by a company in that area.

[520] **Llyr Huws Gruffydd:** For the purposes of our inquiry, which is looking specifically at the housing levels and household projections, how does that play out?

[521] **Mr Poppleton:** You must have regard to journeys to work and the movement of people. It may be part of the evidence base to say, 'This is what is happening'. Offa's Dyke is there, but people cross the border.

[522] **Llyr Huws Gruffydd:** Absolutely.

[523] **Mr Poppleton:** There is a huge amount of cross-border movement, particularly in the Mold and Dee area. It is part of the argument that the inspector will be confronted with. He will ask whether the figure, whatever it is, can be justified. There may be a factor that justifies it, but other parties might say that that does not work. Fortunately, the inspector will be in the position of having to balance those competing arguments. I cannot say 'This is the solution' in all cases. Each case will depend on the merits and the quality of the evidence being brought forward.

[524] **Lord Elis-Thomas:** David Rees has the next question.

[525] Yna, yn olaf, efallai, bydd cwestiwn gan Keith Davies. Then, perhaps, finally, there will be a question from Keith Davies.

[526] **David Rees:** One of the other issues raised by the local government representatives related to plans submitted to the inspectorate. You say that your job starts when plans are submitted, but which set of projections do you look at? It is feared that projections may come out just after plans have been submitted. How do you balance that?

[527] **Mr Poppleton:** Timing is always difficult. The 2013 figures are the ones coming forward. The figures are not a surprise, usually. They have been generated over some period of time and the Welsh Government and local authorities are in communication and they will know that it looks as though they are going in a particular direction. Therefore, we would be looking at what flexibility there is in a plan to take into account any changes in demographics over this 15-year period. It cannot be a precise calculation. There must always be an allowance for slippage and for a change in circumstances, and projections may well be one of them. For example, if a major new investment or a new company is coming to an area, then that would generate more development than was originally envisaged. Therefore, one would hope that the plan was sufficiently flexible to say, 'We can still accommodate it'. We look for some allowance to respond to projections as they come forward. Are we seeing the ones coming through at the moment for 2013? I was thinking of Monmouthshire.

[528] **Mr Jenkins:** No.

[529] **Mr Poppleton:** I would have thought that there will be an issue with Monmouthshire because its plan has just been submitted. The new statistics will be coming through in the autumn. I am not party to that examination—I do not know the details—but one would expect the plan to have some way of ensuring that if the projections go a certain way they can be accommodated by sufficient flexibility in the allocations to respond to the new challenges.

[530] **Mr Jenkins:** One of the important points to make in relation to the test of soundness is that the plan needs to be flexible enough to respond to changing circumstances. Therefore,

fresh projections provided at the point of submission are an inconvenience, but I would imagine that there would be a requirement for the local planning authorities to consider those revised projections and address them. That happened with Cardiff's first submission—new projections were provided, in relation to the 2008-based projections, I think. They came out at around the same time as the plan was submitted. As it so happened in that case, the projections were very close to what Cardiff was providing in any case. That is an example of where a local authority has, in the past, taken on board fresh projections at a late stage.

[531] **Mr Poppleton:** The inspector, having seen the new projections if they are provided during the course of the examination, will ask the local authority how it is responding to that in its plan, and if it is not, what it is going to do about it. The projections must be sound when the inspector conducts the examination; they should not be the projections of the previous six or 12 months.

2.45 p.m.

[532] **David Rees:** How long does an examination take? You mentioned that Monmouthshire's submission is in now and that you will have the revised figures later in the year.

[533] **Mr Poppleton:** The normal expectation is within a year of submission. The examination itself is some way into that, because there might be several months of ploughing through the written evidence before a series of agendas can be set up, which are the oral interrogations, as it were. Once the oral sessions are finished, there will be several months for the inspector to write the report. The whole thing should be completed within a year. Obviously, if there is a major problem during the course of the examination, there is the option of suspending, stopping the clock, so that more evidence can be brought forward to address matters that have been raised by parties to the examination. That has happened on a number of occasions.

[534] **Lord Elis-Thomas:** We had an interesting discussion with Monmouthshire earlier in this inquiry.

[535] **Keith Davies:** Bûm yn edrych ar ffigurau a gefais gan ryw adran o'r Cynulliad a oedd yn dangos y bydd y twf yn y boblogaeth dros y 15 mlynedd nesaf yn fwy yng Nghaerdydd nag yn unman arall. Cefais fy synnu i weld mai sir Gâr oedd yn ail. Edrychais ar ffigur sir Gâr a gwelais fod y ffigurwr am blant ysgol yn cynyddu gan tua 3,000 a bod y ffigurwr ar gyfer pobl dros 65 oed yn cynyddu gan 30,000. Gofynnais y cwestiwn hwn i mi fy hun: a yw pobl yn byw'n hirach yn sir Gâr neu a yw pobl yn symud mewn i sir Gâr? Nid wyf yn gwybod yr ateb. Rhaid wedyn edrych ar y nifer o dai sydd eu hangen arnom. Rydym newydd gael canlyniadau'r cyfrifiad, a byddwn yn deddfu ar gynllunio. Mae rhai ohonom yn gobeithio y bydd yr iaith yn cael ei chynnwys yn hynny o beth, oherwydd o'r 10 cymuned sydd bellach â llai na 70% o siaradwyr Cymraeg, mae cwpwl ohonynt yn sir Gâr.

**Keith Davies:** I have been looking at figures that I received from an Assembly department showing that the population growth over the next 15 years will be more in Cardiff than anywhere else. However, I was surprised to see that Carmarthenshire was in second place. I looked at the Carmarthenshire figure and I saw that the figure for schoolchildren will increase by about 3,000 and that the figure for people over 65 will increase by 30,000. I asked myself this question: are people living longer in Carmarthenshire or are people moving into Carmarthenshire? I do not know the answer. We must then look at the number of houses that will be needed. We have just had the census results, and we will be legislating on planning. Some of us hope that the language will come into that, because of the 10 communities that now have less than 70% of Welsh speakers, a couple of them are in Carmarthenshire.

[536] Bydd cynllun Caerfyrddin yn dod i mewn yn y tymor hwn, cyn y Pasg siŵr o fod. Efallai y byddwch yn gwybod, ond mae trafferthion mawr wedi bod yn ardal Llanelli. Mae Dŵr Cymru wedi gwario miloedd yno ac mae Asiantaeth yr Amgylchedd wedi bod yn gwneud gwaith ar amddiffyn rhag llifogydd gan ddilyn nodyn cyngor technegol 15. Bydd yr holl bethau hynny yn cael eu cynnwys yng nghynllun Caerfyrddin. Faint o bwysau a fydd hynny'n rhoi arnoch i dderbyn neu wrthod? Mae llifogydd yn fater mawr sy'n mynd i effeithio ar Gymru gyfan. O'r hyn a ddeallaf, y cyfan y gall Asiantaeth yr Amgylchedd ei wneud yw beirniadu—ni fydd yn rhan o'r Ddeddf. Ai chi, yn y pen draw, sy'n penderfynu?

The Carmarthenshire plan will come in this term, probably before Easter. You may know, but there have been great difficulties in the Llanelli area. Welsh Water has spent thousands there and the Environment Agency has been carrying out work on flood protection, following technical advice note 15. All of those factors will be included in the Carmarthen plan. How much pressure will that put on you to accept or reject? Flooding is a major issue that will affect the whole of Wales. From what I understand, all that the Environment Agency can do is criticise or make determinations—it will not be part of the legislation. Is it you, ultimately, who will be making the decision?

[537] **Mr Poppleton:** As to whether a development takes place or not?

[538] **Keith Davies:** Yes.

[539] **Mr Poppleton:** Any decisions that inspectors make, be it on the local development plan or on a planning application, will have regard to TAN 15. We will go through the tests and have regard to the evidence from the EA and Dŵr Cymru, for example, on places with problems, such as the Burry inlet.

[540] **Keith Davies:** We have had a huge petition on the Burry inlet.

[541] **Mr Poppleton:** Going back to Cardiff for a moment, one of the issues last time, when it first came in, was not so much the figures—the quantum—but how it was going to be delivered, and flood land was an issue. If you are going to rely on brownfield sites, you must bear in mind that some of them are floodable; regard must be given to TAN 15, development advice maps and so forth. So, that question was raised. I am not saying that that is going to be an issue in Carmarthenshire, but we have raised the same sorts of questions. If you are going to have allocations to meet these projections, whatever they may be, can you actually deliver them in accordance with national policy, for example having regard to flooding? That might affect the quantum and the environmental considerations—the variance that we talked about initially—and it will certainly influence the distribution and the nature of the development. It may be that a different sort of development is necessary. So, those sorts of questions will be raised at the planning application stage. The issues of flooding, sewerage, water supply and so forth are usually raised in most planning applications and appeals in the Carmarthenshire area, around Llanelli and—

[542] **Keith Davies:** Stradey Park? I was there for two days. [*Laughter.*]

[543] **Mr Poppleton:** Yes. [*Laughter.*] Certainly, there is an issue there. Flooding is one of the considerations that goes into the examination, and it will influence quantum, distribution and delivery. It cannot help but do those things.

[544] **Keith Davies:** What happens with this planning Bill that is coming through? Some of us want the language element to be put in, so if—

[545] **Mr Poppleton:** Sorry, what was that?

[546] **Keith Davies:** There is a new planning Bill—

[547] **Mr Poppleton:** Yes.

[548] **Keith Davies:** The planning committee in Carmarthenshire has already turned down a development because it will affect the Welsh language. That could become law shortly—maybe, I do not know.

[549] **Lord Elis-Thomas:** We are getting into the realm of speculation.

[550] **Mr Poppleton:** Thank you, Chairman. [*Laughter.*] I do not want to prejudice any future planning Bill.

[551] **Lord Elis-Thomas:** I have always wanted to look after the back of planning inspectors.

[552] **Mr Poppleton:** Thank you.

[553] **Lord Elis-Thomas:** We are very grateful to you for the time that you have given us. The planning Bill has been mentioned, and this exercise that we are undertaking at the moment, looking at this area of administrative law in relation to the planning system, is very much part of our learning curve as we come to legislate effectively, hopefully. We are very grateful to you. Diolch yn fawr.

[554] **Mr Poppleton:** Thank you very much for the opportunity to speak to you.

2.53 p.m

**Cynlluniau Datblygu Lleol a Ffigurau Poblogaeth/Aelwydydd: Tystiolaeth gan  
Swyddogion Llywodraeth Cymru  
Local Development Plans and Population/Household Numbers: Evidence from  
Welsh Government Officials**

[555] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr i chi am ddod i gyfrannu i'n hymchwiliad ar amcanestyniadau poblogaeth o ran cynllunio. Mae'n debyg eich bod wedi clywed peth o dystiolaeth cyfarwyddwr Arolygiaeth Gynllunio Cymru yn gynharach. Mae'n amlwg bod pwyslais ar sicrhau y bydd yr amcanestyniadau y mae Llywodraeth Cymru wedi'u paratoi ar ddechrau'r broses, cyn iddynt gael eu hystyried gan yr awdurdodau cynllunio, yn rhai cadarn a chredadwy, o ran y dystiolaeth sydd yn sail i'r amcanestyniadau. A allwch ddisgrifio i ni sut mae Llywodraeth Cymru, o ran eich gwaith chi fel swyddogion, yn darparu'r ystadegau hynny ar ddechrau'r broses?

**Lord Elis-Thomas:** Thank you very much for joining us and for contributing to our inquiry into population projections in terms of planning. You may well have heard some of the evidence provided by the director of Planning Inspectorate Wales a little earlier. It is clear that there is an emphasis on ensuring that the projections prepared by the Welsh Government at the beginning of the process, before they are considered by the planning authorities, are robust and credible in terms of the evidence that provides the foundation for those projections. Could you describe for us how the Welsh Government, in terms of your work as officials, provides those statistics at the start of the process?

[556] **Ms Leake:** Good afternoon, everybody. I am Sue Leake; I head the statistical analysis team within the Welsh Government, which deals with population and census demography information. So, we are responsible for putting together the population projections and the household projections. The way in which we do it is guided by codes of

practice on official statistics. These statistics have been judged by the UK Statistics Authority and found to meet those sorts of codes of practice. By saying that, the authority is saying that the statistics are put together with sound methodology, impartially and objectively, and in the interests of the wide range of users who need to have that information.

[557] We recognise a wide range of users for population and household projections; not just local planning authorities, but other planners and people who are looking at demography, the ageing of the population and what we need to be thinking about for the future. So, there is a wide range of users. In coming to conclusions about the methodology for putting the information together and to derive the projections, we take account of user need and of a number of technical advice groups. You will see from the paper that, in drawing together the 2006 and 2008-based local authority projections, we had a number of technical advice groups—one for the population projections and one for the household projections—that included people who had expertise to talk through the methodology and come to a conclusion about the best methodology to use. Some of that will come from what we know that other people are doing, such as the Office for National Statistics and the way in which it develops its wider sub-national or national population projections, and some of it will be down to what we believe fits the situation here.

[558] We take some advice from those who have expertise in this; they are not all representative of all local authorities and it is for the statisticians and the chief statistician in the Welsh Government to make the decisions on the methodology. We have produced trend-based projections, so they take account of what has happened in the period up to when the projections are developed, and that is the best information that we have on recent evidence prior to the projections being put forward. So, that was an opener to give you an idea.

[559] **Mr Newey:** From the planning perspective, paragraph 9.2.2 of ‘Planning Policy Wales’ sets out the latest projections, which form the starting point when preparing a local development plan. The reason that it is a starting point is that this is not a precise science and, as my colleague has said, these are trend-based projections. If it was a precise science, ‘Planning Policy Wales’ could say, ‘thou shalt provide x’, but we acknowledge that that is not the case, which is why it is phrased in the way that it is. The previous paragraph, 9.2.1, gives examples of some of the reasons that an authority might wish to deviate, but it is not an exhaustive list and there may be more. It comes down to what is robust and credible evidence if you deviate from our projections. You can draw analogies: for example, if you go to your bank manager and ask for some money, he might well ask what you are going to spend it on and when you are going to pay it back; that gives him a credible story about what you are going to use it for and how you are going to pay back the money.

[560] **Lord Elis-Thomas:** I thought that he checked on the computer.

[561] **Mr Newey:** These days, he might not give you the money. However, that is the point about robust and credible evidence: how an authority explains why it has gone with those projections, or why it has deviated. It is having a quality piece of evidence to support that.

[562] To give some examples: Cardiff Council, moving forward with its LDP, has engaged Dr Boden from Edge Analytics to do some work, and Denbighshire County Council has employed a statistician from Conwy to help it support its projections for growth. So, there are good examples of where that has happened; unfortunately, there are one or two where it has not happened as well as one would have hoped, but it is about the quality of the evidence and just explaining what it means in a logical and rational way.

3.00 p.m.

[563] One other point to make is that, from the Welsh Government’s point of view, we



want to see LDPs adopted. In our role as a statutory consultee, we may appear to ask awkward questions to authorities, but we ask probing questions because they will be the ones that will be asked. The reason for asking them, hopefully as early as possible, is to work with authorities to explain the answers in a credible way, with evidence that will get their plan through. That is one of my key roles. A couple of the team members are here. We have a limited team in the Welsh Government and we have a couple in the Llandudno office. We try to work with authorities to try to build that relationship, to get the evidence there, to get plans through the system.

[564] **David Rees:** I have a couple of points on the methodology to start. You say that you are using trends, and I understand that. However, I understand that you are using five-year trends, but LDPs are for 15 years. So, I wonder where the imbalance is there. Do your analyses look at not just trends, but policy issues, because Government policies have different impacts upon it? Take student fees, for example: a lot more students are staying at home, all of a sudden, or stay in their local areas. Are those policy issues also being taken into consideration in your projections?

[565] **Ms Leake:** I will just start with the question on policy, if I can. No; they are not. We say quite clearly that the way in which these projections are put together is not policy based. They are not intended to be policy based. They are based on the trends of what has happened up to the point in time when we undertake the projection round. The difficulty is always with anticipating what might happen in the next 15 years, I guess. We do not know now some of the decisions that might be taken over some of the issues that might affect migration in the next few years, for instance. We are not able to build that in to the projection work that we do, and we make quite clear that we have not built that in. There are also decisions that might be taken at a local level that might have an effect on what will happen at a local area level. We are not in the position of doing that. That is why we say that it is something that you start with, and we provide them with information, the base data, and the software for them to be able to look at some alternative scenarios if they so wish. So, that is the answer on policy.

[566] You asked an interesting question on the five-year trends. We know that a number of authorities have looked at the difference that it might make if you did not use the last five years. So, the last set of projections, which are 2008 based, took into account the period of 2003 to 2008. We now know, with hindsight, that that was a slightly unusual period in terms of migration because of the accession of countries to Europe, and that perhaps the pattern has changed since the 2008 projections were published. I say 'perhaps', given what we might know about migration now. However, we were not able to take that into account in the 2008-based projections because we did not know what would happen in the future. The five-year period is a balance, I guess. We have had these sorts of discussions in the technical group, and we will go on to review how the assumptions are made again for the next round of projections that are due out later this year. We will look at those assumptions and the issue of whether that period is an appropriate period again. There is a balance with taking into account the more recent things that are actually happening; so, for instance, if something does happen as a result of student fees, you may want to think about whether that is reflected in the next set. You might want to know about something that has happened most recently that you want to take into account. If you have a very long period, you might not want to take much account of changing patterns. So, it is a balance and a decision that is taken. We have had some conversations about it and we are already starting to look at the impact of using seven or 10 years if we do it the next time.

[567] **David Rees:** Not looking at policy projections, but at in-year trend analysis, do you look at policy implications? As I said, there will be some implications when policies have been clicked in. I refer to the implications that they have on your calculations and on your trend-analysis projections.

[568] **Mr Newey:** The predictions are trend based. When authorities prepare their plans, there are several key things: one is that when you prepare an LDP, it is not just about providing houses for a set number; it is about delivering a plan that deals with all the issues and local circumstances in that particular patch to get you from where you are now to what you wish to achieve. That can include a policy shift and one example could be Merthyr Tydfil, which has quite an aspirational plan: it is looking for more houses and more jobs than it has in the past, because it wishes to see regeneration and to turn around from being what it perceives as an authority that is not performing that well and that has a lot more potential. So, its plan was based on more of a policy approach, which went ahead of our projections. The key thing in its examination was to distinguish between what our trend-based projections said and its policy-based approach. I know that, previously, Ceredigion mentioned its policy-neutral approach, but it is about how the policy applies to the plan, and that may be the same as the projections, or it may differ, and that is a valid reason for doing it, as long as it is robust, credible and backed up by evidence.

[569] **David Rees:** For clarification, what if it was my authority that used trend analysis for its projections, but the trend analysis had not included the fact that we had been made a centre for inward migration, so we saw a larger increase and, therefore, the trend analysis would indicate, ‘Your percentage of increase is x, so we expect you to do x again’? Are you saying that it is up to the authority to say, ‘This happened because of that’? Is it for the authority to justify why it does not expect to see the same increase, because something happened as a consequence of a policy, or will it be your projections that will make that change?

[570] **Mr Newey:** The projections that we issue—correct me if I am wrong—are trend based, so whatever has happened in the past will/could be replicated in the future, based on whatever time period we are looking at. If an authority experiences inward migration, there are issues about how it could control that or not that may need to be explored, but if that authority wishes to take a different course of action on a policy approach, it can do so, provided that it can back it up with the rationale and evidence for doing that. That is the point of the examinations: it is to understand the evidence to support that change and to ensure that it is robust and credible, which rolls easily off the tongue, but is about showing what you can do and justifying it in front of an independent inspector. There are many people around the table at an examination—I feel that we are in one now; I have done 12 so far—and they will probably have different or similar, but slightly different, views on the same topic. The examination is about how to meld all those together and work out which is the best one for the authority based on the best evidence. The authority has its own view, and it may well take a policy-based approach. What some authorities find difficult to do, if the evidence suggests that there may be the potential for growth, is to provide for a museum society, if I can put it that way, or vice versa. It is about looking at the evidence, seeing where that indicates that the pressures may be and asking if you wish to do something differently, what controls you could have on it, how you can justify that and what is the credibility of the evidence to support that to achieve that outcome.

[571] **David Rees:** We all have the same view, that we want to achieve the best LDPs for all our authorities, but the question is how we get there. How do authorities get support to get there and on understanding the calculations and figures as well?

[572] **Mr Newey:** Again, it is something that you will probably have touched on; it is the quality of the technical expertise that the authority has. We need to remember that this is a statutory plan and there is a duty on local planning authorities to produce it. Therefore, if you have a statutory duty, you know what the scope and remit of the plan is, and in the 2004 Act, there is a reference to keeping the population demography under review. So, it is clearly set out in one instance—there are many others—what the remit for that authority is. It is a statutory duty, so you make sure that you align resources to deliver on that. If you feel that you need to do extra work to deviate from our projections, you would, presumably, account

for those resources and put that work in train.

[573] **Ms Leake:** We generally produce projections once every couple of years and, between those, information will come out about the population. There might be information about the impact of certain policies in your local area, so, for instance, on higher education students or something like that; in a local area, that might have quite an impact. The local authority should be able to get access to that kind of information that is coming out during that period and it should be able to use that, if it needs to, as part of the evidence.

[574] **David Rees:** Out of curiosity, obviously, as you say, every three years or so you do your—I think that it is every two years you do your five-year projections. Do you actually do seven-year, since you have five-year projections, so that you just add how the extra two years have an impact and, therefore, do seven-year projections as well, just to have a comparison?

[575] **Ms Leake:** Can you say that again?

[576] **David Rees:** Do you actually do a seven-year trend analysis, since you have five years? Do you have a look and ask, ‘What is the seven-year trend as well’?

[577] **Ms Leake:** We will do that ahead of the next set of projections, because we have already started that work with the technical advice group, which we have re-established now in order to start looking at those issues ahead of the next set of projections. We do not yet have all the data that we need from the 2011 census, and we need to wait for some of that detailed information from the 2011 census before we can really start the projection round, but we have already started looking at the old set of projections and the impact it would have had had we used a different number of years in the trends.

[578] **Mr Newey:** As I said, having been through this 12 times, we have looked at five years, seven years and 10 years, and some authorities have actually gone down the route of producing 10-year projections, which, uncannily, did not support their approach, which gave greater support to the five-year projections. That was the case in Wrexham. The examination process enables that discussion to take place, and, if an authority chooses to have a longer period of time, and it can show that it can influence that and what the implication is for the plan, then that is another piece of evidence that can come forward.

[579] **Ms Leake:** We also need to make a decision about a methodology that is consistent across all local authorities, so we are not going to say, ‘We will be taking into account 10 years in this area and five years in this area’; what we need to do is make a decision that is reasonable and based on what we understand to be the issues about what has happened over particular things—we are talking about fertility, mortality and migration, and often migration is the thing that makes quite a bit of impact. What do we know about the impact of choosing a different period? What effect will that have? We will not be doing it in terms of it making this particular one go up, or this particular one go down; we are looking at what is the reasonable approach to take so that we have a consistent methodology across all the local authorities.

[580] **David Rees:** One final point on this: on the trend analysis, do you actually look at neighbouring authorities to see whether it has changed a trend in that authority, and whether it has had an impact upon the neighbouring authority as a consequence to see what trends are happening alongside each other? When we had the authorities in, we had Caerphilly, which had already submitted theirs, and Monmouthshire, which was not too far away, and they were talking about the south-east Wales area, so clearly there will be some impact upon neighbouring authorities. Is that included in your trend analysis?

[581] **Ms Leake:** I am just looking at my colleagues—would that be included? Not really. We are just looking at what has happened in that local authority.

[582] **Mr Newey:** In terms of the examination process, one of the tests of soundness is how any plan fits with any adjoining plan or strategy, so there is that test that will be explored through the examination to understand that relationship. If, for example, there were cross-border migration moves, and trip movements, those would be explored through the examination process to get a good appreciation. As you rightly point out, that might have a bearing on the outcome.

[583] **Lord Elis-Thomas:** If some of your colleagues want to contribute, as long as we know their names, we are quite happy to have them at the table. We have done this before, have we not?

[584] **Llyr Huws Gruffydd:** I just want to refer back to the evidence paper that you have submitted to us. In paragraph 20 you refer to the Wrexham LDP, and obviously you will be aware of the comments that you make around it not being supported by any evidence whatsoever, and that there was no evidence to justify the provisions that it was seeking. There was a complete absence of evidence. You will be aware that that is something that Wrexham is refuting. I do not want to get into the ding-dong between the Welsh Government and Wrexham, but does that not go to the heart of the issue that we are grappling with here as a committee in terms of how far the Welsh Government's understanding of 'robust evidence' is from what local authorities believe that to be?

[585] **Mr Newey:** In the paper, the word 'robust' is probably missing. I am looking at paragraph 20. There was some evidence, albeit that it was extremely limited. There were specific issues at Wrexham. I do not want to go into too much detail; the inspector's report is there. There were issues with regard to Gypsy/Travellers and affordable housing, and it would appear that the council is willing to put public funds into building affordable housing rather than build on green-field sites—although I admit there is a tension there. The issue in Wrexham was that there was a relationship between Cheshire West and its plan—

[586] **Llyr Huws Gruffydd:** I do not really want to get into individual cases, because that would be to deviate from the fundamental point about what you perceive robust evidence to be. That is the issue here that we just cannot get a handle on.

[587] **Mr Newey:** In some instances, if I can put it this way, political choices are made as to what a plan should fulfil—

[588] **Llyr Huws Gruffydd:** Policy decisions?

[589] **Lord Elis-Thomas:** I think that we should hear the evidence, and then I might call on you to ask other questions.

[590] **Llyr Huws Gruffydd:** Sorry, Chair.

3.15 p.m.

[591] **Mr Newey:** Let me rephrase that. The council arrived at a conclusion on the outcome of its plan which, following public scrutiny and just under three days of oral discussions and looking at all the written evidence, could not be supported by the written evidence that the council had put forward. The idea is that the plan is a plan that the authority considers to be sound, that is the one that it submits, and one would hope that it would provide the evidence to support that. Unfortunately, in that instance, that was found not to be the case after the independent inspector had looked at it and others had made comments. So, it was a collection of comments in the round, and it was not just on housing; there were many other issues in that particular instance.

[592] **Llyr Huws Gruffydd:** What about the answer to the question I was asking? I did not particularly want to pursue Wrexham per se, but the more general point about the Government's perception of what 'robust evidence' is, and maybe the perception of some local authorities, because I think that that is the essence of what we are trying to grapple with here.

[593] **Mr Newey:** I and the rest of the team travel around Wales—I have been here for the past five years—and we converse extensively with both the officers and politicians of many local authorities to try to explain what robust evidence is. I referred to our projections being the starting point; they can deviate, and what I am saying now is something that I have said in public many times: it is about the quality of the evidence that they put forward. In a sense, it is trying to convince somebody to believe what they say based on x, y or z. If that is the case, then we in the Welsh Government do not have an issue.

[594] Where we do have an issue is when we cannot be convinced that the evidence is there. In some cases, it has been difficult for officers to provide or even conduct research into the evidence, because some councils had arrived at a conclusion from the outset—to put it politely. That is the extreme case, and I am not necessarily naming Wrexham there.

[595] **Llyr Huws Gruffydd:** No, I am sure that it does happen.

[596] **Mr Newey:** Likewise, there are others that are happy to go along with our projections, with an equally less than robust evidence base to suggest why they go along with it. In all cases, we try to get a consistent approach as to why you would think that our projections are okay for you, or, if you think that there are local circumstances that may require deviation, why that is the case. The whole point of the LDP and the examination process is to understand the reasons.

[597] **Llyr Huws Gruffydd:** Thank you for that. You might have heard me ask the representatives from the planning inspectorate about quality control around the evidence provided. They clearly stated that they do not engage with any external experts, if you like, to ensure that what is presented is correct and of a professional standard. Do you undertake those kinds of considerations?

[598] **Mr Newey:** We are a statutory consultee in the LDP process. I have been in planning for over 25 years. I have also done local plans in England, structure plans, and regional spatial strategies. Many of my colleagues have done various plans and have worked on development management as well as on LDPs. In our team, I think that we have sufficient expertise to judge in broad terms. I accept that we are not statisticians, but, for things such as the background of where evidence comes from, and conversion rates between dwellings and households—those general things—we have a good appreciation at the development plan level of what could be required for robust evidence.

[599] We also have our colleagues in-house, if we require any further technical statistical information, who we can rely on. To give an example, with regard to Denbighshire, an officer from Conwy provided some statistical information, and we did not have a problem with that. Having reviewed it, it seemed very sensible.

[600] **Llyr Huws Gruffydd:** With regard to environmental impact assessments or linguistic impact assessments, would you leave them to the planning inspector, or would you have an interest in ensuring that they are also robust?

[601] **Mr Newey:** Our role in the system is to ensure that plans align with national policy. So, where there is national policy, we ensure that it either aligns with it or, if it deviates, we

question it. Again, it could be a deviation for which there are valid reasons given in the evidence. We try to explore that and understand it, and, in many cases, there is no issue, but there will be in some cases.

[602] The onus is not on us to provide the evidence; the onus is on the authority to provide the evidence for its plan, because it is the one that it considers to be sound. There are certain legal statutes that one must comply with in European legislation, such as on the habitats regulation assessments. Authorities have to provide that information at an appropriate level anyway, otherwise, they can be challenged legally.

[603] In terms of the plan-making process, there are others who will contribute. I know that PINS made reference to the HBF. There are others—individuals, environmental groups, and interest groups—who all bring evidence to the table. What we do is to review the evidence that the council has produced to come to our assessment of whether it adheres to national policy or not. We do not comment on the totality of the plan. We try to avoid comments on policy wording, because I do not think that that is our role. Where it glaringly will not work, we try to point that out to help an authority, because it is no good an authority being left with a policy that will not implement itself. So, it is about the authority coming forward with the evidence, then we do our role and function and we do not look at everything in totality, but everything that should align with national policy.

[604] **Llyr Huws Gruffydd:** So, if there was an impact assessment that said that this development should or should not happen, would you take that at face value?

[605] **Mr Newey:** That would be something that the authority would present in its evidence to support its conclusions. We may or may not comment on that. We do not comment on everything. We do not comment on individual sites. So, if an authority provides a local development plan, we do not say that site A is better than site B; we comment on key national policy areas, not on the sites. One was put forward by an authority in north Wales. From recollection, we did not comment on that. We thought that it was for the authority to justify why it thought that that influenced its conclusions. It was a piece of evidence. We do not conduct our own research in those cases, so it would appear to us that it would be difficult to argue against it. If the onus is on the authority to provide evidence for the plan, it is its responsibility to make sure that the evidence is robust to achieve its conclusions.

[606] **Llyr Huws Gruffydd:** I am just interested in understanding under what circumstances you would challenge that type of evidence.

[607] **Mr Newey:** To give you some examples of where we have challenged, we have made reference to some authorities where there appears to be a dire need for affordable housing, which is their evidence: they have done the research, and said that there is an excessive need. One would assume, therefore, that the plan that they produce would try to maximise delivery of that need, because it is a key issue that they feel that they need to deliver on. Sometimes, we have to point out that the plan and strategy that the authority has come up with does not do that, but the opposite—it minimises the ability to deliver affordable housing. So, we pose the question ‘Why?’, because it does not ring true—the authority is saying that it is trying to do one thing, but the plan is doing something different. We try to explore those areas, that is, the logic and rationale, and try to understand the evidence as to how they arrived at their conclusion. That is why we challenge them: we challenge them on the evidence that they produce, and what they are seeking to achieve, to make sure that it aligns.

[608] **Vaughan Gething:** I want to go back to the points that I asked the Planning Inspectorate about and the points that David Rees raised about the regional element of this. You said that one of the tests of soundness is how the local development plan of an individual authority fits with neighbouring ones. I am trying to understand how wide that duty is,

because, as was said in a previous session, the travel-to-work areas and housing market areas go over several local authority borders. Travel-to-work areas are not contiguous—there is an overlap of more than one travel-to-work area. I am interested in how that is taken into account in the projections that you produce.

[609] The second point is about the reality of co-operation on the ground. As we know—I am thinking of the Cardiff and Wrexham examples—there is a lot of party politics in all of this, but, at the same time, it is not necessarily about party politics, because local authorities of the same party and of different ones will have arguments; it is normally about local politics. Given that that is happening and the inspector's polite comments—although we could see in which direction the inspector was going—in terms of the reality of co-operation on the ground, do you think that there is a need to have a greater requirement for authorities to co-operate, rather than what looks at present like an urging, rather than a requirement, to co-operate in how they deal with these really quite difficult issues about planning housing numbers?

[610] **Mr Newey:** In terms of what we say, it is a test of soundness. If there is no evidence to support that there has been collaborative working or how plans align or do not, the plan could be found to be unsound. That would be a huge risk to any authority going forward, because it may mean going back to the start again. By having a test of soundness, you should have an extremely strong case.

[611] You may be aware that local authorities in England have a duty to co-operate. I understand that that is being looked at now, because many plans that are coming forward in England are failing, because the initial plans may say that an authority is willing to co-operate with its neighbours under the duty, but others are unwilling. So, it is being found that a duty to co-operate does not to work.

[612] **Vaughan Gething:** That is my point. Think about Cardiff, Caerphilly and other areas around them, such as the Vale of Glamorgan and others that are still going where they go. If other authorities that have passed the plan say, 'We've got our numbers and we can't do anything else', what happens to the authority that is trying to piece together an LDP? It could happen anywhere across the country, where an authority says, 'We've tried, but it isn't us, so our plan must be sound'. I do not quite understand how that fits in and how you can get an agreement on numbers that makes sense, because you either have an under-supply or an over-supply.

[613] **Mr Newey:** In plan-making terms, never in the history of plan making in Wales or England have all plans been aligned for a variety of reasons. That would be a lovely panacea to achieve and I am sure that we will probably never achieve it. So, we are where we are. I do not think that that has a bearing on how plans can come forward. Using Cardiff as an example, I am sure that you are aware of its collaborative working report because it is on the council's website, but that report shows how Cardiff has engaged with all authorities in south east Wales. My colleague from the Planning Inspectorate mentioned the South East Wales Strategic Planning Group, but there is also the South East Wales Transport Alliance, which is the transport forum and the South East Wales Economic Forum. There are other fora replicated in both west and north Wales that cover minerals, Gypsy/Travellers and many wide issues. So, a lot of collaborative working is going on.

[614] Another example of such work is the Simpson review that encourages authorities to work together, and it is having a bearing. That is an important part of preparing an LDP, and I know that we are talking about numbers and possibly houses here, but it is also about a lot of other things, for example, places and how people live their lives. That is why I made my comment at the beginning—that this is about plan making and place making in its entirety. Therefore, it is important that we understand about commuting flows, travel-to-work patterns,

environmental issues, issues relating to the Welsh language and culture and the potential effects, or not, on those, and how you control, or do not control, migration and what effect that may have.

[615] Looking in the round at many of these issues, many are difficult for local authorities to tackle because they are difficult decisions to make in themselves. Whenever you allocate land for development, someone somewhere will probably not be best pleased. Some may be pleased and some may not be pleased. This is about trying to get a consensus and understand the issues as part of the LDP examination process. Through the test of soundness, an inspector will explore how authorities have done that.

[616] **Vaughan Gething:** So, do you disagree with the suggestion from the independent advisory group that there should be a strategic level of planning in south-east Wales as a matter of urgency?

[617] **Mr Newey:** No, that is not what I said.

[618] **Vaughan Gething:** I know; that is why I asked the question.

[619] **Mr Newey:** There are different reasons. As you are aware, a White Paper will be produced by the Minister later this year that will look at a wide range of options in terms of how things can move forward beyond what we currently have. That may be on a regional level, but it may not be. Many options may be contained within it. I know that others have brought forward issues about how we work together and how that has worked well and not so well. So, I cannot speculate on what the outcome will be. It would appear that the independent advisory group had evidence to support a regional approach, but what that may be and what shape that takes lies open.

[620] A key question to remember is that we are living in a world that changes daily. We cannot wait for what will happen tomorrow or next week. For Cardiff, it will be important to move forward now rather than wait and decant things. Planning is about using local planning authorities' facilitators to deliver what we wish to achieve, and it is about using the market. It is also about ensuring that we capture everything, including an investment opportunity for any part of Wales, and for Wales in its totality, to ensure that we continue to move forward positively and to give a positive message in order to encapsulate the best that we can from everything.

[621] **Lord Elis-Thomas:** You would not be surprised if I were to speculate that it is unlikely that we will end this decade with 22 plus three planning authorities in Wales.

[622] **Mr Newey:** I am not sure that I can comment on the number of planning authorities that may or may not be at the end of the decade. You could look at this as two separate issues. One question could be about the number of planning authorities, which may be for others to determine. Another question is how we plan for whatever number we have—whether we have the same as we have now or a reduced number, whatever that may be and from whatever source. The key point is that we have a process in place, hopefully through the White Paper, which embodies all of those options and which will work for all of them and deliver what we want in a plan-led system.

[623] **Lord Elis-Thomas:** The terms 'robust' and 'credible' will still be with us.

[624] **Mr Newey:** They will still be essential because, as you appreciate, as I sit around the table here, I am hopefully giving you answers that are robust and credible. I am sure that if I did not, then you would probably crucify me. It is about the whole process.



[625] **Llyr Huws Gruffydd:** In considering this issue in our last session, we heard evidence from an officer in Monmouthshire County Council who expressed some frustration at being able to see potential land for development on the eastern bank of the Severn around particular conurbations that was not being developed because of a reluctance from local planning authorities on that side of the border. This was, therefore, putting more pressure on his authority to meet that need. I am interested to know whether the Welsh Government is engaging in any way with either the UK Government or with English planning authorities to look at some of those cross-border issues.

3.30 p.m.

[626] **Mr Newey:** In terms of LDPs, the onus is on the local planning authority to bring forward its plan. My colleague from Monmouthshire has a discussion with adjoining authorities in the Forest of Dean and Herefordshire. Wrexham is actively involved with Cheshire and Cheshire West, so there are those local connections going on.

[627] We have a devolved planning system in Wales that is different to that of England, albeit subtly in some cases. We had regional spatial strategies in England on which I worked for three years in the south-west; I will not go into the merits or not of how excellent they are. However, they were revoked and a White Paper is coming forward that may introduce a tier of regional planning. We have to be careful that we do not make the system more complicated. It should be as simple and as clear to use as possible. We have to make sure that whatever we do aligns with or can interact with England. We can still have a different system, and it is important that we have something that works for us. In England, they appear to be moving more towards a local development plan approach; they used to have a core strategy and development plan documents, but they appear to have merged them into one, so hopefully they have learnt from what we have done in Wales, namely that a single plan can work.

[628] It is important that we have those dialogues, which will be part of the discussions and questions in the White Paper as to how we interact in the future.

[629] **Lord Elis-Thomas:** We are very grateful to you, and you will realise that we are also on a learning curve in this committee to legislate on planning matters. This has been a very useful opportunity for us to examine this particular aspect of planning administration, which will prepare us for our great work of legislating on the planning Bill to come. Diolch yn fawr.

[630] **Mr Newey:** Thank you very much for inviting us.

3.31 p.m.

### **Papur i'w Nodi Paper to Note**

[631] **Yr Arglwydd Elis-Thomas:** Mae **Lord Elis-Thomas:** I have one paper to note, gennyf un papur i'w nodi, sef cofnodion y namely the minutes of the meeting of 17 cyfarfod ar 17 Ionawr. Rwy'n gweld bod January. I see that everyone is in agreement. pawb yn cytuno.

3.31 p.m.

### **Cynnig o dan Reol Sefydlog Rhif 17.42(vi) i Wahardd y Cyhoedd ar 6 Chwefror Motion under Standing Order No. 17.42(vi) to Exclude the Public on 6 February**

[632] **Yr Arglwydd Elis-Thomas:** **Lord Elis-Thomas:** I move that

Cynigial fod

*y pwyllgor yn penderfynu gwahardd y the committee resolves to exclude the public  
cyhoedd o'r cyfarfod ar 6 Chwefror yn unol â from the meeting on 6 February in  
Rheol Sefydlog Rhif 17.42(vi). accordance with Standing Order No.  
17.42(vi).*

[633] Rwy'n gweld nad oes I see that there is no objection.  
gwrthwynebiad.

*Derbyniwyd y cynnig.  
Motion agreed.*

*Daeth y cyfarfod i ben am 3.32 p.m.  
The meeting ended at 3.32 p.m.*