

|  |   |  |                           |
|--|---|--|---------------------------|
| <b>Title:</b><br>Revision of Fees: Amendment of the Bovine Semen Regulation (England) 2007<br><b>IA No:</b> DEFRA1053b<br><br><b>Lead department or agency:</b><br>Department for Environment, Food and Rural Affairs (Defra)<br><b>Other departments or agencies:</b><br>Devolved Administrations | <b>Impact Assessment (IA)</b>                 |  |                           |
|  | <b>Date:</b> 29/05/2012                       |  |                           |
|  | <b>Stage:</b> Consultation                    |  |                           |
|  | <b>Source of intervention:</b> Domestic       |  |                           |
|  | <b>Type of measure:</b> Secondary legislation |  |                           |
| <b>Contact for enquiries:</b> Jim Estall jim.estall@defra.gsi.gov.uk 0207 238 5118 / Marjorie Addo marjorie.addo@defra.gsi.gov.uk 0207 238 5947  |   |  |                           |
| <b>Summary: Intervention and Options</b>   |   |  | <b>RPC Opinion:</b> AMBER |

| Cost of Preferred (or more likely) Option |                            |  |   |
|---|----------------------------|--|---|
| Total Net Present Value                   | Business Net Present Value | Net cost to business per year (EANCB on 2009 prices) | In scope of One-In, Measure qualifies as One-Out? |
| £0m                                       | £0.632m                    | £0.066m  | No  |
|   |                            |  | NA  |

**What is the problem under consideration? Why is government intervention necessary?**

The Bovine Semen (England) Regulations 2007(as amended), sets out the charges for which a fee is payable i.e the licensing the collection, processing and storage of bovine semen established under Council Directive 88/407/EEC(as amended) for trade with other EU member States, and a second tier for domestic (UK) trade. Current fees do not reflect the true cost to government of providing this statutory service resulting in a subsidy for users and a financial cost to the general taxpayer . Government intervention is necessary to remove the subsidy and relieve the burden on the general taxpayer and it is intended to increase the charges to businesses to full cost recovery levels.

**What are the policy objectives and the intended effects?**

Controls on Bovine semen are necessary to prevent the spread of certain animal diseases transmitted through semen and which prevent economic wellbeing of the livestock industry. This proposal aims to relieve the burden on the taxpayer of providing this statutory service and increase opportunities for the industry to reduce costs without compromising the Government's objectives. The intended effect of the policy is more efficient use of public resources by transferring the cost of service provision from the general taxpayer to the direct beneficiaries of this licensing service and move toward full cost recovery (FCR), in line with Government policy, (Managing Public Money (2009) HM Treasury).

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**

0. Do nothing (no change to current policy).

1. Introduction of fees with immediate effect to achieve FCR (Oct 2012) for services rendered by AHVLA to industry.

2. Phased introduction of fees to achieve FCR by Year 2 of implementation (2013/14), for AHVLA services. This is the preferred option as it is the only option which effectively and efficiently delivers FCR, whilst providing business time to absorb the increase in the fees. We need to address the shortfall in funding for this service which has not been increased since 2001. The proposed increase forms a very small proportion of the value of intra-Union trade (and exports to 3rd countries) most of which require compliance with EU legislation as a starting point.

|  |                    |                      |                      |                      |                           |
|--|--------------------|----------------------|----------------------|----------------------|---------------------------|
| <b>Will the policy be reviewed?</b> It will be reviewed. <b>If applicable, set review date:</b> 01/2017                |                    |                      |                      |                      |                           |
| Does implementation go beyond minimum EU requirements?   |                    |                      | No                   |                      |                           |
| Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.                       | <b>Micro</b><br>No | <b>&lt; 20</b><br>No | <b>Small</b><br>No   | <b>Medium</b><br>Yes | <b>Large</b><br>Yes       |
| What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent) |                    |                      | <b>Traded:</b><br>No |                      | <b>Non-traded:</b><br>N/A |

*I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.*

Signed by the responsible SELECT SIGNATORY: \_\_\_\_\_ Date: \_\_\_\_\_

# Summary: Analysis & Evidence

# Policy Option 1

**Description:** Introduction of fee increases to achieve full cost recovery (FCR) from October 2012 for AHVLA services to bovine semen companies.

## FULL ECONOMIC ASSESSMENT

| Price Base Year 2012 | PV Base Year 2012 | Time Period Years 2012 | Net Benefit (Present Value (PV)) (£m) |                |                  |
|----------------------|-------------------|------------------------|---------------------------------------|----------------|------------------|
|                      |                   |                        | Low: Optional                         | High: Optional | Best Estimate: 0 |

| COSTS (£m)    | Total Transition (Constant Price) Years | Average Annual (excl. Transition) (Constant Price) | Total Cost (Present Value) |
|---------------|---|--|----------------------------|
| Low           | Optional                                | Optional   | Optional                   |
| High          | Optional                                | Optional   | Optional                   |
| Best Estimate | £0                                      | £0.08m   | £0.68m                     |

### Description and scale of key monetised costs by 'main affected groups'

This option introduces full recovery of costs for services provided to industry from October 2012. This will be borne by businesses using the AHVLA service. The annual average cost to business will be about £80,000.(see table on page 6)

### Other key non-monetised costs by 'main affected groups'

None

| BENEFITS (£m) | Total Transition (Constant Price) Years | Average Annual (excl. Transition) (Constant Price) | Total Benefit (Present Value) |
|---------------|---|--|-------------------------------|
| Low           | Optional                                | Optional   | Optional                      |
| High          | Optional                                | Optional   | Optional                      |
| Best Estimate | £0                                      | £0.08m   | £0.68m                        |

### Description and scale of key monetised benefits by 'main affected groups'

The benefit will fall to government (taxpayers) who will no longer need to subsidise this service. The benefit is the same magnitude as the costs above.

### Other key non-monetised benefits by 'main affected groups'

### Key assumptions/sensitivities/risks

Discount rate (%) 3.5

Assumption: Service cost calculation for 2011/12 are based on the assumption that the services being provided will remain at or close to 2011/12 volumes. Small market with 3 major players; increases should be able to be absorbed.

Risks: Current good relationship with industry affected

## BUSINESS ASSESSMENT (Option 1)

|   |           |           |                   |                      |
|---|-----------|-----------|-------------------|----------------------|
| Direct impact on business (Equivalent Annual) £m: |           |           | In scope of OIOO? | Measure qualifies as |
| Costs: 0.08                                       | Benefits: | Net: 0.08 | No                | NA                   |

# Summary: Analysis & Evidence

# Policy Option 2

**Description:** Introduction of fee increases for AHVLA services to bovine semen companies to achieve FCR from October 2013 with fee increase phased in from October 2012.

## FULL ECONOMIC ASSESSMENT

| Price Base Year 2012 | PV Base Year 2012 | Time Period Years 10 | Net Benefit (Present Value (PV)) (£m) |                |                  |
|----------------------|-------------------|----------------------|---------------------------------------|----------------|------------------|
|                      |                   |                      | Low: Optional                         | High: Optional | Best Estimate: 0 |

| COSTS (£m)    | Total Transition (Constant Price) Years | Average Annual (excl. Transition) (Constant Price) | Total Cost (Present Value) |
|---------------|---|--|----------------------------|
| Low           | Optional                                | Optional   | Optional                   |
| High          | Optional                                | Optional   | Optional                   |
| Best Estimate | £0                                      | £0.075m  | £0.63m                     |

### Description and scale of key monetised costs by 'main affected groups'

This option introduces full cost recovery but phased over 2 years. The average annual cost to business will be £75,000 slightly lower than option 1 as a result of the phasing in the first 2 years. (see table on page 6)

### Other key non-monetised costs by 'main affected groups'

none

| BENEFITS (£m) | Total Transition (Constant Price) Years | Average Annual (excl. Transition) (Constant Price) | Total Benefit (Present Value) |
|---------------|---|--|-------------------------------|
| Low           | Optional                                | Optional   | Optional                      |
| High          | Optional                                | Optional   | Optional                      |
| Best Estimate | £0                                      | £0.075m  | £0.63m                        |

### Description and scale of key monetised benefits by 'main affected groups'

The benefit will fall to government (taxpayers) who will no longer need to subsidise this service. The benefit is the same magnitude as the costs above.

### Other key non-monetised benefits by 'main affected groups'

### Key assumptions/sensitivities/risks

Discount rate (%) 3.5

The assumptions made and the risks involved match those described in option 1. However, phasing fees in over two years, ensures that, relative to option 2, the impacts (foreseen or unforeseen) are likely to be reduced, and can be gauged and mitigated more easily. It also provides time for the service to work with industry to find more cost effective ways of delivering the service. Potentially reducing the fees over Year 1 and Year 2 to achieve FCR, whilst maintaining disease free status

## BUSINESS ASSESSMENT (Option 2)

|   |           |           |                   |                      |
|---|-----------|-----------|-------------------|----------------------|
| Direct impact on business (Equivalent Annual) £m: |           |           | In scope of OIOO? | Measure qualifies as |
| Costs: 0.07                                       | Benefits: | Net: 0.07 | No                | NA                   |

# Evidence Base (for summary sheets)

## 1. Background: Bovine Semen

- 1.1 The Bovine Semen (England) Regulations 2007 (as amended), were introduced to remove an aspect of illegal charging in connection with bovine semen. The fees for this regime were originally set in 2001 and have not been reviewed since then. The cost of Veterinary Officer (VO) time has been increased significantly to reflect 2012/13 rates. Efficiencies have been made in relation to administration costs where these have actually come down.
- 1.2 At present, Animal Health Veterinary Laboratory Agency (AHVLA) charge the bovine semen sector for services they provide. These involve costs for:
  - 1) Inspection / approval at collection centre- this service is carried out by Veterinary Officer (VO).
  - 2) Sampling / testing of donor animals
  - 3) Approval of donors which are deemed eligible – this service is carried out by AHVLA Admin, Lincoln.

Some of the donors for EU trade require a 1<sup>st</sup> series and 2<sup>nd</sup> series of tests. The current fees factor in costs for admin and technical (VO and OV) time where applicable at 2001 prices.
- 1.3 Current costs comprise a technical inspection/sampling of a donor by a VO.
- 1.4 AHVLA propose to charge a fixed rate to cover administration and then charge VO field time out at an agreed rate. Businesses will have the option of using an Official Veterinarian (OV) to take samples etc as their costs may well be lower than AHVLA's current levy. The charge for such a service is a private matter between the OV and business.
- 1.5 The 3 main companies that require services from AHVLA are:
  - Cogent Breeding Ltd
  - Genus Breeding Ltd
  - UK Sire services Ltd

## 2. Problem under consideration

- 2.1 Current fees do not reflect the true cost to government of providing this statutory service resulting in a subsidy for users and a financial cost to the general taxpayer. The service that AHVLA provide industry is to licence AI Centres, approve donor animals and sample them. It controls the conditions under which semen is collected, identified and traced. In short, it controls the health status of donor animals. Council Directive 88/407/EEC (as amended), lays down the animal health requirements applicable to intra-Community trade and imports of semen in domestic animals of the bovine species. The Bovine Semen (England) Regulation 2007 (as amended), sets out charges for statutory activities carried out by Animal Health Veterinary Laboratories Agency (AHVLA) by reference to their website and published fees. This Statutory Instrument guards against diseases in bovine semen and facilitates trade.
- 2.2 Government intervention is necessary to remove the subsidy and relieve the burden on the general taxpayer and it is intended to increase the charges to businesses to full cost recovery levels. HMT has ruled out the previous method of publishing the charges on the web. This means that we will have to publish a schedule setting out the new fees to the Bovine Semen (England) Regulations 2007 (as amended). Wales and Scotland will be required to amend their legislation to reflect the new charging fees.

## 3. Rationale for intervention

- 3.1 These costs are transferred to industry by charging, essentially there is a cost to the industry and equivalent benefit to society as the revenue is paid to AHVLA. This arrangement avoids the

implicit subsidisation of private sector at taxpayer expense. Charging for these services is in accordance with Treasury and Defra's rationale for charging.

- 3.2 Our evidence base shows that based on historical volumes of trade, the current charging regime as of 2011/12 will not recover full costs. The full cost to AHVLA for providing this service will be circa £0.212m for 2011/12. Income received for 2011/12 is expected to be £0.128m.
- 3.4 However, the current levels of charges don't reflect the true cost of the service, resulting in a significant subsidy and burden on the general taxpayer.

### What other member of states are doing?

- 3.5 Other member states have a different approach to how they charge for services to industry. It has been recognised that some MSs are more supportive to their industry than others. As there is no EU legal basis for charging for such work, there isn't a requirement for member states to operate in the same way.

We have consulted other EU Member States on their approach to charging and some fully recover their cost while others subsidise. The table below illustrate responses from other Member States. For those who are yet to respond we will obtain this information during consultation.

| Other Member States (MS) Approach to Charging<br>Bovine Semen |   |
|---|---|
| Cost Fully Recovered  | Estonia, Latvia, Lithuania, Netherlands                       |
| Costs Partially recovered                                     | Finland, Norway, Czech Republic                               |
| No Cost - Industry subsidised                                 | France, Ireland, Luxembourg, Poland, Romania                  |
| Other Comments  | Cyprus- not applied<br>Germany- unable to provide information |

\*There are 27 member states (including the united Kingdom) and responses received are from: Estonia, Latvia, Lithuania, Netherlands, Finland, Norway, France, Ireland, Luxembourg, Poland, Romania, Cyprus, Germany and Czech Republic.

## 4. Policy objective and Intended effect

- 4.1 The aim of introducing a Full Cost Recovery regime for issuing licences to premises for EU/Domestic trade and the taking of blood samples and testing for specified diseases to donor animals, is to relieve the burden on the taxpayer of providing this service. It is intended that this will be achieved by transferring the cost of inspection and approval checks and administration from the general taxpayer to the businesses using the services. The intention is to achieve this without compromising the Government's objectives under the EU Directive to protect animal and public health.

## 5. Description of options considered (including do nothing)

Three options have been considered in delivering this policy objective:

**Option 0: This is the 'do nothing' baseline (i.e. keep charges at current levels) against which other options are evaluated.** Costs and benefits are not measured for this option but clearly it would not deliver the government's objective of full cost recovery.

**Option 1: Introduction of fee increases to achieve full cost recovery charges (FCR) from October 2012 for AHVLA services to bovine semen companies.** This option would deliver the Government's stated objectives and recover the full cost of the service in one go.

**Option 2: Phased introduction of fee increase to achieve FCR from 1 October 2013 for the AHVLA service to bovine semen companies. From October 2012 fees would rise by half the**

**eventual full increase.** This option would deliver the Government's stated objectives and recover full cost service, but over a slightly longer period.

**Preferred option - Option 2** – This option would fully recover cost for services provided by AHVLA over a longer period and allow an adjustment period for business.

## 6. Costs and benefits for each option (including administrative burdens)

### 6.1 Options

#### Option 1: Introduction of fee increases to achieve full cost recovery (FCR) charges from October 2012 for AHVLA services to Bovine semen Companies.

##### Costs and Benefits:

- In economic terms fees and charges are regarded as a form of transfer i.e. the costs are transferred from one party to another. In these cases the additional cost is being transferred from the government (taxpayer) to those who receive the service. The taxpayer therefore enjoys a benefit of equal magnitude to the additional cost borne by the user of the service. The additional cost to industry (and benefit to the taxpayer) will be about £42,000 for the financial year 2012/13 and £84,000 annually thereafter assuming no change in the volume of services required.

**Costs:** Industry will have to meet actual costs for services provided by AHVLA in connection with Artificial Insemination of Bovines. The total cost to the sector over a year would amount to £0.212m.

#### Option 2: Phased introduction of fee to achieve FCR by Year 2 of implementation (from October 2013) for the AHVLA service to bovine semen companies.

##### Costs and Benefits:

- The additional costs to industry (and benefit to the taxpayer) will be about £17,000 and £59,000 respectively for the financial years 2012/13 and 2013/14. From 2014/15 it will increase to about £84,000 a year.
- The following table shows the increased cost to business as a consequence of higher charges. These costs are shown on the summary pages at the beginning of this document and are equivalent to the reduced need for subsidy from the general taxpayer. They are also therefore the benefits of these options.

**Table: Increase in costs to business from higher charges (equivalent to benefit to taxpayer) (Financial years £m)**

| Year commencing April: | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | Total |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| At constant prices     |       |       |       |       |       |       |       |       |       |       |       |
| Option 1               | 0.042 | 0.084 | 0.084 | 0.084 | 0.084 | 0.084 | 0.084 | 0.084 | 0.084 | 0.084 | 0.798 |
| Option 2               | 0.017 | 0.059 | 0.084 | 0.084 | 0.084 | 0.084 | 0.084 | 0.084 | 0.084 | 0.084 | 0.748 |
| Present Value (a)      |       |       |       |       |       |       |       |       |       |       |       |
| Option 1               | 0.042 | 0.081 | 0.078 | 0.076 | 0.073 | 0.071 | 0.068 | 0.066 | 0.064 | 0.062 | 0.681 |
| Option 2               | 0.017 | 0.057 | 0.078 | 0.076 | 0.073 | 0.071 | 0.068 | 0.066 | 0.064 | 0.062 | 0.632 |

(a) discounted at 3.5%

## 7. Summary and preferred option with description of implementation plan

- 7.1 The preferred option is option 2: Phased introduction of FCR by Year 2 of implementation (from October 2013) for inspection and approval of premises.
- 7.2 The total value of bovine artificial breeding control trade in exports to the EU and third countries in calendar 2010 was £14.0m. Moving to FCR in year 2 would lead to an estimated overall income of £0.212m (£0.162m in year 1). This income is insignificant in relative terms. In principle, therefore overall cost recovery is achievable.
- 7.3 A phased introduction of FCR fees is being recommended given the increases in the charges. This will be phased in on the 1<sup>st</sup> October 2012 and we intend to move towards FCR from existing charges £127,884 in 2011/12 to £169,793 in 2012/13 to £203,642 in 2013/14 and £211,701 thereafter
- 7.4 Our plan would be to introduce charges via a statutory instrument in October 2012.
- 7.5 The benefit of this option is to give business the time to adapt to the increase and if necessary apply efficiencies to absorb the fees. Annex 2, sets out details as to when the fees will be phased in against each activity/service and when we will achieve Full Cost Recovery (FCR).

### Administrative burdens

- 7.5 We predict that there will be a minimal (perhaps insignificant) increase in the administrative burden process that will remain on businesses or Government, because, although charges will increase for some activities the administrative inspection service remains the same.

## 8. Rationale and evidence that justify the level of analysis used in the IA (proportionality approach);

- 8.1 Charging for these services identified in the proposed legislation are in accordance with Defra's overall rationale for charging. If an industry group or individual undertakes an activity that has a potential to cause adverse impacts on others, it should face the cost of enforcing and implementing the regulation. Furthermore, where charges are applied for services they should aim for full cost recovery.
- 8.2 In terms of GB trade patterns there is an increasing trend in the value of bovine semen trade. (see table below)

#### UK exports of Bovine Semen, 2009 - December 2011

|         |              | 2009    | 2010    | 2011    |
|---------|--------------|---------|---------|---------|
| Flow    | Description  | (£000s) | (£000s) | (£000s) |
| Exports | Bovine Semen | 13,764  | 14,036  | 2285    |

© Crown Copyright

Source: H M Revenue and Customs

Data prepared by Trade Statistics, Economics and Statistics Programme, DEFRA

- 8.3 These volumes are driven by just a few businesses with high value volumes and reputational risk to manage. Moving to FCR should not impact adversely on those businesses. The current operation already allows flexibility for firms to opt for OV inspection and the taking of samples. Testing of the blood samples, are undertaken by AHVLA on behalf of Defra (the Competent Authority).

8.4 In terms of efficient ways of working, AHVLA and Defra have collaborated with this specialised sector in recent years to enhance the process by offering a discounted service for high volumes of specimens for testing, and an on line status report so that firms can track progress (see Annex 3 for details). We have moved to a position where our costs are more competitive than our counterparts in EU Member States. However, it should be noted that under EU law it is not possible to use private laboratories or those in other EU Member States for this service.

Please refer to Annex 3, which illustrates the discounted prices for Bovine AI Industry for sampling and testing

## **9. Risks and assumptions**

### **Risks**

The main risks if the requirement to introduce full cost recovery based charges is implemented are that the increase in charges proposed may:

- Reduce demand, for the service if some market sectors become unprofitable
- Potentially increasing cost to domestic market and importers (e.g. EU member States and Third Countries)

These implementation risks are considered manageable, with Option 2 providing a longer timescale for businesses to adjust.

### **Assumptions**

- funding for the project remains at planned level; industry willing to engage with government to meet government's objectives of achieving full cost recovery; resources available to complete project
- the service costs of 2012/13, upon which the fees are calculated, are based upon the assumption that trade volumes (number of consignments) 2010/11 will be maintained post-implementation
- the increase in costs to businesses will not be significant and will be manageable across the piece. The administrative burden of implementation will not be significant.
- changes in business practices in response to changes in fees will vary depending on the size of the business. Businesses may adapt.

## **10. Direct costs and benefits to business/ Industry calculations (following OIOO methodology)**

10.1 One-In-One-Out methodology has been followed. However, it should be noted that these proposals are not under the scope of One-In-One-Out in line with the statement by the MoS for Business and Enterprise that 'fees and charges should only be considered in scope of the Government's One in One Out policy where they resulted from an expansion in the level of regulatory activity.' These proposals do not expand the level of regulatory activity. Treasury's Managing Public Money clearly states that it is government policy to charge for many publicly provided services and the norm is to cover full costs services and all options presented work towards this aim.

## **11. Wider impacts (consider the impacts of your proposals)**

### **Competition Impact Assessment**

11.1 The increase in the charges will not be an additional cost to business. It may not be possible for some businesses to be able to pass the costs to customers to absorb them themselves. There may be some markets, particularly where profit margins are high, where demand is sufficient and robust for customers to pay the increased prices.

11.2 However, the sector is currently fragmented with small and medium businesses involved in the trade. Industry will continue to trade and provide a good quality of service to their customers. Furthermore, the phasing of fee increase (Option 2) will help the sector to adjust to changes over a two year period. On this basis we do not anticipate that the proposed charges will restrict competition in this sector within England.

### **Cumulative Impacts**

The increase of charges for Bovine semen will not have an cumulative impact on the other charging IAs. This sector only has three players and does not affect the same groups that have been identified in the other IAs. The increases of fees are not significant for industry not to be able to absorb.

### **Small firms impact assessment**

11.3 Not applicable. The three companies trading in these products are medium/ large businesses.

### **Legal Aid**

11.4 The proposal does not create new criminal sanctions or civil penalties

### **Carbon Impact Assessment**

11.5 The proposal will have no significant effect on carbon emissions

### **Greenhouse gases Impact Assessment**

11.6 The proposal will have no significant effect on greenhouse gases

### **Other Environment Issues**

11.7 The Proposal has no implications in relation to climate change, waste management , landscapes, water and floods, habitat and wildlife or noise pollution

### **Health Impact Assessment**

11.8 These proposals do not alter the number or frequency of inspections made to protect public health, but rather the sustainability of the inspection system going forward by ensuring full costs are recovered and that therefore the necessary number and quality of official visits continue in future years.

### **Race/ Disability/Gender**

11.9 The legislation does not impose any restriction or involve any requirement which a person of a particular racial background, disability or gender would find difficult to comply with. Conditions apply equally to all individuals and all businesses (except the very smallest) involved in the activities covered by the legislation.

### **Human Rights**

12 No impact noted

### **Rural Proofing**

12.1 The majority of producers affected by the charging legislation are based in rural areas



### Current and proposed charges (full cost recovery)

The table below sets out the charge out rates for 2012- 13 in comparison with existing fees outlined in SI. E.g. change of fees in 2007. It gives a breakdown of the number of activities, volume and the charge out cost admin cost for AHVO time.

| Activity   | Current chargeable fees | AHVLA proposed charges for 2012-13 | Volume No. of straws | Comment  |
|--|-------------------------|------------------------------------|----------------------|--|
| Bovine animal approval licence-domestic  | 93.00                   | 47.80 + VO time                    | 292                  | Test very rarely done by AHVLA VO so adjust fee to £47.80 being admin and test cost and if necessary charge out AHVLA VO hourly rate. Farmer can then see the difference in charges from AHVLA VO and Private vet  |
| Bovine animal approval licence (EC) - under 6 mths or over 6 mths in same sex group* (OV testing 1 <sup>st</sup> & 2 <sup>nd</sup> series  | 194.00                  | 213.08 + VO time                   | 123                  | Test very rarely done by AHVLA VO so adjust fee to £213.08 being admin and test cost and if necessary charge out AHVLA VO hourly rate. Farmer can then see the difference in charges from AHVLA VO and Private vet |
| Bovine animal approval licence (EC) - under 6 mths or over 6 mths in mixed sex group* (OV testing 1 <sup>st</sup> & 2 <sup>nd</sup> series | 320.00                  | 394.08 + VO time                   | 250                  | Test very rarely done by AHVLA VO so adjust fee to £394.08 being admin and test cost and if necessary charge out AHVLA VO hourly rate. Farmer can then see the difference in charges from AHVLA VO and Private vet |
| EC quarantine centre licence   | 236.00                  | 188.57 + VO time                   | 1                    | The VO time required to approve such a licence is estimated at 4.5hrs but this can vary in how much time is spent.   |
| EC Domestic collection centre licence  | 528.00                  | 188.57 + VO time                   | 17                   |  |
| EC Domestic storage centre licence   | 200.00                  | 82.41 +VO time                     | 15                   |  |
| Routine examination of licensed animal (Domestic)  | 80.00                   | 49.68 + VO time                    | 294                  | Reduce fee £49.68 and charge out VO time agreed rate   |
| Routine examination of licensed animal (EC)  | 158.00                  | 148.81 + VO time                   |                      | Increase fee £148.81 and charge out VO time agreed rate  |
| Routine examination of licensed animal (Domestic/ EC)  | 60.00                   | 17.36 + VO time                    |                      | Reduce fee £17.36 and charge out VO time agreed rate   |
| VO time including travelling – routine animal approval   | 73.00 per hour          | 90.99                              | 568                  |  |

This table provides details of activities provided by AHVLA to bovine sector. It indicates hourly rate for an AO and VO and the activities they charge for.

| Activity   | Hourly rate for AHVLA administration officer (AO) is £34.72  | Hourly rate for AHVLA Veterinary officer (VO) is £90.99  | Hourly rate for AHVLA VO for field activities is £90.99 |
|--|--|--|---|
| EC Quarantine centre licence<br>EC/Domestic collection centre licence  | Time taken to process application, approve in principal, arrange premises inspection. Complete application and issue invoice is 1.50 hrs | Time taken to review application, advise application satisfactory; advise premises satisfactory is 1.50hrs | Time taken to visit and inspect premises is 3 hrs       |
| Bovine Semen routine student test - EU   | discuss VLA test report with lead; Send email to local vet; invoicing is 0.50 hrs  | Prepare equipment; check VLA samples   | N/A   |
| Bovine Semen annual routine student test- Domestic   | Send email to local vet. Discuss; discuss VLA test invoicing is 0.75 hrs<br><br>0.13 hrs EO hours - approval of test                     | N/A  | N/A   |
| Bovine animal approval licence EC –over 6 months in mixed sex group<br><br>Bovine animal approval licence (EC) under 6 months old or over 6 months in same sex group | Application received; updated paperwork; prepare approval letter is 1.33 hrs<br><br>EO hours 0.13 hrs- approval of licence               | Visit preparation; check VLA results; pre EU visit preparation; check VLA results                          | N/A   |
| Bovine animal approval licence (domestic)- OV testing  | Application received; updated paperwork; prepare licence is 0.75 hrs<br><br>EO hours 0.08 hrs - approval of licence                      | N/A  | N/A   |
| Bovine animal approval licence (domestic)- VO testing  | Application received; visit preparation; pack samples for VLA approval is 0.75 hrs<br><br>EO hours 0.08 hrs– approval                    | Visit preparation; check VLA results   | Travel to site and take samples is 2.17 hrs             |
| Routine inspection of licensed premises (at least every six months)  | Routine inspection of premises due; documentation; complete documentation in Lincoln is 0.50 hrs   | Visit preparation; documentation   | N/A   |

The table outlines the charging fees for the two options which are under consideration.

| Activity   | Proposed Full Cost Recovery Fees/Charge (2012-13 Rates) | Volumes for 2010 | Current Total Income - £'s | Option 1 - Introduction of new fees - FCR | Option 2 - phased recovery - income at year 1 towards FCR |
|--|---|------------------|----------------------------|---|---|
| Bovine animal approval licence- domestic   | 47.80   | 292              | 8,376                      | 13,958                                    | 11,195  |
| Bovine animal approval licence (EC) - under 6 mths or over 6 mths in same sex group* (OV testing 1 <sup>st</sup> & 2 <sup>nd</sup> series  | 213.08  | 123              | 16,012                     | 26,209                                    | 20,360  |
| Bovine animal approval licence (EC) - under 6 mths or over 6 mths in mixed sex group* (OV testing 1 <sup>st</sup> & 2 <sup>nd</sup> series | 394.08  | 250              | 60,400                     | 98,520                                    | 74,382  |
| EC quarantine centre licence   | 188.57  | 1                | 111                        | 189                                       | 57  |
| EC Domestic collection centre licence  | 188.57  | 17               | 1,885                      | 3,206                                     | 2,477   |
| EC Domestic storage centre licence   | 82.41   | 15               | 728                        | 1,236                                     | 950   |
| Routine examination of licensed premises(EU Domestic)  | 17.36   | 20               | 204                        | 347                                       | 278   |
| Routine stud test domestic   | 49.68   | 294              | 8,757                      | 14,606                                    | 11,715  |
| Routine stud test - EU   | 148.81  | 0                | 0                          | 0   | 0   |
| Inspection fee   | 0   | 0                | 0                          | 0   | 0   |
| VO time including travelling – routine animal approval   | 90.99   | 77               | 30,391                     | 51,682                                    | 38,898  |
| AHO time including travelling - routine animal approval  | 50  | 37               | 1,020                      | 1,749                                     | 1,356   |
| <b>Total</b>   |   | <b>1,126</b>     | <b>127,884</b>             | <b>211,702</b>                            | <b>169,793</b>  |

This table illustrates discounted prices for the Bovine AI industry. These are the current prices for this FY 2011/12. Prices may change due to improved efficiency at sampling or testing. These prices are reviewed on a yearly basis.

| Test Code  | Test Description  | Single price | 10+    | 25+    |
|--|---|--------------|--------|--------|
| TC0098   | Campylobacter culture & ID - vaginal mucus or sheath washings             | £53.20       | £30.00 | £25.00 |
| TC0218   | Campylobacter   | £26.00       | £23.00 | £20.00 |
| TC0274   | Bovine viral diarrhoea virus (on serum)                                   | £14.50       | £14.45 | £10.00 |
| TC0294 SAT   | Brucella (abortus/melitensis/suis)  | £6.75        | £6.05  | £5.85  |
| TC0295   | Brucella (abortus/melitensis/suis) CFT                                    | £8.35        | £7.35  | £7.00  |
| TC0312   | Infectious bovine rhinotracheitis SNT                                     | £35.20       | £28.65 | £26.50 |
| TC0313   | Enzootic bovine leukosis AGIDT  | £9.25        | £8.25  | £7.60  |
| TC0314   | Enzootic bovine leukosis ELISA  | £10.95       | £9.70  | £7.60  |
| TC0366   | Mycobacterium paratuberculosis (John's Disease)                           | £4.90        | £4.60  | £4.50  |
| TC0367   | Infectious bovine rhinotracheitis - for use when a quantitative           | £7.50        | £6.45  | £5.50  |
| TC0378   | Coxiella burnetii (Q Fever)   | £16.30       | £15.00 | £12.70 |
| TC0390   | BVD/Mucosal Disease Ab ELISA  | £2.70        | £2.70  | £3.10  |
| TC0399   | Leptospira - 6 pools - 19 serovar screening test only                     | £28.55       | £24.45 | £15.30 |
| TC0439   | Leptospira - Pool 1 (L. canicola, copenhageni, ballumicterohaemorrhagiae) | £32.90       | £28.55 | £21.40 |
| TC0440   | Leptospira - Pool 2 (L. pomona, mozdok, tarassovi, grippotyphosa)         | £34.60       | £30.10 | £22.50 |
| TC0441   | Leptospira - Pool 3 (L. australis, bratislava, autumnalis)                | £25.95       | £22.55 | £16.90 |
| TC0442 Leptospira - Pool 4 (L. hebdomadis, mini, sejroe) | Leptospira - Pool 4 (L. hebdomadis, mini, sejroe)                         | £25.95       | £22.55 | £16.90 |
| TC0443   | Leptospira - Pool 5 (L. javanica, bataviae, zanoni)                       | £25.95       | £22.55 | £16.90 |
| TC0444   | Leptospira - Pool 6 (L. hardjo prajitno & hardjo bovis)                   | £15.50       | £13.25 | £10.00 |
| TC0447   | Leptospira australis  | £8.65        | £8.10  | £7.40  |
| TC0448   | Leptospira autumnalis   | £8.65        | £8.10  | £7.40  |
| TC0449   | Leptospira ballum   | £8.65        | £8.10  | £7.40  |

| Test Code | Test Description   | Single price | 10+    | 25+    |
|-----------|--|--------------|--------|--------|
| TC0450    | Leptospira bataviae  | £8.65        | £8.10  | £7.40  |
| TC0451    | Leptospira bratislava  | £8.65        | £8.10  | £7.40  |
| TC0453    | Leptospira copenhageni   | £8.65        | £8.10  | £7.40  |
| TC0454    | Leptospira grippotyphosa   | £8.65        | £8.10  | £7.40  |
| TC0455    | Leptospira hardjo prajitno   | £8.65        | £8.10  | £7.40  |
| TC0456    | Leptospira hardjo bovis  | £6.85        | £6.15  | £5.65  |
| TC0457    | Leptospira hebdomadis  | £8.65        | £8.10  | £7.40  |
| TC0458    | Leptospira icterohaemorrhagiae   | £8.65        | £8.10  | £7.40  |
| TC0459    | Leptospira javanica  | £8.65        | £8.10  | £7.40  |
| TC0460    | Leptospira mini  | £8.65        | £8.10  | £7.40  |
| TC0461    | Leptospira mozdok  | £8.65        | £8.10  | £7.40  |
| TC0462    | Leptospira pomona  | £8.65        | £8.10  | £7.40  |
| TC0463    | Leptospira saxkoebing  | £8.65        | £8.10  | £7.40  |
| TC0464    | Leptospira sejroe  | £8.65        | £8.10  | £7.40  |
| TC0465    | Leptospira tarassovi   | £8.85        | £8.10  | £7.40  |
| TC0466    | Leptospira zanoni  | £8.65        | £8.10  | £7.40  |
| TC0489    | Bovine viral diarrhoea - virus isolation from semen  | £65.00       | £45.00 | £38.00 |
| TC0638    | Leptospira hardjo antibodies in serum - screening test   | £5.20        | £5.10  | £5.10  |
| TC1675    | Infectious bovine rhinotracheitis - for discrimination between sero positive and sero negative animals | £6.90        | £6.00  | £5.00  |
| TC0790    | Q Fever ELISA  | £7.55        | £6.45  | £6.20  |
| TC1165    | Bovine viral diarrhoea antibody  | £35.90       | £28.55 | £27.00 |
| TC1259    | Infectious bovine rhinotracheitis - virus isolation from bovine semen                                  | £65.00       | £45.00 | £38.00 |
| TC1514    | B abort/melitensis/suis cELISA   | £5.35        | £4.60  | £4.40  |