



SCOTTISH EXECUTIVE

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Agriculture Group

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Our ref: SPL 15/6

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HORTICULTURAL DEVELOPMENT COUNCIL (HDC) LEVY 2002/2003

As you will be aware, the HDC Order 1986 (as amended) requires the approval of Agriculture Ministers to be given to the rate of levy imposed by the HDC for any levy period. The HDC (Amendment) Order allows for a levy of up to 0.5% of sales exceeding £50,000 on growers other than mushroom growers, and up to 15 pence per litre of spawn purchased on mushroom growers whose annual purchase of spawn exceeds 700 litres.

The HDC Chairman has written on behalf of the Council to the Minister for Environment and Rural Development, Ross Finnie, seeking formal agreement to the levy rates for the 2002/2003 period. As a result of legislative changes to enable the HDC to comply with Whole of Government Accounting requirements the 2002/2003 levy period has been shortened to 6 months, running from 1 October 2002 until 31 March 2003. Thereafter, levy periods will run from 1 April to 31 March. The Council's proposals for this 6 month transitional period are as follows;

- for growers, other than mushroom growers, a continuation of the current rate of levy, which is set at the maximum rate – 0.25% of net annual turnover, this being the pro rata equivalent over the 6 month transitional period of a full year rate of 0.5%. The proposed levy to be based on the value of sales in the accounting year ending in 2001.
- for mushroom growers, a continuation of the present levy rate of 10 pence per litre of spawn purchased. The proposed rate to be assessed on spawn purchases in the period 1 October 2001 to 31 March 2002.

The HDC's Mushroom Panel proposes a continuation of the mushroom levy at 10 pence in order to finance further work on mushroom virus X. However, the panel hopes that a reduction in the rate of levy will be possible in the subsequent levy period.

For the year 1 October 2001 to 30 September 2002 the levy raised is £3.43M for the main levy and £293K for the mushroom levy. Whilst income from the main levy will remain broadly similar on a pro rata basis, it is forecast that the mushroom levy income for the 6 month levy period, 1 October

2002 to 31 March 2003, will proportionately decrease to £131K as a result of reduced spawn purchases.

In order to help inform public debate on the issues raised by this consultation, the Department intends to follow its normal practice of making available to the public on request copies of the responses received. If respondents indicate that they wish all, or part, of their reply to be excluded from this arrangement, its confidentiality will be strictly respected. Copies of the responses made available to the public will be placed on an “open file” held in the Library at Saughton House, Edinburgh. Copies of documents from the “open file” will be forwarded to members of the public on request. A charge will normally be levied to cover the cost of photocopying.

I would appreciate it if you would consult your members and let me have your comments on the above proposals in writing by **17 September** at the latest.

Yours sincerely

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Plants, Horticulture and Potatoes

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