



30 October 2008

Guy Attenborough  
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Dear Guy

### **Consultation on food supply chain quality schemes and branding**

The Horticultural Trades Association (HTA) is the leading trade association for the ornamental horticulture and gardening industry. HTA membership includes some 1800 businesses representing the entire supply-chain – growers, retailers, suppliers, and landscapers. HTA grower members represent approximately 80% of UK ornamental production and include all major UK growers. HTA retail members include some 2500 retail nursery, garden centre and DIY multiple retail sites. HTA also operates the Association of Professional Landscapers, which represents landscapers, primarily operating in the domestic arena. The HTA is run by and for the industry and HTA performs a wide range of activities on behalf of our members and the industry.

The ornamentals sector is very significant within UK horticulture representing 35% of the farm-gate value of horticultural production. Horticulture represents some 15% of agriculture as a whole

Please find below the HTA response to your consultation paper.

#### **Question 1**

##### **Should AHDB invest levy payers money to promote the quality and standards of its sectors products?**

The HTA does not believe that AHDB should invest levy payers money to promote quality and standards of products in the ornamentals sector. HTA market research suggests that there is little evidence that final purchasers of ornamental products would see the value in such a scheme. Without evidence to the contrary the HTA believes that spending in this area is not a sensible use of monies raised through the levy. The HTA believes that there are far more pressing areas where the limited funds of ornamental levy payers need to be spent. These include in the areas of innovation, productivity and environmental challenges as highlighted in the HTA technical strategy and action plan, rather than on promoting a quality scheme or branding.

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The National Horticulture Forum (NHF) has produced a report this summer highlighting the pressures on existing R&D facilities following the ongoing reduction in Government funds. The report clearly states the need to focus available levy funds to sustain research for ornamentals to enable the survival of these R&D providers. In 2006 Promar produced a report for the NHF on the future for UK horticulture. It demonstrated the need for the industry to invest in productivity and innovation if it is to survive in a global market place.

The transfer of levy monies to promotions, coupled with the difficulties in seeking new funds from third parties (i.e. RDAs, EU, etc), will be seen to undermine the rationale for AHDB among levy payers. This could in turn lead to growers demanding a different funding basis to sustain a R&D programme.

Specifically on the concept of a promoting a quality scheme the HTA is supportive of the British Ornamental Plant Producers (BOPP) scheme that operates within the ornamentals sector. Over the years scheme members have discussed the pros and cons of promoting the scheme to the consumer. However, the scheme has always come to the conclusion that ornamentals are very different to edible plants and the producer has no control over the quality of the product once it reaches the retailer. Most ornamental plants do not have a 'best before' date and poor maintenance by the retailer could result in a quality logo attached to a poor quality, or even dead plant! Such a logo would only confuse the consumer and only has use as a business to business tool in the ornamentals sector.

The HTA has conducted considerable market research into how consumers buy plants and, with the quality of a plant on the shelf being so determined by the care provided by the retailer, the consumer perception of quality depends far more on the perception of the retailer than on the product itself. The HTA has identified some merit in promoting locally produced plants where a strong message of supporting producers within your own community can be promoted. The Red Tractor scheme, or one like it, would be completely inappropriate for communicating this message.

## **Question 2**

### **Does there need to be a rationalisation of existing quality marks?**

The HTA can understand this argument in food producing sectors but do not accept that the same is true for ornamental production.

## **Question 3**

**Should AHDB invest levy funds to promote uptake within the industry, police the proper use of a mark and build consumer awareness about the quality and standards of all sector products? (The cost of this is estimated to be about £0.5m. per annum to AHDB and would be apportioned back to AHDB sector organisations).**

As indicated in our answer to question 1 the HTA does not believe that AHDB should be investing funds in this way on behalf of growers of ornamental crops. If AHDB were to go down this route the HTA believes that levy from ornamental growers should be ring-fenced for the benefit of those growers. Any apportionment back to

sector organisations should reflect this and sectors which will not benefit, such as growers of ornamental crops, should not be expected to contribute.

The HTA further notes the guidance given in Appendix I – State Aid rules on advertising. In particular the HTA notes in the section regarding operating aid that the rules prohibit the provision of operating aid, i.e. the state must not pay a cost that should properly be paid by the operator(s) concerned. The HTA believes that promoting uptake within the industry, policing the proper use of any mark and building consumer awareness would be fundamental to any such scheme. The HTA therefore asks AHDB how spending in these areas can be considered to be anything other than operating costs which should be met by the “operator(s) concerned”? Is AHDB confident that such spending will not fall foul of State Aid rules now or in the near future?

#### **Question 4**

**If levy payer money was to be invested, should AHDB;**

- a) **Create a new scheme?**
- b) **Adopt the RTL scheme as it is now? or**
- c) **Integrate existing standards in the beef and sheep sector into the RTL scheme? (Note: pig sector standards already integrated)**

As indicated above the HTA does not believe that levy payer money should be invested by AHDB in this way.

#### **Question 5**

**In your sector, which products or market segments do you believe would most benefit from the promotion of quality characteristics (either general quality characteristics common to your sector and other sectors or ones specific to your sector)? Would you support levy payers’ money being invested in this promotion?**

With a myriad of crop types and production techniques involved in ornamental horticultural production the HTA can see little value in levy payers’ money being used to promote products or market segments as suggested. The HTA has considerable experience and involvement in running promotional campaigns for the ornamental plant industry such as the successful *PlantforLife* campaign. This experience has shown the value of such campaigns and equally the costs and inputs necessary to run a successful campaign. The HTA again questions the likely value to levy payers producing ornamental crops of the approach envisaged in the AHDB consultation paper.

#### **Question 6**

**If in your view, no products in your sector would benefit from promoting such a scheme (beyond a baseline investment outlined in paragraph 21), would you accept other AHDB sectors working together at a sector level on such a scheme through AHDB?**

Should those sectors involved in horticultural, and other, food production wish to work together and participate in such a scheme the HTA repeats our call that those sectors not benefiting from such a scheme should have their levy funds ring-fenced and not be expected to fund the activities of other sectors in this area.

#### **Question 7**

**Do you support levy-funded investment even though this will mean that EU guidelines for promotion would need to be observed by all parties participating in the scheme throughout the supply chain even where private funds were invested?**

The HTA does not support levy-funded investment on principle. The HTA believes that in order to answer this specific question further detail could have been provided in the consultation paper. For example, does this mean that if a scheme were to be introduced in our sector a garden centre (or other retailer) participating in the scheme would not be able to run a separate promotion for Dutch daffodil bulbs, paid for by the Dutch supplier, in the same retail establishment at the same time as promoting quality-marked daffodil bulbs? If this example is not legitimate because of the reference in the guidelines to "food quality criteria" and origin, what would be the value of such levy-funded investment to levy payers producing ornamental crops?

The HTA would welcome a reply from AHDB to the points raised in this response so that we can inform our members. Should you wish to discuss this response in further detail please do not hesitate to contact me.

Yours sincerely



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HTA Director of Business Development