

**Department for Environment, Food and Rural Affairs**

# **Seeds Marketing in England and Wales:**

## **Summary of Responses to the consultation on revision of fees to achieve Full Cost Recovery for statutory services**

**December 2013**

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## Introduction

This document summarises responses to Defra's consultation on revision of fees to achieve full cost recovery for statutory services for Seeds Marketing in England and Wales. The public consultation commenced on 15 July 2013 for 8 weeks, closing on 6 September 2013. This formal consultation built on discussion with representative industry organisations during development of the associated impact assessment. These discussions were mainly through the Seeds Marketing Taskforce, a Government-business partnership whose key aim is supporting the drive for further service cost-efficiency gains.

## Background

EU Directives and resulting English and Welsh regulations prescribe a quality assurance process for marketed seed. The main requirements are:

- The variety must be on a National List or the Common Catalogue.
- Seed must be produced through a generation system and meet minimum quality standards.
- Seed must be packaged, sealed and labelled in accordance with prescribed rules, to preserve its integrity and to give specific information.

## Issue Under Consideration

The issue under consideration is achieving full cost recovery for seeds marketing services in England and Wales, removing the current under-recovery. It is Government policy to achieve where possible full cost recovery for publicly provided services and to transfer the cost from the taxpayer to the users who benefit directly. This gives fairer distribution of public resources and lowers public expenditure. The main purpose of the consultation was to explain the options for fee increases to achieve full cost recovery for this service and to seek further information on their impacts. The consultation document and associated impact assessment are at [www.gov.uk/defra](http://www.gov.uk/defra).

The options under consideration were:

- Option 1      Maintain the status quo, no increase in fees.
- Option 2      Increase fees to achieve full cost recovery in 2013.
- Option 3      Phased fee increase. Recovery of all costs in 2013 except for maintenance and depreciation of the online application system, followed by full cost recovery in 2015.

## Copies of Consultation Responses

Requests for copies should be received at the address below or emailed within six months after the consultation responses document has been published. Only responses without a confidential marking can be released. Contact details s follows:

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## Analysis of Responses

Defra thanks all those who participated in the consultation and is grateful for the responses. Defra welcomes the additional information and suggestions provided by the respondents. A list of those who responded is given in Annex A.

Out of the five responses received, three replied within the scope of the consultation. Those three in-scope respondents accepted Defra and the Welsh Government's preferred choice of option 3 as the way forward. There were however reservations.

### Option 1

This was not deemed an acceptable option as it would not achieve full cost recovery.

### Option 2

This option was not deemed workable as increasing the fees immediately could prove damaging to industry in both the short and long term. It would place significant burdens on companies, particularly SMEs. These burdens would not necessarily cause the SMEs to cease trading but might have a detrimental effect on their ability to trade within the EU.

### Option 3

The main reservation with option 3 is the premise that costs can be reduced sufficiently in the three year time period so that the full fee increase shown under option 2 does not need to be realised. Frustration was raised at outcomes from the Seeds Marketing Taskforce, taking into account the number of meetings already held and the limited progress so far achieved. All three respondents requested more efficient use of the Taskforce in ensuring that cost reductions are implemented and realised prior to full cost recovery. The main issue is a call for change to the existing Electronic Seeds and Plants (ESP) for online applications to create a more cost-effective system.

## **Request for Procurement**

One of the respondents requested tendering of provision of the seed certification service.

## **Higher Voluntary Standards for Herbage**

All three respondents agreed that the cost of verifying imported herbage seed at the UK's higher voluntary standard should be recovered directly from the companies using the service. However, the costs attributed to this should be clear and justified.

## **The Way Forward**

Taking into consideration the responses to the consultation, Defra has changed option 3. This makes final implementation of full cost recovery fees conditional on Fera and Defra reducing the cost of online applications to a reasonable level acceptable to the industry, instead of introducing full cost recovery fees, regardless of progress with cost reduction, at the end of the phasing period. Fera will continue to progress cost reduction, primarily for online applications, through the Taskforce, aiming to achieve acceptable costs by 2016, allowing the introduction of full cost recovery fees.

Defra and Fera have put arrangements in place to increase fees, under option 3, from 1 January 2014.

With regards to the request for procurement, the present contract with the main delivery partner ceases in 2016. Defra will be looking carefully at how best to procure this service for the future.

Defra accepts the need for clear and justifiable costs regarding the verification of seed at Higher Voluntary Standards. Fera and its delivery partner are now looking at this in detail.

## Annex A

| Consultation Respondents |   |
|--------------------------|---|
| 1                        | <b>British Society of Plant Breeders Ltd.</b>           |
| 2                        | <b>E.B. Bradshaw and Sons Ltd</b>                       |
| 3                        | <b>Agricultural Industries Confederation</b>            |
| 4                        | <b>National Farmers Union</b>                           |
| 5                        | <b>National Association of Agricultural Contractors</b> |

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