

## EXECUTIVE NOTE

### THE SEEDS (FEES) (SCOTLAND) REGULATIONS 2007 SSI/2007/536

#### Introduction

1. The above instrument was made in exercise of the powers conferred by section 16(1), (1A)(e), 5(a) and 36 of the Plant Varieties and Seeds Act 1964. The instrument is subject to negative resolution procedure.

#### Policy objectives

2. The purpose of this instrument is to make new provision for the charging of seed certification and associated licensed activities and it revokes and replaces the Seeds (Fees) (Scotland) Regulations 2002 (“the 2002 Regulations”).

3. The Regulations prescribe fees in respect of matters arising under the Cereal Seeds Regulations 2005 (S.S.I. 2005/328), the Fodder Seeds Regulations 2005 (S.S.I. 2005/329), The Oil and Fibre Plant Seeds Regulations 2004 (S.S.I. 2004/317) the Beet Seeds Regulations 1993 (S.I. 1993/2006), the Vegetable Seeds Regulations 1993 (S.I. 1993/2008) and the Seeds (Registration, Licensing and Enforcement) Regulations 2006 (S.S.I.2006/313), (all as amended).

4. Seed certification is a European Community requirement to ensure that farmers and growers receive seeds of a known minimum quality. This is achieved in Scotland through marketing regulations<sup>1</sup> which ensure that seeds of the main agricultural and vegetable species can be marketed only after being examined and certified as meeting specified minimum EC standards and as being derived from crops which have also met specific EC standards. The Scottish Government carry out technical and administrative work associated with seed certification.

5. A fundamental principle of the Scottish Government accounting procedure and practice is that “each statutory service should have its own financial objective and be separately costed and charged for” and “the financial objective of a statutory should normally be full cost recovery.”<sup>2</sup> A review of seed certification fees levied during the 2005-6 financial year identified that the cost of seed certification was not being fully recovered.

6. These Regulations aim to address that by introducing a new and more simplified fee structure. The certification fees are now dealt with in one Schedule (Schedule 1 to the Regulations), compared with the 2002 Regulations which had individual certification fee structures for each species.

7. The fees for cost of hearings, fees for licensed seed testing stations, training courses and exams (set out in Schedule 2 to the Regulations) remain largely the same as those set out in Schedule 6 to the 2002 Regulations.

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<sup>1</sup> These are contained in: the Cereal Seeds Regulations 2005, the Fodder Seeds Regulations 2005, the Oil and Fibre Plant Seeds Regulations 2004, the Beet Seeds Regulations 1993 and the Vegetable Seeds Regulations 1993.

<sup>2</sup> Scottish Public Finance Manual

## **Consultation**

8. Over 300 letters were sent out to key stakeholders in March 2007, which informed the industry of the proposals to streamline the service procedures and adopt a new fee structure for certification. No objections were received from the stake holders.

## **Timing**

9. The Regulations come into force on 1<sup>st</sup> January 2008.

## **Financial effects**

10. The average cost to a range of businesses involved with the seed industry for statutory fees represents about 2% of the overall cost of seed. It is therefore, considered that the proposed increases will have a minimum effect on overall costs. However, this is a complex issue which has been comprehensively addressed in the Regulatory Impact Assessment.

## **FINAL REGULATORY IMPACT ASSESSMENT**

### **Title of the regulatory proposal**

The Seeds (Fees) (Scotland) Regulations 2007 SSI/2007/

### **Purpose and intended effect of the proposal**

- Objective

1. To achieve full cost recovery of statutory fees charged for services relating to seed certification and associated licensed activities.

2. Consolidation of existing legislation, a number of amendments having been issued since they were last made in their entirety in 2002.

- Background

3. Seed certification is a European Community requirement to ensure that farmers and growers receive seeds of a known minimum quality. This is achieved in Scotland through marketing regulations which ensure that seeds of the main agricultural and vegetable species can be marketed only after being examined and certified as meeting specified minimum EC standards and as being derived from crops which have also met specific EC standards. The Scottish Government carries out technical and administrative work associated with seed certification.

- Rationale for government intervention

4. It is reasonable for the Scottish Government to expect that the charges applied for work carried out, would normally be sufficient to recover the costs likely to be incurred as a result of this work. However, following a review of seed certification fees in the 2005-6 financial year there was a disparity in relation to the cost of seed certification which were processed at below full cost recovery.

5. A fundamental principle of the Scottish Government's accounting procedure and practice is that fees and charges should be set for all statutory and commercial services and the financial objective of a statutory or commercial service should normally be full cost recovery with charges set accordingly. This objective is not currently being met, and the increase in fees will address this.

### **Consultation**

- Within government

6. No inter-departmental consultation was required. Other departments (*eg* Defra) were copied in for information only.

- Public consultation

7. The following organisations were consulted: representatives and advisors to the farming, and seed marketing industry, retailers and suppliers, consumer bodies, educational and research institutes, pressure groups and Non-Departmental Public Bodies with an interest in growing and marketing of seed.

8. Over 300 consultation documents were despatched by post. There were three “No comments to offer on this occasion” (Two from the Local Council Authorities and one from the Scottish Agricultural College). A member of the seed industry was content with the proposal provided “there were no major price increases, which would additionally burden on the seed trade”.

## **Options**

9. Three options are set out for consideration below. However, if full cost recovery for seed certification work is to be effected sensibly and sympathetically, there are only 2 options which offer realistic solutions.

The options are:

- maintaining the *status quo*;
- increase fees by the rate of inflation; or
- Streamline the service procedures and adopt a new fee structure

### The options in greater detail

#### **Option 1: Maintaining the *status quo***

10. This would not address the fact that the fees currently being charged do not satisfy the financial objective of ensuring that the Scottish Government’s fees for commercial or statutory services are set in such a way as to ensure full cost recovery.

#### **Option 2: Increase fees by the rate of inflation**

11. To account for inflation since the fees were last amended, an across the board increase of approximately 12% is applied, using the 2002 Seed Fees as a base figure and standardising the Initial Crop Entry fee for 1<sup>st</sup> and 2<sup>nd</sup> Generation seed.

#### **Option 3: Adopt efficiency savings and changes to the fee structure**

12. Following a review of all fees relating to seed certification and licensing related to certification, Defra have adopted changes to their fee structure. It is highly desirable and in the interest of the UK seed trade, that wherever possible, a common fee structure should apply throughout the UK. Indeed up until now this principle has been applied to fees for seed certification. However, differences in service delivery between Scotland and England make it difficult for Scottish Government to replicate exactly the fee structure recently put in place in England and Wales.

13. By streamlining procedures and adopting some elements of the Defra fee structure that are relevant to Scotland the increases in the level of fees can be limited and in some cases reductions can be made. The major changes in fee structure, included in Option 3, involve making no distinction between fee levels for different species, and allocating all the costs associated with variety identity and purity assessment onto the seed lot fee rather than apportioning these between the crop entry fee and the seed lot fee, as at present. Whereas Defra have included the Licensed Seed Testing Station (LSTS) throughput fee in the seed lot entry fee, Option 3 retains separate LSTS fees which were the subject of an earlier consultation.

### **Benefits**

14. Seed certification is an EC requirement that ensures that farmers and growers receive seeds of a minimum known quality. The majority of costs are paid by applicants who benefit from the ability to market their produce on the basis of assured quality.

#### How this would apply to each of the options -

### **Option 1**

15. Fees are currently subsidised by the Scottish Government and this reduces costs to applicants which may result in cheaper costs to farmers and growers, if the cost savings are passed on.

### **Option 2**

16. Increases in costs have been limited to the rate of inflation. As a result the increased fees should not have a disproportionate effect on the costs of a seed business

### **Option 3**

17. By adopting a new fee structure and streamlining services a below inflation increase in fees can be endorsed. For some merchant there will be an overall reduction in fees which could be passed on to farmers and growers in reduced seed costs.

### **Compliance costs for businesses, charities and voluntary organisations**

18. The compliance costs covered by these Regulations relate to matters arising under The Seeds (Registration, Licensing and Enforcement) Scotland Regulations 2006 and to matters arising under the Marketing Regulations for cereal seeds, fodder plant seeds, oil and fibre plant seeds, beet seeds and vegetable seeds.

Seed traders will be directly affected but some element of the increase may be passed on to growers.

19. It is difficult to identify a 'typical' business in the seed sector as companies differ in terms of the crop species in which they deal, their overall size, and the activities in which they are engaged. Representative profiles for a large (A), a medium-large (B), a medium-small(C), a small seed company (D), a large company with a LSTS (E) and a medium company with LSTS (F) are shown below

Company	Recurrent Costs			Non-Recurrent Costs	+/- %	
	Existing Rates – Option 1	Proposed New Rates - Option 2	Proposed New Rates - Option 3		Existing and Reduced Rates	Option 2
A	£16200.50	£18307.38	£17345.38	£0	+ 13%	+ 7.1%
B	£9370.00	£10573.40	£9084.00	£0	+ 12.8%	- 3.1%
C	£2749.90	£3146.30	£2802.25	£0	+ 14.4%	+ 1.9%
D	£1173.00	£1326.50	£1256.00	£0	+ 13.1%	+ 7.1%
E	£20895.50	£21382.50	£20420.50	£0	+ 2.3%	- 2.3%
F	£12617.50	£12360.90	£11371.50	£0	-2.1%	- 9.9%

20. From a business point of view, the majority of companies in Scotland's seed industry can be classified as being Small/Micro Businesses; where only five or less are employed. Many employ seasonal part-time staff and most are parts of a bigger agricultural supply organisation.

21. A more detailed breakdown of these assumptions and statutory fee costs is attached at Appendix 1.

### **Total compliance cost**

22. A total compliance cost is not available, as the Scottish Agricultural Science Agency (SASA) does not collect financial data relating to production costs in the seed sector. However, in so far as the cost of statutory fees represents about 2% of the overall cost of seed, the proposed increases will have a minimum effect on overall costs.

### Small/Micro Firms Impact Test

23. The Scottish Government recognise that is highly desirable and in the interest of the UK seed trade, that wherever possible, a common fee structure should apply throughout the UK. Indeed up until now this principle has been applied to fees for seed certification. However, differences in service delivery between Scotland and England make it difficult for the Scottish Government to replicate exactly the fee structure recently put in place in England and Wales.

24. The effect of the proposed fee increase on small businesses will be proportionate to their throughput. As statutory fees represent only about 2% of the cost of seed and the proposed increase to small seed merchants, under option 3, will be a below inflation £83 (a 7.1% increase over the fees set in 2002) we expect the changes to have a minimal impact.

25. SASA has frequent contact with various members of the seed industry through the course of their business; therefore the Scottish Government has no proposals to meet formally with key stakeholders. However, the Scottish Government would be very receptive to any request form stakeholders, for a meeting to discuss any issues which they may have as regards the consultation exercise.

### **Other costs**

26. There will be no additional costs to citizens, the environment or Government.

### **Test-run of Business Forms**

27. Seed Certification is a long established procedure whose forms are regularly reviewed. The change in fees does not involve any changes to forms and a test run of business forms is therefore not required.

### **Competition Assessment**

28. The Competition Filter has been applied and the conclusion, that there is no significant risk of impact from competition. (See Appendix 2) A detailed assessment has therefore not been prepared.

### **Enforcement, sanctions and monitoring**

29. SASA carries out the collection of fees for seed certification and seed testing in Scotland. The income levels and fee rates are monitored and reviewed annually.

30. If a company fails to pay seed certification fees, the seed will not be certified and therefore the vendor will not be able to market the seed.

### **Implementation and delivery plan**

31. The implementation of these Regulations does not represent a change of policy.

32. The SSI will be laid before Parliament by 29 November 2007 with a coming into force date of 1 January 2008.

### **Post implementation review**

33. SASA are to review the statutory fees charged for seed certification and associated licensed activities on an annual basis. The industry will be informed of their findings, even if there is no need for any increases.

### **Summary and recommendation**

34. This Regulatory Impact Assessment estimates the average cost to a range of businesses involved with the seed industry is acceptable.

35. The SSI will consolidate the existing statutory instruments for seed fees.

36. Option 3 will achieve full cost recovery of statutory fees charged for services relating to seed certification and associated licensed activities.

37. In view of the above, it is recommended that SSI is introduced to Scottish law.

### **Declaration**

38. I have read the Regulatory Impact Assessment and I am satisfied that the balance between cost and benefit is the right one in the circumstances.

Signed by the responsible Minister:

Date

### **Richard Lochhead**

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## PROFILE OF SEED MERCHANTS IN SCOTLAND

## Merchant A

The representative data used below makes the following assumptions:

## Throughput:

280 2<sup>nd</sup> Generation Cereal Seed Lots were entered for Certification;  
 20 Multiplication (Pre-Basic, Basic, 1<sup>st</sup> Generation) Cereal Seed Lots were entered for Certification;  
 50 Hectares of Pre-Basic Crops were entered for Certification;  
 200 Hectares of 1<sup>st</sup> Generation Crops were entered for Certification – licensed inspection;  
 1000 Hectares of 2<sup>nd</sup> Generation Crops were entered for Certification – licensed inspection.

Using the assumptions above, the existing statutory fees give the following costs:

<b>CEREALS</b>	<b>Option 1</b>	<b>Total</b>	<b>Option 2</b>	<b>New Total</b>	<b>Option 3</b>	
Crop Fees	1000 ha x £5.90 = £5900 200 x £6.70 = £1340 50 x (£26.45 + £13.20) = £1982.50	£9222.50	1000 ha x £6.90 = £6900 200 x £6.90 = £1380 50 x (£29.60 + £14.75) = £2217.50	£10497.50	1000 ha x £4.25 = £4250 200 x £4.25 = £850 50 x (£29.60 + £14.75) = £2217.50	£7317.50
Seed Lot Fees	280 seed lots x £21.80 = £6104 20 seed lots x £43.70 = £874	£6978.00	280 seed lots x £24.40 = £6832 20 seed lots x £48.90 = £978	£7810.00	280 seed lots x £30.60 = £8568 20 seed lots x £73 = £1460	£10028.00
<b>TOTAL</b>		<b>£16200.50</b>		<b>£18307.50</b>		<b>£17345.50</b>
<b>HERBAGE</b>						
Crop Fees	Nil		Nil		Nil	
Seed Lot Fees	Nil		Nil		Nil	
<b>TOTAL</b>	<b>Nil</b>		<b>Nil</b>		<b>Nil</b>	
<b>TOTAL COST OF STATUTORY FEES</b>		<b>£16200.50</b>		<b>£18307.50</b>		<b>£17345.50</b>

## Merchant B

The representative data used below makes the following assumptions:

### Throughput:

130 2<sup>nd</sup> Generation Cereal Seed Lots were entered for Certification;  
 10 Multiplication (Pre-Basic, Basic, 1<sup>st</sup> Generation) Cereal Seed Lots were entered for Certification;  
 10 Herbage Seed Lots were entered for Certification;  
 100 Hectares of 1<sup>st</sup> Generation Cereal Crops were entered for Certification – licensed inspection;  
 500 Hectares of 2<sup>nd</sup> Generation Cereal Crops were entered for Certification – licensed inspection;  
 80 Hectares of Herbage were entered for Certification – Official Inspection.

Using the assumptions above, the existing statutory fees give the following costs:

<b>CEREALS</b>	<b>Option 1</b>	<b>Total</b>	<b>Option 2</b>	<b>New Total</b>	<b>Option 3</b>	
Crop Fees	500 ha x £5.90 = £2950 100 x £6.70 = £670	£3620.00	500 ha x £6.90 = £3450 100 x £6.90 = £690	£4140.00	500 ha x £4.25 = £2125 100 x £4.25 = £425	£2550.00
Seed Lot Fees	130 seed lots x £21.80 = £2834 10 seed lots x £43.70 = £437	£3271.00	130 seed lots x £24.40 = £3172 10 seed lots x £48.90 = £489	£3661.00	130 seed lots x £30.60 = £3978 10 seed lots x £73 = £730	£4708.00
<b>TOTAL</b>		<b>£6891.00</b>		<b>£7801.00</b>		<b>£7258.00</b>
<b>HERBAGE</b>						
Crop Fees	80 x (£9.30 + £13.20 ) = £1800	£1800.00	80 x (£10.40 + £14.75 ) = £2012	£2012.00	80 x (£4.25 + £14.75 ) = £1520	£1520.00
Seed Lot Fees	10 x £67.90 = £679	£679.00	10 x £76.04 = £760.40	£760.40	10 x £30.60 = £306	£306.00
<b>TOTAL</b>		<b>£2479.00</b>		<b>£2772.40</b>		<b>£1826.00</b>
<b>TOTAL COST OF STATUTORY FEES</b>		<b>£9370.00</b>		<b>£10573.40</b>		<b>£9084.00</b>

## Merchant C

The representative data used below makes the following assumptions:

### Throughput:

50 2<sup>nd</sup> Generation Cereal Seed Lots were entered for Certification;  
 2 Multiplication (Pre-Basic, Basic, 1<sup>st</sup> Generation) Cereal Seed Lots were entered for Certification;  
 15 Hectares of 1<sup>st</sup> Generation Cereal Crops were entered for Certification – licensed inspection;  
 250 Hectares of 2<sup>nd</sup> Generation Cereal Crops were entered for Certification – licensed inspection.

Using the assumptions above, the existing statutory fees give the following costs:

CEREALS	Option 1	Total	Option 2	New Total	Option 3	
Crop Fees	250 ha x £5.90 = £1475 15 x £6.70 = £100.50	£1575.50	250 ha x £6.90 = £1725 15 x £6.90 = £103.50	£1828.50	250 ha x £4.25 = £1062.50 15 x £4.25 = £63.75	£1126.25
Seed Lot Fees	50 seed lots x £21.80 = £1090 2 seed lots x £43.70 = £87.40	£1177.40	50 seed lots x £24.40 = £1220 2 seed lots x £48.90 = £97.80	£1317.80	50 seed lots x £30.60 = £1530 2 seed lots x £73 = £146	£1676.00
<b>TOTAL</b>		<b>£2752.90</b>		<b>£3146.30</b>		<b>£2802.25</b>
HERBAGE						
Crop Fees	Nil		Nil		Nil	
Seed Lot Fees	Nil		Nil		Nil	
<b>TOTAL</b>	<b>Nil</b>		<b>Nil</b>		<b>Nil</b>	
<b>TOTAL COST OF STATUTORY FEES</b>		<b>£2752.90</b>		<b>£3146.30</b>		<b>£2802.25</b>

## Merchant D

The representative data used below makes the following assumptions:

### Throughput:

10 2<sup>nd</sup> Generation Cereal Seed Lots were entered for Certification;  
50 Hectares of 2<sup>nd</sup> Generation Cereal Crops were entered for Certification – Official Inspection.

Using the assumptions above, the existing statutory fees give the following costs:

	<b>Option 1</b>	<b>Total</b>	<b>Option 2</b>	<b>New Total</b>	<b>Option 3</b>	
<b>CEREALS</b>						
Crop Fees	50 ha x (£5.90 + £13.20 = £955	£955.00	50 ha x (£6.90 + £14.75) = £1082.50	£1082.50	50 ha x (£4.25 + £14.75) = £950	£950.00
Seed Lot Fees	10 seed lots x £21.80 = £218	£218.00	10 seed lots x £24.40 = £244	£244.00	10 seed lots x £30.60 = £306	£306.00
<b>TOTAL</b>		<b>£1173.00</b>		<b>£1326.50</b>		<b>£1256.00</b>
<b>HERBAGE</b>						
Crop Fees	Nil		Nil		Nil	
Seed Lot Fees	Nil		Nil		Nil	
<b>TOTAL</b>	<b>Nil</b>		<b>Nil</b>		<b>Nil</b>	
<b>TOTAL COST OF STATUTORY FEES</b>		<b>£1173.00</b>		<b>£1326.50</b>		<b>£1256.00</b>

## Merchant E

The representative data used below makes the following assumptions:

### Throughput:

280 2<sup>nd</sup> Generation Cereal Seed Lots were entered for Certification;  
 20 Multiplication (Pre-Basic, Basic, 1<sup>st</sup> Generation) Cereal Seed Lots were entered for Certification;  
 50 Hectares of Pre-Basic Crops were entered for Certification;  
 200 Hectares of 1<sup>st</sup> Generation Crops were entered for Certification – licensed inspection;  
 1000 Hectares of 2<sup>nd</sup> Generation Crops were entered for Certification – licensed inspection.

The merchant also has a Licensed Seed Testing Station (LSTS) attached to it and its through-put is:  
 300 Cereal Seed Lots

Using the assumptions above, the existing statutory fees give the following costs:

CEREALS	Option 1	Total	Option 2	New Total	Option 3	
Crop Fees	1000 ha x £5.90 = £5900 200 x £6.70 = £1340 50 x (£26.45 + £13.20) = £1982.50	£9222.50	1000 ha x £6.90 = £6900 200 x £6.90 = £1380 50 x (£29.60 + £14.75) = £2217.50	£10497.50	1000 ha x £4.25 = £4250 200 x £4.25 = £850 50 x (£29.60 + £14.75) = £2217.50	£7317.50
Seed Lot Fees	280 seed lots x £21.80 = £6104 20 seed lots x £43.70 = £874	£6978.00	280 seed lots x £24.40 = £6832 20 seed lots x £48.90 = £978	£7810.00	280 seed lots x £30.60 = £8568 20 seed lots x £73 = £1460	£10028.00
<b>TOTAL</b>		<b>£16200.50</b>		<b>£18307.50</b>		<b>£17345.50</b>
<b>HERBAGE</b>						
Crop Fees	Nil		Nil		Nil	
Seed Lot Fees	Nil		Nil		Nil	
<b>TOTAL</b>	<b>Nil</b>		<b>Nil</b>		<b>Nil</b>	



<b>Merchant E cont</b>						
<b>LSTS</b>						
LSTS Throughput Fees	300 x £ 9.65 = £2895	£2895.00	300 x £5.25 = £1575	£1575.00	300 x £5.25 = £1575	£1575.00
LSTS License Fee	£1800	£1800.00	£1500	£1500.00	£1500.00	£1500.00
<b>TOTAL</b>		<b>£4695.00</b>		<b>£3075.00</b>		<b>£3075.00</b>
<b>TOTAL COST OF STATUTORY FEES</b>		<b>£20895.50</b>		<b>£21382.50</b>		<b>£20420.50</b>

## Merchant F

The representative data used below makes the following assumptions:

### Throughput:

130 2<sup>nd</sup> Generation Cereal Seed Lots were entered for Certification;  
 10 Multiplication (Pre-Basic, Basic, 1<sup>st</sup> Generation) Cereal Seed Lots were entered for Certification  
 10 Herbage Seed Lots were entered for Certification;  
 100 Hectares of 1<sup>st</sup> Generation Cereal Crops were entered for Certification – licensed inspection;  
 500 Hectares of 2<sup>nd</sup> Generation Cereal Crops were entered for Certification – licensed inspection;  
 80 Hectares of Herbage were entered for Certification – Official Inspection.

The merchant also has a Licensed Seed Testing Station (LSTS) attached to it and its through-put is:  
 150 Seed Lots

Using the assumptions above, the existing statutory fees give the following costs:

CEREALS	Option 1	Total	Option 2	New Total	Option 3	
Crop Fees	500 ha x £5.90 = £2950 100 x £6.70 = £670	£3620.00	500 ha x £6.90 = £3450 100 x £6.90 = £690	£4140.00	500 ha x £4.25 = £2125 100 x £4.25 = £425	£2550.00
Seed Lot Fees	130 seed lots x £21.80 = £2834 10 seed lots x £43.70 = £437	£3271.00	130 seed lots x £24.40 = £3172 10 seed lots x £48.90 = £489	£3661.00	130 seed lots x £30.60 = £3978 10 seed lots x £73 = £730	£4708.00
<b>TOTAL</b>		<b>£6891.00</b>		<b>£7801.00</b>		<b>£7258.00</b>
<b>HERBAGE</b>						
Crop Fees	80 x (£9.30 + £13.20 ) = £1800	£1800.00	80 x (£10.40 + £14.75 ) = £2012	£2012.00	80 x (£4.25 + £14.75 ) = £1520	£1520.00
Seed Lot Fees	10 x £67.90 = £679	£679.00	10 x £76.04 = £760.40	£760.40	10 x £30.60 = £306	£306.00
<b>TOTAL</b>		<b>£2479.00</b>		<b>£2772.40</b>		<b>£1826.00</b>

**Merchant F cont.**

LSTS Throughput Fees	150 x £ 9.65 = £1447.50	£1447.50	150 x £5.25 = £787.50	£787.50	150 x £5.25 = £787.50	£787.50
LSTS License Fee	£1800	£1800.00	£1500	£1500.00	£1500	£1500.00
<b>TOTAL</b>		<b>£3247.50</b>		<b>£2287.50</b>		<b>£2287.50</b>
<b>TOTAL COST OF STATUTORY FEES</b>		<b>£12617.50</b>		<b>£12860.90</b>		<b>£11371.50</b>

## Appendix 2

### COMPETITION FILTER TEST QUESTIONS

<b>Question</b>	<b>Answer Yes/No</b>
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	Yes
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	Yes
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	Yes
Q4: Would the costs of the regulation affect some firms substantially more than others?	No
Q5: Is the regulation likely to affect the market structure, changing the number or size of firms?	No
Q6: Would the regulation lead to higher set-up costs for new or potential firms that existing firms do not have to meet?	No
Q7: Would the regulation lead to higher ongoing costs for new or potential firms that existing firms do not have to meet?	No
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of firms to choose the price, quality, range or location of their products?	No