

Response to the Consultation on Delivering Growth: An Action Plan for the Food and Drinks Industry 2014 – 2020

Response by Cyfoeth Naturiol Cymru/Natural Resources Wales

Thank you for consulting Natural Resources Wales on the Minister's current proposals for an Action Plan for Food and Drink.

We work as a regulator, partner and advisor to businesses, non-governmental organisations, Local Authorities and communities to help deliver Welsh Government and European Union policies and priorities. We take an ecosystem approach to promoting sustainable development that delivers social, economic and environmental benefits to the people of Wales.

Food and drink manufacturers often require Environmental Permits to operate. Natural Resources Wales regulate these facilities and as well as ensuring compliance with environmental legislation we influence site performance and ensure resources are used wisely. The regulation, influence and advice of Natural Resources Wales on these facilities should be recognised within the action plan.

Through our regulation of the food and drink sector we aim to achieve the following environmental objectives in accordance with our own food & drink sector plan:

- Waste production is reduced and wastes are managed more sustainably;
- Water use is optimised and opportunities for reuse are maximised;
- The number and environmental impact of serious pollution incidents are significantly reduced;
- Greenhouse gas emissions are reduced; and
- The impact of odorous emissions and noise on local communities is reduced.

Our detailed response to the questions posed in the consultation is set out below.

Q1 How would you change or add to the mission statement?

Natural Resources Wales welcomes the mission statement and looks to the implementation of the Action Plan to provide a framework to:

- fully integrate the food and drink supply chain from the agricultural and fisheries production base to the final product,

- help to develop resilience through from primary producers to processors and retailers and the hospitality industry,
- promote sustainable management throughout the supply chain from farmers and fishermen to product.

We do not believe the draft plan entirely fulfils this approach and will make a number of suggestions in answer to the specific questions to demonstrate how these objectives could be met.

The Minister for Natural Resources made a statement in autumn 2013 which emphasised that natural resources, including food, are fundamental to the success of our economy and the wellbeing of society. The statement noted that Wales must act urgently to grow sustainability, increase resilience and diversity, and manage resources efficiently. The Food and Drink Action Plan must be developed in accordance with these principles and aim to develop resilience and support Green Growth.

Q2 Are the overarching themes appropriate? Are there others?

We support the three overarching themes but note that there are aspects, such as the 'identity' theme which need further development. In particular, ensuring that environmental sustainability is integral to identity will be crucial as any negative impacts could subsequently undermine the brand. This underlines the need to fully understand the basis of production and processing and to get all suppliers and processors to meet relevant regulations and best practice.

Q3 Do you reject any of the seven priorities? What else would you suggest? How would you rank the priorities in order of importance?

We do not reject any of the seven priorities outright, but believe that the emphasis on climate change is misplaced, as the issues covered by the priority include a wider range of environmental issues. We suggest that 'climate change' is replaced as a title by 'Sustainable Production', which incorporates climate change.

The Plan does not mention specifically the range of environmental permitting which applies to the food industry, as set out at the beginning of this response. Compliance with standards is a necessary part of achieving environmental objectives. It should be seen as essential to the broad aim of sustainability which is flagged up as being at the heart of the plan.

Q4 What should be the role and responsibilities of the Welsh Food and Drink Federation?

We understand that the proposed Federation would be responsible for the delivery of the Action Plan and become the focal point for the Welsh food and drink sector. As such it will need to rapidly establish links with all involved in the supply chain and all other relevant stakeholders while remaining focussed and efficient. We suggest that the Federation should establish a number of sector specific or themed sub-groups, possibly on a task and finish basis, to bring in specific knowledge with an overarching group to drive forward the Plan.

Q5 What should be the membership make up of the Welsh Food and Drink Federation?

In order to achieve the necessary integration throughout the sector membership will need to include representation from the primary producers through to the end points of retail and hospitality sector. Natural Resources Wales would welcome the opportunity to be involved where its experience and expertise can add value.

Q6 How should the Food and Drink Wales identity be developed to be most advantageous to food businesses and market development?

The plan recognises that marketing and promotion need to “make the best possible capital of our landscape and the natural grass-based farming of Wales” (7.2) and “the natural attributes of the landscape” (10.28) It does not, however, mention the coast and seas of Wales, despite their importance to Wales. All types of production have potential impacts. Most farms in Wales use external inputs (fertilizers, pesticides etc) and diffuse pollution from agriculture is one of the key reasons for water body failures through the EU Water Framework Directive. On the fisheries side, there are potential impacts on wild stocks and some intensive management practices (such as mussel production) and aquaculture. Wales produces some of the best UK Shellfish yet nearly all is exported to Europe. There is a need to market shellfish locally, emphasising it is a sustainable product with a low carbon footprint.

Any failures to maintain accepted standards have the potential to damage the Wales food and drink brand. This also applies to the many activities in the sector which are regulated by Natural Resources Wales, for example effluent discharges. Sustainable production should therefore be underpinned by adherence to good practice, backed up by certification (such as the Organic standards) and adherence to regulated standards where appropriate

An example of accreditation which is very relevant to sustainable production and high quality produce is the Marine Stewardship Council (MSC) accreditation. Its use in the Burry Inlet was the first such award to a bivalve fishery in the world, providing evidence that Wales is leading on sustainability in some areas. The Menai Strait MSC accreditation is an example of an industry-led initiative adding value to their product through sustainable

practices. The members of the Bangor Mussel Producers Association work closely with Natural Resources Wales. Clearly, these initiatives and standards need to be protected and maintained. This should be a priority for the Action Plan.

Natural Resources Wales has supported the West Wales Coracle / Cnwd application to obtain Protected Geographical Indication (PGI) status for their salmon and sea trout products. PGI provides a European context for marketing and has potential to be extended to other products.

Q7 How could the food industry attract more young people and how could staff retention be improved?

There are currently, and have been in the past, successful WG schemes and grants in the land based sector that encourage new businesses and innovation from young entrepreneurs (YESS and Farming Connect priority for under 40 year olds). These demonstrate the benefits of encouraging young people to success. Lessons could be learnt from these initiatives and further involvement of key organisations such as the Wales YFC. Set up or start up grants or loans, especially to young people with innovative ideas, are a way of attracting and retaining them in the food industry. Proposals for the Wales RDP 2014-2020 include the potential for loans and other financial instruments. These could be used to support new start up food and drink enterprises.

Training must also play its part. The Welsh Fisherman's Association (WFA) plans to develop an Environmental Fishing course. They would like this to be a mandatory qualification before any fishermen can operate. This course would be college based and promote the benefits of the fishing industry.

Q8 How could food industry employers be persuaded to view investment in training as a benefit and not a cost?

Training for food industry employees is a vital element of the Action Plan. Well trained staff can be efficient and able to meet required environmental standards, saving money in the long term. Well trained staff are also likely to be more engaged, helping to increase staff retention.

Q9 How could food operatives be encouraged to commit to training and career development in the food industry?

We have no comments to make.

Q10 How could training providers improve the efficiency of training delivery?

We have no comments to make.

Q11 What targets do you think would be appropriate for the food and drink industry and how should they be measured?

We have no comments to make.

Q12 What actions would you suggest to grow the food industry in Wales and develop new markets?

We have no comments to make.

Q13 What are the most important actions to grow trade?

We have no comments to make.

Q14 What other approaches / actions could enhance Wales' reputation for quality food / as a quality food destination?

We have no comments to make.

Q15 What partners (organisations and key influencers) would you suggest to enhance and add value to our quality food culture in Wales?

Farmers and fishermen are obvious partners. The rise in the agri-food sector over the past few years has already created close links, especially through the number of farm shops or direct sales businesses established. Most sell their own produce and direct sales are a major way in which farmers can add value and also drive up their own standards to meet demand from customers for quality products. Key partner organisations representing the farmers and fishermen would be NFU Cymru, FUW, CLA, Wales YFC, the Welsh Fisherman's Association and the Bangor Mussel Producers Association.

As most farms in Wales are relatively rural, the tourism market is very important for a lot of these added value sales. There are many opportunities for successful web-based and other technology facilitated sales from primary producers. There are good examples of the food sector working closely with various tourism initiatives in Wales. Regional Tourism Partnerships would be the key partners involved.

Some co-operative marketing groups of farmers also exist, such as through the Cambrian Mountains Initiative (CMi). This group sells Cambrian Mountains lamb to supermarkets, local butchers, high end restaurant groups in London, various UK flagship events (Wimbledon) in addition to selling lamb on the QVC Shopping Channel. The CMi producers follow key agreed

principles that underpin their ethos of production and supply of lamb, with research undertaken into the carbon footprint of a small number of their farms. This innovative work underpins the principle of Sustainable Production and has the potential to be developed further and rolled out more widely in Wales.

Other good examples of value added sustainable production of lamb include Dolaucothi Lamb and Fferm Ifan, both run by groups farming on National Trust land.

The proposed Welsh Fishermen's Association "Environmental Fishing Course" previously mentioned, is intended to provide a level of security and provenance to the product. Another step to seeing this initiative recognised would be for retailers to source exclusively from vessels where the operatives have the environmental qualification; this could bring value to the course and brand.

There are strong links with the emerging Wales RDP. The consultation on the plan makes specific reference to developing food processing and direct sales and local markets. The Wales Food and Drink Federation (WFDF) will need to work closely with the relevant measures under the Wales RDP to maximise benefits for the rural economy and support sustainable development.

Q16 What are your views on linking environmental objectives to business objectives when public sector funding is provided?

The environmental objectives of the Plan are integral to Sustainable Production and include conserving soils, water quantity and quality, biodiversity, carbon, wild game, fish or shellfish stocks and achieving resource efficiency. These issues apply whether production involves public sector funding or not. The whole supply chain must be compatible with the Welsh Government commitments on the environment (such as the Climate Change Strategy) and recognise that 'Good Regulation is Good for Business' (Working Smarter). The WFDF should be fully supportive of the Welsh Government's Green Growth agenda.

Q17 What measures would you suggest to reduce the carbon footprint of the food industry in Wales?

Sustainable production is not just about the carbon footprint (or ecological footprint) of food, but about a fully integrated process as noted in the answer to Q.16. The Red Meat Roadmap is a potential model that recognises water and biodiversity impacts as well as carbon.

It is notable that the plan does not make any reference to the draft Food Manufacture, Service and Retail Sector Plan (Towards Zero Waste; One Wales:One Planet). This draft plan was consulted upon by Welsh Government in July 2011 but has not yet been published. The plan covers 'food and associated packaging waste from manufacturers and processors through to

wholesale and retail and the service sector. Its aims are to prevent and reduce waste and increase recycling from businesses in these sectors. It will do this as part of business sustainability criteria and influencing behavior change through the supply chain and end users.

Efforts need to be made to encourage people in Wales to eat locally sourced food such as fish and shellfish rather than exporting it or importing alternatives.

Q18 How can we encourage more businesses to be innovative in both product and process development?

Measures include grants / loans for various trials especially to new producers and processors, and may be supported by the new Wales RDP. There must be an expectation that not all will succeed and allowance made for a percentage to fail. This is very similar to the LEADER approach which accepts that innovation has risks attached, but that overall there will be gains.

The quality and availability of the raw resources used by the food and drink sector is key. Wales has a major advantage over many of its competitors due to the quality of its environment and the resources it provides. However to maintain this advantage the sector must ensure it is at the cutting edge. One area where Government and its advisors can assist is through ensuring the sector is able to access information on best practice in resource use and the processes involved in efficient and innovative production. This will not only ensure that sector in Wales is viewed as amongst the best and thereby encourage other like minded companies to invest here, but it will help companies reduce their production costs. For example water is a major commodity for the sector. Its efficient use not only reduces the water bill, but as it is often pumped and heated in production any reduction in volume used cuts energy costs too. Similarly with less water used less dirty water has to be discharge; again saving costs.



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Q19 Given its importance, should innovation be an overarching theme in the Action Plan for Food and Drinks Industry?

Using the principles on innovation outlined above, if the sector is to remain profitable it must adapt and innovate. Having the best performing companies in Wales will provide major benefits and encourage more inward investment. At the same time this will highlight the importance and value of our good quality natural resources, ensuring they are sustainably managed now and in the future.

Q20 What are your preferred Government interventions and support to improve food business efficiency?

We have no comments to make

Q21 What alternatives to grant aid do you propose to support business growth and expansion?

An alternative would be loans. The new Wales RDP is proposing to introduce loans as well as grants and for the Action Plan, this could be an effective way of re-cycling funds over time so that more businesses benefit.

Q22 What else should be done to resolve the skills gaps in the industry?

We have no comments to make

Q23 What else should Welsh Government do to support the integration of food supply chains?

We have no comments to make

Q24 What should industry do differently to achieve an integrated supply chain?

We have no comments to make

Q25 What else should be done to enhance food safety?

We have no comments to make

Q26 What else could be done to reduce food poverty?

We have no comments to make

Q27 How can we drive the healthy eating agenda forward?

We have no comments to make

Q28 Would you agree with the provision of more support (financial / other) to food businesses developing healthy products?

We have no comments to make

Q29 Do you agree with the list above or are there other sub-sector(s) that should be considered?

We have no comments to make

Q30 What priorities would you like to identify in relation to individual sub-sectors?

We have no comments to make

We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:

The Actions listed in Annexe 2 of the Plan are largely specific, but have been developed in advance of the consultation exercise and thus finalisation of the Plan. We suggest that these Actions be revisited once the consultation is complete, and that key recommendations are followed through from the Plan to the Actions. An example, from the market Development Growth section of the Plan is the proposal that 'Economic, social and environmental sustainability will be at the heart of all interventions', but the Actions listed make no mention of how sustainability and how it can be made integral to the delivery of the Plan. Our suggestion (answer to Q.3) that one of the priorities is Sustainable Production should make this a more obvious focus for the Federation's work.

NRW is content for this response to be made publicly available.

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