

**Correspondence from the Chairman of the Environment, Food and Rural Affairs Select Committee to the Chief Executive of the Home-Grown Cereals Authority (HGCA)  
HGCA Levy and Implications for HGCA's work**

I am writing to you because of the Committee's concern about the financial situation at the Home-Grown Cereals Authority. I should be grateful if you would outline the process that led to a recommendation not to raise the levy and the implications of this for the HGCA's future work programme.

It would be helpful if you would provide the Committee with details of the following:

C details of the HGCA's work programme for 1 July 2003 onwards, as at 19 November 2002;

C changes made to that work programme as a result of the recommended levy increase of 3p, announced on 20 November 2002;

C details of the cutbacks of ,800,000 that were required, and the reasons for those cutbacks;

C additional changes made as a result of the recommendation not to raise the levy for the coming year;

C implications for the HGCA's financial position as a result of not increasing the levy;

C a summary of the comments received from stakeholders in response to the recommendation of a 3p increase in the levy, and the discussion that led to that recommendation being overturned; and

C an assessment of the implications for the cereals industry of not increasing the levy.

**Rt Hon David Curry MP**  
**22 January 2003**

**Background Information**

At its meeting on 20 November 2002, the Home Grown Cereals Authority recommended a levy increase of 3p per tonne. This increase was proposed against the background of the HGCA having to fund some expenditure from its reserves as a result of the poor harvest in 2001, and suggestions that the increase should be much higher. The HGCA also announced that cutbacks of ,800,000 would be required (HGCA Headlines, 21 November 2002).

Following consultations with stakeholder groups, on 15 January 2003 the HGCA announced that its

Board had recommended that there should be no levy increase this year. The Board still has to finalise its budget for the next financial year, starting on 1 July but it expects that "economies will be made in all HGCA activities, with cereals R&D being the most severely affected" (HGCA Headlines, 15 January 2003).