

<b>Title:</b> Revision of Fees: Amendment of the Porcine Semen (England) (Fees) Regulation 2007 <b>IA No:</b> DEFRA1409  <b>Lead department or agency:</b> Department for Environment, Food and Rural Affairs (Defra) <b>Other departments or agencies:</b> 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 7 238 5118 Marjorie Addo marjorie.addo@defra.gsi.gov.uk 7 238 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, One-Out?	Measure qualifies as
£0m	£0.24m	£0.027m	No	NA

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

The Porcine Semen (England) (Fees) Regulations 2007 sets out charges for licensing the collection, processing and storage of porcine semen established under Council Directive 90/429/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 Porcine 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 2007. 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/will not 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> No	<b>&lt; 20</b> No	<b>Small</b> No	<b>Medium</b> Yes	<b>Large</b> Yes
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)			<b>Traded:</b> No		<b>Non-traded:</b> 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) for AHVLA services to porcine semen companies 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	0.03	0.26

### 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. The estimated cost to industry will be an increase of £30,000. This will be borne by businesses using the AHVLA service (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	0.03	0.26

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

The beneficiaries of this option will be taxpayers. The magnitude of the benefit will be the same as the cost to industry 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 values.

Risk: The main risk is that niche market sectors where profitability is marginal may become unprofitable. If industry decide not to use services from Official Veterinarian (VO) or LVI's .

## BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0.03	Benefits: 0	Net: 0.03	No	NA

# Summary: Analysis & Evidence

# Policy Option 2

**Description:** Introduction of fees for services by AHVLA to porcine semen companies to achieve FCR by October 2013 with increase in fees 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	0.03	0.24

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

This option introduces full cost recovery from October 2013. The average annual cost of about £30,000 will be borne by businesses wishing to use these services.(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	0.03	0.24

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

The beneficiaries of this option will be taxpayers. The magnitude of the benefit will be the same as the cost to industry 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 achieves FCR, whilst still meeting its obligations

## BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0.03	Benefits: 0	Net: 0.03	No	NA

# Evidence Base (for summary sheets)

## Background: Porcine Semen

- 1.1 At present, Animal Health Veterinary Laboratory Agency (AHVLA) charge the porcine 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 donor 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.

- 1.2 Current costs comprise a technical inspection/sampling of a donor by a VO.
- 1.3 AHVLA propose to charge a fixed rate to cover administration and then charge Veterinary Officer (VO) field time out at an agreed rate. Businesses have the option of using an Official Veterinarian (OV) to take samples etc as their costs are lower than AHVLA's current levy. The charge for such a service is a private matter between the OV and business.
- 1.4 The businesses that require AHVLA services are listed below:
  - JSR Genetics Ltd
  - Rattlerow Farms Ltd
  - Hermitage Seaborough Ltd
  - ACMC UK
  - PIC UK
  - Bacton Pigs Ltd
  - Vion Foods Ltd – This company also runs as meat processors

## 2. Problem for 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. Council Directive 90/429/EEC (as amended), lays-down the animal health requirements applicable to intra-Community trade in and imports of semen of domestic animals of the porcine species. The Porcine Semen (England) (Fees) Regulation 2007 sets out charges for statutory activities carried out by the Animal Health Veterinary Laboratories Agency (AHVLA) by reference to their website and published fees. This Statutory Instrument guards against diseases in porcine 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. This would require publishing a schedule (setting out the new fees) to the Porcine Semen (England) (Fees) Regulations 2007. 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 regime as of 2011/12 will not recover full costs. The full costs to AHVLA for providing this service will be circa £0.083m. Income received for 2011/12 is expected to be £0.051m
- 3.3 However, the current level of charges does not 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?

- 3.4 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 Porcine Semen	
Cost Fully Recovered	Cyprus, Estonia, Latvia, Lithuania, Netherlands
Costs Partially recovered	Finland, Norway, Czech Republic
No Cost - Industry subsidised	France, Ireland, Luxembourg, Poland, Romania
Other Comments	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

- 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 is 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

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 (FCR) from October 2012 for AHVLA services to porcine semen companies.** This option would deliver the Government's stated objectives and recover the full cost of the service in one go.
- **Option 2: Introduction of fees for AHVLA services to porcine semen companies to achieve FCR from October 2013 with increase in fees phased in from October 2012.** This option would deliver 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 period.

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

### Options

**Option 1: Introduction of fee increases to achieve full cost recovery (FCR) from October 2012 for AHVLA services to porcine 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 cost borne by the user of the service. The additional cost to industry (and benefit to the taxpayer) will be about £16,000 for the financial year 2012/13, £32,000 annually thereafter assuming no change in the volume of services required.

**Option 2: Introduction of fees to achieve FCR from October 2013 for the AHVLA service to porcine semen companies with fee increases phased in from October 2012.**

#### Costs and Benefits:

- The additional costs to industry (and benefit to the taxpayer) will be about £8,000, and £24,000 respectively for the financial years 2012/13, and 2013/14. From 2014/15 it will increase to about £32,000 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)**

Yr commencing April:	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
At constant prices											
Option 1	0.016	0.032	0.032	0.032	0.032	0.032	0.032	0.032	0.032	0.032	0.304
Option 2	0.008	0.024	0.032	0.032	0.032	0.032	0.032	0.032	0.032	0.032	0.288
Present Value (a)											
Option 1	0.016	0.030	0.030	0.029	0.028	0.027	0.026	0.025	0.024	0.023	0.259
Option 2	0.008	0.023	0.030	0.029	0.028	0.027	0.026	0.025	0.024	0.023	0.244

(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 income of porcine artificial breeding control trade in exports to the EU and third countries in calendar year 2010/11 was £51,413. Moving to FCR in year 2 would lead to an overall income of £83,209 (£67,185 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 50% towards FCR from existing charges £51,413 in 2011/12 to £59,362 in 2012/13 to £75,261 in 2013/14 and £83,209 thereafter. This is because phasing to FCR starts in October 2012, 6 months on 50% to FCR in 2012/13, then 6 months on 50% to FCR + 6 months FCR in 2013/14 and then FCR on 2014/15.
- 7.4 Our plan would be to introduce charges via a statutory instrument on the 1 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 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 impact 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 exports trade patterns, the table below provides figures on the number of consignments being exported to EU and Third countries from 2009 to date and illustrates a downward trend. This does not necessarily mean that the value of exports is down. We have not been able to determine the value of this trade in our initial contact with the Cattle Export team in Carlisle and we will pursue this through informal consultation with Industry.

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

		2009 (£000s)	2010 (£000s)	2011 (£000s)
No. of consignments	Porcine Semen	221 (tbc)	156 (tbc)	93 (tbc)

- 8.3 These volumes are largely driven by all the businesses identified in this IA. We will need to understand through our consultation the effect that FCR will have on businesses, and whether they are able to continue to operate at the same level. 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).

## **9. Risks and assumptions**

### **Risks**

- Reduce demand, for the service 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. Business may need to 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 Impact**

The increase of charges for Porcine semen will not have an cumulative impact on the other charging IAs. This sector is relatively small 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 companies which have been identified in section one of the IA medium/large businesses. These firms will not be affected by the proposed fees.

### **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**

12.1 No impact noted

### **Rural Proofing**

12.2 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. It gives a breakdown of the number of activities, volume and the charge out cost for admin cost and AHVO time.

Activity	Current chargeable fees	AHVLA proposed charges for 2012-13	Volume per straws	Comment
Application for approval of 6 boars (Domestic average) for the collection of semen which will not be subject to intra- community trade	117.00	112.06 + VO time	24	It is proposed that a base admin fee of £112.06 is charged and then the AHVLA VO charges separately. Test charge for further animals tested will be charged separately
Application for approval of each additional boar examined at the same time	34.00	19.50	203	Cost of taking sample (5 mins) and test cost £11.95
Application for approval of 21 porcine animal (s) (EU average) for collection of it's/ their semen – EU approval only	127.00	420.46 + VO time	45	It is proposed that a base admin fee of £420.46 is charged and then the AHVLA VO charges separately. Test charge for further animals tested will be charged separately
Application for such tests on each additional boar tested at the same time	44.00	25.65	889	Cost of taking sample (5 mins) and test cost £18.10
Application for an artificial insemination centre licence	327.00	57.72 + VO time	1	It is proposed that a base admin fee of £57.72 is charged and then the AHVLA VO charges separately (including travel) This is due to there not being a standard time for a VO to complete this work
Application for approval of alteration to licensed premises (in accordance with conditions attached to the licence	83.00	57.72+ VO time	2	It is proposed that a base admin fee of £57.72 is charged and then the AHVLA VO charges separately (including travel) This is due to there not being a standard time for a VO to complete this work
Examination of artificial insemination centre	86.00	17.36 + VO time	68	It is proposed that a base admin fee of £17.36 is charged and then the AHVLA VO charges separately (including travel) This is due to there not being a standard time for a VO to complete this work
Up to a maximum of 10 boars	67.00	221.36 + VO time		2.83hrs for 1 <sup>st</sup> 10 animals
Each additional boar on premises	6.00	25.65		Assumes VO can take samples in 5 mins and test cost £18.10

tested at same time				
Up to a maximum of 10 boars	67.00	159.86 + VO time		
Each additional boar on premises tested at same time	6.00	19.50		Assumes VO can take samples in 5 mins and test cost £11.95
VO time		45.50 per 0.50hrs		

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
Application for approval of a porcine animal(s) for collection of its/their semen - Domestic	Application received; update spreadsheets, complete paperwork; prepare licence and draft letters to interested parties is 1.00 hr  EO - Review file and Approve licence is 0.13 hrs	Visit preparation locally (10 mins) and check of results (0.30 hrs) VO admin time will be included in VO charges added to the base fee	Time taken to Travel to site (2 hrs) take samples (5 mins per animal) is 2.50 hrs
Application for approval of a porcine animal(s) for collection of its/their semen - EU	Application received; Raise Paperwork; Request Received; Send samples to VLA; Send Paperwork to Lincoln; Complete paperwork; Update paperwork is 1.00 hr  EO- complete paperwork is 0.13 hrs	Prepare equipment for site visit is 0.17 hrs VO admin time will be included in VO charges added to the base fee	Travel to site (2 hrs) take samples (5 mins per animal) is 3.75
Application for an artificial insemination centre license	Application Received, Approval in Principle; Pass documentation on the AHDO; Arrange Visit; complete Documentation; Complete Application is 1.50 hrs  EO – 0.13 hrs	N/A	Inspection 1 hrs; travel 2 hrs = 3.00 hrs
Application for approval of alteration to licensed premises (in accordance with conditions attached to the license)	Application Received, Approval in Principle; Pass documentation on the AHDO; Arrange Visit; complete Documentation; Complete Application is 1.50 hrs  EO- 0.13 hrs	N/A	Inspection 1/2 hr; Travel 2 hrs = 2.50 hrs
Routine Examination of an artificial insemination centre	Routine inspection due; Complete Documentation is 0.50 hrs	Request received at AHDO; Complete Documentation previously 0.35 hrs VO admin time will be included in VO charges added to the base fee	Inspection 2 hrs , travel time 2 hrs = 4.00 hrs
Routine Testing of 10 Boars at AI centre - Domestic (AH VO Testing)	Application received; update spreadsheets, complete paperwork; prepare licence and draft letters to interested parties is 1.00 hrs  EO - Review file and Approve licence	Visit preparation locally (0.10 hrs) and check of results (0.30 hrs) VO admin time will be included in VO charges added to the base fee	Travel to site (2 hrs) take samples (5 mins per animal) is 2.83 hrs
Routine Testing of 10 Boars at AI centre - Domestic (OV Testing)	Application received; update spreadsheets, complete paperwork;	Visit preparation locally (0.10 hrs) and check of results (0.30 hrs)	N/A

	<p>prepare licence and draft letters to interested parties is 1.00 hr</p> <p>EO - Review file and Approve licence is 0.13 hrs</p>	<p>VO admin time will be included in VO charges added to the base fee</p>	
<p>Routine Testing of 10 Boars at AI centre - EU (AH VO Testing)</p>	<p>Application received; update spreadsheets, complete paperwork; prepare licence and draft letters to interested parties is 1.00 hrs</p> <p>EO - Review file and Approve licence is 0.13 hrs</p>	<p>Visit preparation locally (0.10 hrs) and check of results (0.30 hrs) VO admin time will be included in VO charges added to the base fee</p>	<p>Travel to site (2.00 hrs) take samples (0.05 hrs per animal) is 2.83 hrs</p>
<p>Routine Testing of 10 Boars at AI centre - EU (OV Testing)</p>	<p>Application received; update spreadsheets, complete paperwork; prepare licence and draft letters to interested parties is 1.00 hrs</p> <p>EO - Review file and Approve licence is 0.13 hrs</p>	<p>Visit preparation locally (0.10 hrs) and check of results (0.30 hrs) VO admin time will be included in VO charges added to the base fee</p>	<p>N/A</p>

The table above provides details of activities provided by AHVLA to Porcine semen sector. It indicates hourly rate for an AO and VO and the activities they charge for.

## Annex 2

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	Do nothing current charges for 2011-12	Option 1- Introduction of new fees - FCR	Option 2 - phased recovery - income at year 1 at 50% of FCR
Application for approval of a boar for domestic use ( Average of 6 animals per approval	112.06	24	2,808	2,808	2,689	2,749 <sup>1</sup>
Application for approval of additional boar at same time (domestic)	19.50	203	2,006	2,006	3,959	2,982
Application for approval of a boar for intra- Community trade	420.46	45	5,715	5,715	18,921	12,318
Application for approval of additional boar at same time (EU)	25.65	889	34,543	34,543	22,803	28,673 <sup>1</sup>
Application for AI centre licence	57.72	1	327	327	58	193
Application for approval of alteration to licensed premises	57.72	2	166	166	115	141 <sup>1</sup>
Examination of an artificial insemination centre	17.36	68	5,848	5,848	1,180	3,514 <sup>1</sup>
VO Time per ½ hr	45.50	736	0 <sup>2</sup>	0 <sup>2</sup>	33,484	16,742
<b>Total</b>		<b>1,232</b>	<b>51,413</b>	<b>51,413</b>	<b>83,209</b>	<b>67,312</b>

<sup>1</sup> These figures have reduced in comparison to F/Y 2011/12, based on the new method used to calculate activities. Therefore, phasing is inappropriate for these activities.

<sup>2</sup> VO time is currently factored into the activities listed and is shown on this table for illustrative purposes only.

The table in Annex 1 shows the activities which have reduced and increased in cost.