

Department for Environment, Food and Rural Affairs

## National Listing and Plant Breeders' Rights:

### Consultation on revision of fees to achieve full cost recovery for statutory services

October 2013

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## An invitation to contribute

The Food and Environment Research Agency (Fera) is responsible for delivery of statutory services for varieties and seeds, plant health and bee health on behalf of the Department for Environment, Food and Rural Affairs (Defra). For National Listing, the service is delivered jointly with the Devolved Administrations. The proposals in this consultation on fees for statutory services for National Listing and Plant Breeders' Rights are part of a wider review of Fera's delivery of all these services and it is important that you consider them in this context.

Defra is making significant changes in the way it develops and delivers policy. A major review of the EU plant health and varieties and seeds legislation which underpins these services is underway, with formal proposals from the European Commission published in May 2013 and now under negotiation. Businesses using the services, as the direct beneficiaries, have a central role in contributing expertise to the development and implementation of the new legislation. Defra sees this as strategically important and we are working with the Devolved Administrations and stakeholders in the policy and negotiation process.

We are collaborating to develop UK positions for the EU reviews and the Advisory Forums will further enhance joint working between Defra, the Devolved Administrations and stakeholders in strategic policy making. We are also collaborating on implementation of the services delivered or coordinated by Fera, identifying opportunities to drive down costs. Progress is being made in discussions between the Devolved Administrations, delivery partners and stakeholders in Fera's taskforces.

Fees need to be increased to achieve full cost recovery, bridging the gap between costs and fee income. This is particularly important in the current economic climate, with Fera's income from government significantly reduced and continuing to fall over the next few years. The preferred option for National Listing and Plant Breeders' Rights is to phase fee increases from 2014 to achieve full cost recovery during 2016, giving opportunity to further reduce delivery costs and to limit the fee increases eventually needed.

I hope this explanation of the wider issues puts this fees consultation in context and helps you contribute. Your participation is important to help us understand the impact of the proposals on you and your organisations.

Andy Mitchell  
Head of Varieties and Seeds Policy  
Defra

## Executive Summary

- This consultation concerns fees for National Listing of new varieties and UK Plant Breeders' Rights. Defra is carrying out the consultation for the UK on behalf of the Devolved Administrations of Northern Ireland, Scotland and Wales.
- It is government policy to recover the full cost of providing statutory services from the businesses benefitting directly. However, estimated fee income in 2014 of £1.25 m for National Listing and Plant Breeders' Rights does not match the Government's estimated £1.59 m costs of providing the service. This represents a subsidy of £0.34 m per year to the plant breeding industry and a cost to the taxpayer.
- Fera is exploring opportunities for streamlining in discussion with the Devolved Administrations and stakeholders, mainly through its National List taskforce, a Government-business partnership whose key aim is cost efficiency. The main outcome to date is Fera delivering significant cost savings, reducing costs for overall management of National Listing and Plant Breeders' Rights by 46% from £0.65 m in 2011/12 to £0.35 m in 2013/14. The taskforce first met on 10 May 2012 and has had eleven meetings to date.
- The policy objective under consultation is to increase fees for National Listing and Plant Breeders' Rights to recover the full cost from businesses using the services and to remove the cost to the taxpayer.
- There are three options under consideration:
  - Option 1 Maintain the status quo, no increase in fees
  - Option 2 Increase fees to achieve full cost recovery in 2014
  - Option 3 Phased fee increases to reach full cost recovery in 2016
- Option 1 would make it difficult for Defra to meet its commitments under the Comprehensive Spending Review and would lead to reductions in its services.
- Option 2 would result in large fee increases in 2014, particularly in the administration fee (137%). This risks a long term negative impact on breeding of varieties suited to UK agriculture and environment.
- Option 3 phases full recovery of Fera's administration costs over three years from 2014 to 2016. Fees for DUS testing and technical management would be increased to achieve full cost recovery in 2014.
- Option 3 is the preferred option since it will give businesses time to adapt to the fee increases and to work with, Defra, Fera, Devolved Administrations and delivery partners to develop more efficient processes and further reduce the final cost to be recovered.

- The deadline for responses is xxxx 2014.

## 1. Introduction

- 1.1 Defra is reviewing fees for statutory services delivered or coordinated by Fera for plant health and plant varieties and seeds, all of which are based on EU legislation and international obligations. New fees for the six plant health services (import inspections including for potatoes from Egypt, licensing, plant passporting, seed potato certification and export certification) were introduced in 2012. The consultation for the seeds marketing service in England and Wales closed in September 2013 and new fees are expected to be introduced in December 2013. The documents for these other consultations are available at [www.gov.uk/defra](http://www.gov.uk/defra).
- 1.2 Defra, working with and on behalf of the Devolved Administrations of Northern Ireland, Scotland and Wales, is now consulting on fees for National Listing and Plant Breeders' Rights (PBR) services in the UK.
- 1.3 This document explains the consultation on proposed increases to fees for statutory services for National Listing and PBR in the UK. It summarises the Consultation Impact Assessment (Annex 1) which gives further information about the services, costs, risks and options under consideration.
- 1.4 The UK National List system is administered jointly by Fera and the Devolved Administrations, acting as the National Authorities. Fera administers PBR for the UK. These statutory services provide assurance of the identity and attributes of marketed varieties, drive improvements and allow plant breeders to protect their intellectual property rights.
- 1.5 The main purpose of the consultation is to explain the options for fee increases to achieve full cost recovery, assess their impacts, and to seek further information from businesses affected by the proposals. The Consultation Impact Assessment has identified that Options 2 and 3 will have an impact on small businesses and we would welcome information to help understand this.
- 1.6 Some businesses using the National Listing and PBR service also use Fera's other statutory services, in particular seeds marketing. We would welcome comments on cumulative impacts.

## **2. Government policy on charging for publicly provided services**

- 2.1 'Managing Public Money'<sup>1</sup> explains Government policy on charging for publicly provided services. Charging for services transfers the cost from the taxpayer to the users who benefit directly, giving a fairer distribution of public resources and lowering public expenditure. The usual policy is to charge at full cost.
- 2.2 Defra is reviewing fees for National Listing and PBR to ensure that the costs of the services are met by businesses benefiting directly from them and that it is cost neutral to government.

## **3. Current costs and fees of the statutory services**

- 3.1 The estimated cost of providing statutory services in 2014 for National Listing and PBR is £1.59 m with a deficit of £0.34 m. An estimated £1.25 m will be recovered through fees. A breakdown of the estimated costs and the shortfall for 2014 is given in Annex 2 (which repeats Annex 6 of the Consultation Impact Assessment).
- 3.2 Fera is exploring opportunities for streamlining in discussion with stakeholders, mainly through its National List taskforce, a Government-business partnership whose key aim is supporting the drive for cost efficiency. The main outcome to date is Fera delivering significant cost savings, reducing costs for overall management of National Listing and PBR by 46% from £0.65m in 2011/12 to £0.35m in 2013/14. The taskforce first met on 10 May 2012 and has had eleven meetings to date.
- 3.3 The current fees structure was introduced in 2006 following a major review of the testing system, addressing some significant cost issues and moving the overall service close to full cost recovery. Inflationary increases were applied in 2008 in anticipation of this full review by Fera. Some elements have maintained full cost recovery, mainly oilseed rape and sugar beet for distinctness uniformity and stability, and the three most significant area of under recovery are:
  - Handling of applications, official supervision and management of the National List system, revealed through greater financial transparency following the formation of Fera in 2009.
  - DUS testing of herbage and some minor agricultural crops e.g. field beans.
  - Independent data review for VCU decisions.

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<sup>1</sup> Managing Public Money. HM Treasury, October 2007. Available to view at [http://hm-treasury.gov.uk/documents/public\\_spending\\_reporting/governance\\_risk/psr\\_managingpublicmoney\\_publication.cfm](http://hm-treasury.gov.uk/documents/public_spending_reporting/governance_risk/psr_managingpublicmoney_publication.cfm)

## 4. Overview of National Listing and Plant Breeders' Rights

- 4.1 **National Listing** is a legal requirement of Council Directives 2002/53/EC and 2002/55/EC and a prerequisite for marketing new varieties of the main agricultural and vegetable species. It is implemented through UK regulations<sup>2</sup> that ensure a variety cannot be marketed in the EU unless it is new and, for agricultural species, an improvement on varieties already available. To be listed, a variety must be distinct from existing varieties, sufficiently uniform and stable (DUS) and, for agricultural varieties, show an overall improvement in performance or 'value for cultivation or use' (VCU).
- 4.2 The UK National List system is administered jointly by Fera and the Devolved Administrations of Northern Ireland, Scotland and Wales, acting as the National Authorities. A joint committee manages the testing system and makes listing decisions, working with a range of delivery partners. For most crops, testing takes two years, although some vegetable species can be tested in a single year and herbage crops take three to four years.
- 4.3 Fera receives applications, provides delivery partners with lists of candidates for DUS and VCU testing, coordinates the work and decision making, and publishes decisions etc. About 400 applications are made to the service each year, with about 830 UK candidates undergoing DUS testing and 145 candidates being tested for other Member States at any one time. Applicants range from large international companies to micro businesses.
- 4.4 DUS tests, which require comparison between the candidate variety and existing varieties held in a variety collection, are carried out in the UK by AFBI (Agri-Food and Biosciences Institute, Belfast), NIAB (National Institute of Agricultural Botany, Cambridge) and SASA (Science and Advice for Scottish Agriculture, Edinburgh).
- 4.5 Almost all VCU crop trials, associated testing and provision of data to Fera are organised by the British Society of Plant Breeders (BSPB, a not-for-profit organisation managed by an elected board of senior executives from its member companies). BSPB's role is through a formal agreement, monitored by the National Authorities, as allowed by relevant legislation. Applicants pay BSPB directly for this work, which means that the cost of these trials, about £1.4 m in total, is outside the scope of this consultation.
- 4.6 DARD and Scottish Government provide financial support for the National List testing system which is not recovered. This is mainly for additional VCU trials and associated data analysis for herbage and cereals, and technical experts to support the maintenance of VCU procedures and the decision making committee. Scottish

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<sup>2</sup> The Seeds (National Lists of Varieties) Regulations 2001 as amended (S.I. 2001/3510)

Government wants to recover about £0.007 m of its £0.257 m total annual cost by 2016 and this is included in the consultation and impact assessment. DARD does not wish to recover the costs of its additional support.

- 4.7 The cost of disease resistance testing used for National Listing is currently estimated as £0.450 m funded by Defra and Scottish Government as public good. It is not within the scope of this consultation.
- 4.8 **Plant Breeders' Rights (PBR)** are a form of intellectual property protection designed specifically for new varieties of plants. They entitle the holder to control production and sale of reproductive material of the protected variety, either directly or through licences, and to collect royalties.
- 4.9 To be eligible for PBR, a variety must be 'novel', which in practice means not previously marketed, and DUS. PBR is open for all species of plants and is therefore wider than the species covered by National Listing. In particular it is used for ornamental plants, e.g. roses. For species where National Listing is required, the two systems can use the same DUS test. Fera administers the UK PBR system, recovering costs through administration fees and DUS fees. The relevant legislation is the Plant Varieties Act 1997, implementing the UK's obligations under the 1991 International Convention for the Protection of New Varieties of Plants (UPOV). The introduction of a system for EU PBR in 1996, managed by the Community Plant Variety Office (CPVO), has resulted in a low level of applications for UK PBR.

## 5. Options under consideration

- 5.1 This section summarises the options under consideration and proposals for increased fees to achieve full cost recovery. Annex 2 compares the current fees with Options 2 and 3 and gives information on costs. Further details of the proposals and current evidence on impacts to businesses from increased fees are provided in the Consultation Impact Assessment (Annex1).
- 5.2 The options under consideration are:
- Option 1 Maintain the status quo, no increase in fees.
  - Option 2 Increase fees to achieve full cost recovery in 2014.
  - Option 3 Phased fee increases to achieve full cost recovery in 2016.
- 5.3 **Option 1**, no change in the existing fees for National Listing and PBR, will maintain partial cost recovery and taxpayer subsidy of the service. This is not a realistic option, but provides a baseline against which the other options can be assessed.

- 5.4 **Option 2**, increasing the fees to achieve full cost recovery in 2014, would mean the taxpayer no longer subsidising the service and plant breeding companies incurring this additional cost. The impacts on fees are described in Section 6.
- 5.5 **Option 3** is the option preferred by Defra and the Devolved Administrations. It will give businesses time to adapt to the fee increases and for all parties to work together to develop more efficient processes and limit the final cost to be recovered.
- 5.6 Fera is committed to working with the industry and the Devolved Administrations to reduce costs. It is exploring opportunities through its National List taskforce, a Government-business partnership whose key aim is cost efficiency. The taskforce first met on 10 May 2012 and has had eleven meetings to date.
- 5.7 The main outcome to date is Fera delivering significant savings, reducing costs for overall management of National Listing and PBR by 46% from £0.65 m in 2011/12 to £0.35 m in 2013/14. AFBI has significantly reduced the cost of its herbage DUS testing, from £0.34 m in 2010/11 to an estimated £0.30 m in 2013/14. There is however uncertainty over how much costs can be reduced from year two onwards.

## 6. Impacts of Options 2 and 3 on fees

- 6.1 Annex 2 compares the current fees with the increases proposed in Options 2 and 3 and gives information on costs. Further details of the proposals and current evidence on impacts to businesses from increased fees are provided in the Impact Assessment (Annex 1).
- 6.2 **Administration fee.** The most significant increase to fees under Options 2 and 3 concern Fera's own costs for managing National List and PBR applications, recovered through the administration fee. This follows a more specific and transparent analysis of Fera's costs in line with Defra and Treasury advice, identifying all of the business costs which should be recovered. The review identified estimated costs of £0.35 m for this work compared with an estimated £0.15 m income from the current administration fees in 2014/15. This is a deficit and cost to the taxpayer of £0.20 m.
- 6.3 Under Option 2, the administration fee would increase by 137% from £365 to £866 to fully recover Fera's costs.
- 6.4 Under Option 3, the proposal is to increase the administration fee to £616 in 2014, £741 in 2015, and £866 in 2016. However, the fee needed to achieve full cost recovery in 2016 depends on costs after any further efficiencies identified by the taskforce.
- 6.5 **VCU technical management fee.** Independent review of data and audit of VCU trials organised by BSPB is recovered through a technical management fee. Currently about half the total cost of £0.12 m is recovered and the proposal is to

increase the fee in 2014 under both Options 2 and 3 to achieve full cost recovery. Subsequent changes will depend on any efficiencies identified by the taskforce.

- 6.6 Options 2 and 3 would replace the current varied technical management fees with a standard fee of £175 for each year a variety is in VCU testing. This will more accurately reflect costs.
- 6.7 **DUS test fees.** Options 2 and 3 propose changing all DUS fees to achieve full cost recovery in 2014, with the impact varying between species. Fees will reduce by 11 to 15% for sugar beet and winter oilseed rape. All other DUS fees increase; by 13 to 22% for cereals, herbage, potatoes, vegetables and field peas, by 23 to 39% for ornamentals, and by 137% for field beans. For DUS tests carried out by authorities in other EU countries (mainly maize, spring oilseed rape, linseed, rye and triticale), Fera will continue to invoice applicants for the fees in € charged by these authorities.
- 6.8 For DUS testing and reference collection costs, the proposal under Option 3 is to continue the current mixture of arrangements introduced at the request of stakeholders in 2006. This retains separate DUS test and annual fees for herbage, potatoes, swede and turnip rape. For all other crops where there are currently separate DUS test and reference collection fees, these would be combined into a single fee to simplify invoicing.

## 7. Timing of new fees

- 7.1 Defra's target is to implement revised fees for applications received from **1 April 2014** and for each year of DUS testing from the same date.

## 8. Assumptions

- 8.1 The main assumption made in reviewing costs and the fees needed to achieve full cost recovery is that the number of applications for National Listing and PBR will be unaffected by the fee increases proposed in Options 2 and 3.

## 9. Risks

- 9.1 The main risks identified in the Impact Assessment (Annex 1) are:
- Without full cost recovery, Defra would not be able to maintain its statutory services within its reduced funding under the Comprehensive Spending Review.
  - If full cost recovery is implemented, increased costs for the UK plant breeding industry may further reduce its profitability, with a long term impact on breeding of varieties suited to the UK. This risk is greatest for crops grown on a relatively

small scale, where breeding is least profitable because of the market size. Reduced profitability of UK plant breeding may result in European parent companies ending their UK breeding programmes in favour of countries where governments continue to subsidise the regulatory framework.

- Increased fees may significantly reduce demand for some of the services such that full costs are not recovered in the short term.

9.2 One of the objectives of this consultation is to seek evidence from businesses on potential risks and impacts, in addition to that already provided during informal consultation. We would welcome further data from businesses on the potential risks and impacts of the proposed Options 2 and 3 particularly in respect of small and micro sized enterprises and on competition.

## 10. Consultation

10.1 This formal consultation builds on discussion with representative industry organisations associations during development of the Impact Assessment.

10.2 The main purpose of the consultation is to inform all stakeholders likely to be affected by the proposed increases in fees for Fera's National Listing and PBR and in particular to seek:

- Comments on the options summarised in this document and given in more detail in Annex 1, the Impact Assessment, and to propose others that could deliver the government's objectives of full cost recovery. Options that deliver less than full cost recovery by 2016 will not be considered.
- Comments, supported by evidence, on the Impact Assessment in Annex 1. For Ministers to make an informed decision on the implementation of full cost recovery, accurate information is needed on the impacts, including market structure, competitiveness and future business. We are reliant on stakeholders to provide information to achieve this.

10.3 Any information you can provide to support your response will improve the assessment of the impacts of this proposal. Please consider the following questions:

About the Policy Options:

- i. Which is your preferred option for achieving full cost recovery for the service and why did you choose this option?
- ii. Are there other options which could achieve the objective of full cost recovery for the service?

About the risks of implementation:

- iii. Does the Impact Assessment adequately identify the key risks surrounding implementation of Options 2 and 3, their likelihood and their impact? If not, please describe those risks and evidence to assess their likelihood and impact.
- iv. Does Option 3 sufficiently mitigate the risks by giving businesses time to adapt and for stakeholders and government to work together to reduce costs?

About impacts on competition:

- v. Will the implementation of Option 2 lead directly to a reduction in the number of businesses in the sector or have a significant impact on their ability to compete within the UK and with other Member States? Will the implementation of Option 3 reduce this impact?

About impacts on small (50 or fewer employees) and micro businesses (10 or fewer employees):

- vi. Will the implementation of Option 2 have a disproportionate impact on small or micro businesses? Will the implementation of Option 3 reduce this impact?

About cumulative impacts:

- vii. Fee reviews have been completed for statutory services on plant health services and nearly so for seeds marketing. Do you or your organisation use these services and if so what is the cumulative impact of fee increases?
- viii. Are there other fee reviews for government services that could also have an impact on you or your organisation?

About specific impacts:

- ix. Will Option 2 have a significant impact on the development of new varieties suited to UK and regional conditions now and in the future?
- x. Will the implementation of Option 3 reduce this impact?

About you and your business:

- xi. Type of organisation.
- xii. Number of full time equivalent employees.
- xiii. If a subsidiary of a UK or international company, number of full time equivalent employees in total.
- xiv. Current cost of National List and PBR fees as a percentage of annual turnover.

xv. Proportion of your company's turnover directly related to trade facilitated by the National List and PBR service.

10.4 We are consulting widely, including businesses affected by the changes and individuals, groups and organisations that may have an interest in National Listing and PBR. The consultation document and annexes are available on the Defra website at [www.gov.uk/defra](http://www.gov.uk/defra). We have directly approached all businesses and organisations who have used these services in the past two years.

10.5 A list of consultees is given in Annex 3. You are invited to contact us with the names of any other stakeholders not on this list who you feel could contribute.

10.6 Comments should be received at the address below or emailed to: [NLBR@defra.gsi.gov.uk](mailto:NLBR@defra.gsi.gov.uk) no later than **10 January 2014**.

Alison Conder  
Department for Environment, Food and Rural Affairs  
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CB2 8DR

10.7 Responses to this consultation will be used to advise Ministers of the views of stakeholders affected by the proposals. A summary of responses will be published within 12 weeks of the closure of the consultation on Defra's website at: [www.gov.uk/defra](http://www.gov.uk/defra)

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Annex 2a. Costs and fees and their impact on cost recovery in 2014, 2015 and 2016

Options 1 and 2

|                                       |                          | 2014         | 2014         | Option 1    |                  |                              | Option 2         |        |        |        |
|---------------------------------------|--------------------------|--------------|--------------|-------------|------------------|------------------------------|------------------|--------|--------|--------|
|                                       |                          | estimated    | estimated    | No change   |                  | Immediate full cost recovery |                  |        |        |        |
|                                       |                          | cost         | income       | Recovery    | Fee <sup>1</sup> | Annual                       | Fee <sup>1</sup> | %      | Annual | %      |
|                                       |                          | £k           | £k           | £k          |                  | fee                          | change           | change | fee    | change |
| DUS testing                           | Cereals                  | 195          | 164          | -31         | 655              | -                            | 780              | 19     | -      | -      |
|                                       | Winter oilseed rape      | 370          | 420          | 50          | 1,565            | - <sup>2</sup>               | 1,325            | -15    | -      | -      |
|                                       | Sugar beet               | 31           | 35           | 4           | 350              | -                            | 310              | -11    | -      | -      |
|                                       | Herbage <sup>3</sup>     | 300          | 248          | -52         | 650              | 365                          | 788              | 21     | 442    | 21     |
|                                       | Vegetable peas           | 11           | 8            | -2          | 1,100            | -                            | 1,334            | 21     | -      | -      |
|                                       | Other veg tested by SASA | 7            | 5            | -1          | 1,150            | -                            | 1,294            | 13     | -      | -      |
|                                       | Potatoes                 | 37           | 30           | -7          | 400              | 190                          | 451              | 13     | 212    | 12     |
|                                       | Field peas               | 17           | 13           | -4          | 1,140            | -                            | 1,394            | 22     | -      | -      |
|                                       | Field beans              | 25           | 11           | -15         | 1,070            | -                            | 2,540            | 137    | -      | -      |
|                                       | Swede                    | 7            | 7            | 0           | 800              | 175                          | 1,010            | 26     | 180    | 3      |
|                                       | Roses                    | 8            | 6            | -2          | 1,000            | -                            | 1,390            | 39     | -      | -      |
|                                       | Chrysanthemums           | 53           | 39           | -14         | 1,300            | -                            | 1,765            | 36     | -      | -      |
|                                       | Other ornamental plants  | 65           | 53           | -12         | 1,200            | -                            | 1,480            | 23     | -      | -      |
| VCU Technical Management <sup>4</sup> |                          | 108          | 62           | -46         | 200              | -                            | 165              | Note 4 | -      | -      |
| Fera's administration <sup>5</sup>    |                          | 346          | 146          | -200        | 365              | -                            | 866              | 137    | -      | -      |
| Scottish Government <sup>6</sup>      | Technical support        | 7            | 0            | -7          | -                | -                            | -                | -      | -      | -      |
| <b>Total</b>                          |                          | <b>1,588</b> | <b>1,246</b> | <b>-342</b> |                  |                              |                  |        |        |        |

<sup>1</sup> Combined DUS test fee, and where applicable, reference variety fee. Annual fee shown separately where relevant (herbage, potatoes, swede).

<sup>2</sup> DUS fee for year 1. Current DUS fee for year 2 plus reference variety fee is £1,410.

<sup>3</sup> Based on AFBI's target for cost reduction. If this is not achieved, further fee increases will be necessary.

<sup>4</sup> The current technical management fee varies between crops, with cereals used as an example here. The proposal is for a standard fee of £165 per year of testing for all crops. This would give increases of 65 to 200% in fees payable for two (three for herbage) years of testing.

<sup>5</sup> For conservation varieties and amateur vegetables, fees will be unchanged at £175 and £100 respectively.

Current fee for Plant Breeders' Rights is £350.

<sup>6</sup> Scottish Government is not seeking to recover its costs until the end of the phasing period.

**Annex 2b. Costs and fees and their impact on cost recovery in 2014, 2015 and 2016**

**Option 3 Phased full cost recovery <sup>1</sup>**

|                                    |                          | Fee £  |  |                 | Change from current fee % |  |      | Cost recovery £k |      |      |
|------------------------------------|--------------------------|--------|--|-----------------|---------------------------|--|------|------------------|------|------|
|                                    |                          | 2014   | 2015                                     | 2016            | 2014                      | 2015                                     | 2016 | 2014             | 2015 | 2016 |
| DUS testing                        | Cereals                  | 780    |  |                 | 19                        |  |      | FCR              | FCR  | FCR  |
|                                    | Winter oilseed rape      | 1,325  |  |                 | -15                       |  |      | FCR              | FCR  | FCR  |
|                                    | Sugar beet               | 310    |  |                 | -11                       |  |      | FCR              | FCR  | FCR  |
|                                    | Herbage <sup>2</sup>     | 788    |  |                 | 21                        |  |      | FCR              | FCR  | FCR  |
|                                    | Annual fee               | 442    | No further changes in                    |                 | 21                        | No further changes in                    |      | FCR              | FCR  | FCR  |
|                                    | Vegetable peas           | 1,334  | DUS or technical                         |                 | 21                        | DUS or technical                         |      | FCR              | FCR  | FCR  |
|                                    | Other veg tested by SASA | 1,294  | management fees except for               |                 | 13                        | management fees except for               |      | FCR              | FCR  | FCR  |
|                                    | Potatoes                 | 451    | inflationary                             |                 | 13                        | inflationary                             |      | FCR              | FCR  | FCR  |
|                                    | Annual fee               | 212    | increases in costs or reductions through |                 | 12                        | increases in costs or reductions through |      | FCR              | FCR  | FCR  |
|                                    | Field peas               | 1,394  |  |                 | 22                        |  |      | FCR              | FCR  | FCR  |
|                                    | Field beans              | 2,540  | technical and business efficiencies      |                 | 137                       | technical and business efficiencies      |      | FCR              | FCR  | FCR  |
|                                    | Swede                    | 1,010  |  |                 | 26                        |  |      | FCR              | FCR  | FCR  |
|                                    | Annual fee               | 180    |  |                 | 3                         |  |      | FCR              | FCR  | FCR  |
|                                    | Roses                    | 1,390  |  |                 | 39                        |  |      | FCR              | FCR  | FCR  |
|                                    | Chrysanthemums           | 1,765  |  |                 | 36                        |  |      | FCR              | FCR  | FCR  |
|                                    | Other ornamental plants  | 1,480  |  |                 | 23                        |  |      | FCR              | FCR  | FCR  |
| VCU Technical Management           |                          | 165    |  |                 | Note 3                    |  |      | FCR              | FCR  | FCR  |
| Fera's administration <sup>4</sup> |                          | 616    | 741                                      | 866             | 69                        | 103                                      | 137  | -100             | -50  | FCR  |
| Scottish Government                | Technical support        | No fee | No fee                                   | 18 <sup>5</sup> | No fee                    | No fee                                   | -    | -7               | -7   | FCR  |

<sup>1</sup> Option 3 proposes full cost recovery (FCR) for DUS and technical management in 2014 and phasing FCR for Fera's administration costs over three years (recovering 50% of current shortfall in 2014, 75% in 2015 and 100% in 2016). Scottish Government is not seeking to recover its costs until 2016.

Fera's government/industry taskforce is working on options to further reduce costs which if successful will be reflected in changes to fees.

<sup>2</sup> Based on AFBI's target for cost reduction. If this is not achieved, further fee increases will be necessary.

<sup>3</sup> Current technical management fee varies between crops. Cereals given as an example. Proposal is a standard fee of £165 per year of testing for all crops, giving increases of 65 to 200% in fees payable for two (three for herbage) years of testing.

<sup>4</sup> For conservation varieties and amateur vegetables, fees will be unchanged at £175 and £100 respectively.

<sup>5</sup> Scottish Government's technical support costs would be added to Fera's administration fee, giving a total fee of £884.