

15 February 2023

Lynne Neagle MS
Deputy Minister for Mental Health and Wellbeing
Welsh Government
5th Floor, Tŷ Hywel Cardiff Bay
CF99 1NA

Healthy Food Environment

Dear Minister,

We are writing jointly on behalf of the membership of the Welsh Retail Consortium, the Association of Convenience Stores and the Food and Drink Federation Cymru. Our respective organisations welcomed the opportunity to respond to the recent consultation on the Healthy Food Environment.

Our members have a long history of helping consumers to make healthier choices through reformulation, innovation and providing smaller portion sizes, and encouraging consumers to try these options in store. But policies to encourage healthier choices must be grounded in evidence that considers the impact on both consumer's health and household incomes. We are acutely aware of the cost pressures facing both consumers and businesses alike, and that these could be exacerbated by the proposals being considered.

Whilst the Regulations being considered by Welsh Government are similar to recent legislation in England, we are concerned about the potential for additional diverging restrictions on temporary price reductions (TPRs e.g., 50% off), meal deals and further locations in store (e.g. island displays). These measures will lead to increased food prices for Welsh consumers; a negative impact on Welsh producers; a reduction in availability of goods to the Welsh consumer and wastage issues.

We are seeking a meeting with you prior to introducing the legislation in the hope that we can explore these further with you.

Temporary price reductions / meal deals

Whilst there is evidence promotions impact on consumer choice (for example switching between brands), we don't believe there is specific evidence all the types of promotions being consulted upon by the Welsh Government have a causal relationship with increased consumption and obesity. Distinguishing the myriad of complex factors which consumers consider when purchasing any product is immensely difficult. There is a lack of evidence to support a ban on temporary price promotions and meal deals. Pursuing these restrictions will challenge companies' commitment to fair and consistent pricing throughout the UK, and negatively impact Welsh consumers who will be faced with the highest shopping basket prices in the UK. These proposals also have the potential to harm Welsh producers, by removing an important lever for small local businesses to break into the market and to promote their products to a local audience. It will impact on new product development being brought forward by removing an incentive for customers to try these products. These offers are also often used to move excess stock from events like Christmas, which would otherwise be wasted.

Free standing display units

Many retailers in scope of the provision rely solely on the use of islands to display foods, if these were banned, they would have to stop retailing food. Others use these to display large volume items which would take disproportionate space on aisles and excess stock which if unsold would go to waste. We would secondly note that the Welsh/English border is heavily intertwined and taking a different approach will be costly to retailers and confusing to consumers. We would therefore urge consistency across Great Britain on this area, including taking a consistent approach on the definitions of the elements of a store that are in scope of the policy to enable simpler compliance and to reduce additional costs for implementation.

Given the current cost of living crisis we would ask that you heed our concerns, particularly as we are likely to see a distortion in price across what is a porous border. With food and drink inflation at an eighteen year high, standing at 16.8% percent, it is imperative that any proposals that are brought forward are cognisant of the challenges being faced by households. The impact of this will be felt for many years to come.

We would welcome the opportunity to discuss our concerns in more detail. Please do let us know if you would be available to meet at your earliest convenience.

Sincerely,



James Lowman, Chief Executive, Association of Convenience Stores



David Thomson, Director of Strategy and Devolved Nations, Food and Drink Federation Cymru



Sara Jones, Head of the Welsh Retail Consortium