



**ORNAMENTAL AQUATIC TRADE ASSOCIATION LTD.**

*"The Voice of the Ornamental Fish Industry"*

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**CONSULTATION ON PROPOSED CHANGES TO FEES FOR STATUTORY  
PLANT HEALTH SERVICES PROVIDED BY THE ANIMAL AND PLANT  
HEALTH AGENCY IN ENGLAND AND WALES**

**FOLLOW UP RESPONSE FROM THE ORNAMENTAL AQUATIC TRADE  
ASSOCIATION (OATA) IN RELATION TO SOCIO-ECONOMIC IMPACTS OF  
FEE CHANGES**

*OATA represents over 850 UK businesses, including importers, wholesalers, distributors, manufacturers and retailers in the home aquarium and garden pond sector, many of which are small and micro-businesses. Our industry employs around 12,000 people and is worth an estimated £400 million per year to the UK economy.*

Once again, thank you for the opportunity to comment on the above consultation. Further to our previous response dated 9 October, we now wish to follow up on this to comment on the socio-economic impact that the proposed fee changes will have to the sector that we represent and to highlight disparities that are apparent in this consultation document. Our comments are therefore made in reference to the chapters and numbered points in the consultation document.

*Chapter One: Introduction*

Under point 9, it is stated that in 2016/17, £5.498m was recovered from businesses whilst under point 12, it is stated that the proposed new fees are based on costs of £5.746m for 2016/17. By our calculations, this would have resulted in a disparity between these two figures of 4.5% i.e. a difference of £248k between calculated actual costs and costs recovered from businesses. We would therefore expect that the current fees would need to rise accordingly by 4.5% overall to cover costs. However, in relation to the proposed fees for import inspection fees for those commodities imported by our sector, the increase is significantly more than this, for example, as high as a 575% increase in relation to import inspection service fees.

We note that under point 11, the timeframe for introduction of the proposed new fees is April 2018 and we have previously commented on this timeline. We further note that for three of the plant health services (exports, plant passporting and plant health licensing) it is stated that there will be a phased increase in certain fees to allow businesses time to plan and prepare for

such increases. We would therefore ask for an explanation as to why this same consideration has not been proposed in relation to import inspection services which is the main plant health service used by our sector. Given that the full impact of these proposed fee changes will have taken effect by April 2019, which coincides with when the UK is currently due to leave the EU, we question why there appears to be an oversight in the consultation document in relation to the poor timing of implementation of the proposed fee changes and what sensitivities are being built into such fees, given the possible impacts of the UK's future trade once we are outside of the EU are not referenced in this consultation document.

#### *Chapter Three: New cost methodology*

Under point 19, footnote 2, it is stated that the current methodology for calculating the cost of providing plant health services is based on the fee cost base for 2014/15. This statement appears to contradict point 20, where it is stated that '*costs incurred in one 12 month period are recovered by fees levied in the following 12 months. For example, fees for 2017/18 will be based on the costs incurred in providing services in the period April 2016 to March 2017*'. Using this methodology, costs for 2016/17 should be based on the fees levied in the period April 2015 to March 2016 and we would therefore ask for an explanation as to why 2014/15 has been used as the basis for the current cost methodology.

It is noted that under point 24, the cost of service delivery for 2014/15 was £6.48m which then fell to £5.746m for 2016/17. We would request that the costs of service delivery for 2015/16 be given as this may provide stakeholders with a much clearer indication of what the overall expected rise in fee charges might need to be.

Point 21 states that (APHA) staff costs are a significant proportion of the eligible costs. In relation to staff costs for Plant Health Inspectors and support staff, we would request a breakdown as to how many Plant Health Inspectors/support staff have been employed at each Border Inspection Post over the past ten years and/or the percentage increase in numbers of such staff. We would also enquire as to what sensitivity has been built into the proposed new cost methodology to factor in for a potential reduction in the number of Inspectors/support staff if fewer large scale plant consignments are imported into the UK following leaving the EU.

#### *Chapter Four: Import Inspection Services – Proposed changes to fees*

Whilst we welcome the reduction in charges for documentary checks and identity checks resulting from the proposed combination of these charges, we note that the proposed percentage saving is small at approximately 15% based on the difference between the current and proposed charges of £1.71 (based on data given in point 32 and point 34, subpoint 1).

We note the intention to introduce a separate fee of £157.08 to recover laboratory testing costs. Whilst we recognise the need to maintain high levels of biosecurity, we would request that a justification is given as to how this proposed fee has been calculated. Given that there appears to be variations in interception rates between Border Inspection Points both within the UK and between EU Member States, as highlighted in the case of *Bemisia tabacci* on aquatic plants, we are concerned that the proposed significant increase in import inspection fees together with the proposed introduction of laboratory testing costs will mean that some exporters will not supply the UK due to such high costs. Thus negatively affecting our sector.

### *Impact on businesses*

In our response to the impact on businesses within our sector, we reference both Chapter Four and Annexe C (Proposed changes for import inspections) of the consultation document, given that changes to fees for import inspection services are those most likely to affect our sector.

We note that in relation to physical inspections, the proposal is a move away from a volume-based approach to a flat fee per commodity type (based on how much resource is taken to inspect a consignment) and we acknowledge that in relation to imports of aquatic plants, 100% checks are undertaken.

However, whilst it is stated under point 36 that the overall import inspection services costs will be reduced under the new cost methodology, the redistribution of such costs means that 73% of businesses will see an increase in their costs (as given under point 37). In relation to our sector, some of these fee increases are significant.

Under Annexe C, the plants imported by our sector would predominantly fall under the category of 'Other plants, intended for planting' with some e.g. waterlily rhizomes falling under 'Bulbs, corms, rhizomes, tubers, intended for planting'. We highlight in the tables provided below, the percentage increases between the current and proposed import inspection charges.

Commodity category	Current daytime consignment fee	Current non-daytime consignment fee	Proposed inspection fee per consignment	Difference between current & proposed fee	Percentage Increase (rounded to nearest whole number)
Other plants, intended for planting (up to 5000 in no.)	£47.87		£152.41	£104.54	<b>218%</b>
Other plants, intended for planting (up to 5000 in no.)		£71.80	£152.41	£80.61	<b>112%</b>
Bulbs, corms, rhizomes, tubers, intended for planting (up to 200kg)	£47.87		£233.18	£185.31	<b>387%</b>
Bulbs, corms, rhizomes, tubers, intended for planting (up to 200kg)		£71.80	£233.18	£161.38	<b>225%</b>

**Table 1: Differences and percentage increases between current and proposed import inspection fees for plant commodity categories used by the ornamental aquatic sector.**

Commodity category	Current total daytime consignment fees	Current total non-daytime consignment fees	Proposed potential total inspection fees per consignment	Difference between current & proposed fees	Percentage Increase (rounded to nearest whole number)
Other plants, intended for planting (up to 5000 in no.)	£59.29 (comprising £47.87 inspection fee + £5.71 (x 2) for documentary & ID checks, lab tests included)		£319.20 (comprising £152.41 inspection fee + £9.71 combined check fee + £157.08 lab testing fee (if required))	£259.91	<b>438%</b>
Other plants, intended for planting (up to 5000 in no.)		£71.80 (comprising £71.80 inspection fee + £5.71 (x 2) for documentary & ID checks, lab tests included)	£319.20 (comprising £152.41 inspection fee + £9.71 combined check fee + £157.08 lab testing fee (if required))	£235.98	<b>284%</b>
Bulbs, corms, rhizomes, tubers, intended for planting (up to 200kg)	£59.29 (comprising £47.87 inspection fee + £5.71 (x 2) for documentary & ID checks, lab tests included)		£399.97 (comprising £233.18 inspection fee + £9.71 combined check fee + £157.08 lab testing fee (if required))	£340.68	<b>575%</b>
Bulbs, corms, rhizomes, tubers, intended for planting (up to 200kg)		£71.80 (comprising £71.80 inspection fee + £5.71 (x 2) for documentary & ID checks, lab tests included)	£399.97 (comprising £233.18 inspection fee + £9.71 combined check fee + £157.08 lab testing fee (if required))	£316.78	<b>381%</b>

**Table 2: Differences and percentage increases between current and proposed total import fees for plant commodity categories used by the ornamental aquatic sector.**

As can be seen from these two tables, the percentage increases are significant and appear to be disproportionate to proposed fee increases for other plant commodity categories e.g. fruits and vegetables and leaves of plants given the possibility that consignments under these plant

commodity categories could contain pathogens or 'hitchhikers' such as insects and it is assumed are also subject to 100% checks.

*Chapter Nine: Export certification services – Current charging position*

In relation to plant exports, it would appear that based on the proposed fees and percentage increases (for example 48% increase in relation to pre-export inspections based on the minimum fee), the proposed increases far exceed the recovered costs given under points 74 and 75. We note again that these costs are based on costs data for 2014/15 and no costs are provided for 2015/16. Further, under point 75 it is stated that export services costs have been significantly under recovered since 2011/12 with a quoted subsidy by government of £700,000 per year. We therefore request clarification if the increase given in export services fees incorporates a further recovery of this government subsidy.

*Impact on businesses – overall comments from OATA*

Whilst the removal of an out of hours surcharge is welcomed in relation to import inspection fees, we feel that an explanation/breakdown of the calculations used for the proposed increased fees is justified, particularly given that these increases are significant. The majority of aquatic plant importers that we represent are micro-businesses and for businesses such as these, together with small scale retailers and wholesalers, the proposed import inspection fee charges will have a profound negative effect on them, given that these fees have increased markedly and they will not be able to adsorb such increases. This is especially so, given the indication from the consultation document that such increases will not be phased in (as is occurring for the three services mentioned hitherto). Such changes could force aquatic plant importers to bring in larger consignments on a less regular basis and/or that consolidators may have to bulk up their orders to spread the increased costs over the number of end users.

In relation to small scale direct importers, these proposed changes will have a direct impact on their trade with Dutch suppliers, who trade predominantly in plants imported from the Far East. Such plants obtained via Dutch suppliers will have been checked by Dutch import authorities (we do not know what these inspection costs are) and the goods then enter the UK usually via a courier or van. In this regard, as inspection checks will have already taken place on entry into the EU, this will reduce the workload for UK plant health inspectors although we acknowledge that in terms of biosecurity, this will be very much dependent on the weakest link in the chain. Once the UK leaves the EU it may well be that Dutch suppliers refuse to export to the UK due to these increased UK costs, thereby negatively impacting on reciprocal trade.

In terms of exports, we estimate that there are only a few UK aquatic growers exporting large amounts outside the EU i.e. to a third country. Some may be exporting within the EU and hence would be subject to charges once the UK leaves the EU. Although reduced export fee rates (50% reduction) will be available to small businesses and individuals exporting low volumes, the proposed increase in export service fee charges could have an unintended consequence in that such small export orders may be sent via small packages in the post.

In conclusion, whilst we predict that larger companies will be able to adsorb these proposed increased plant health services fees, this will not be the case for micro- and small-scale businesses. Such increases will have the effect of making the market anti-competitive as the market will become distorted in favour of larger companies/consolidators and such an approach would appear to go against the UK Government's special regard for SMEs (small and medium sized enterprises).

We look forward to viewing the summary of this consultation process and hope that we will be provided with a response to our request for a breakdown/justification of the calculation of these proposed increased costs.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D Whitmee'. The signature is written in a cursive style with a large initial 'D'.

Dominic Whitmee  
Chief Executive