

**EXPLANATORY MEMORANDUM TO
THE PLANT HEALTH (EXPORT CERTIFICATION) (ENGLAND) (AMENDMENT)
ORDER 2014**

2014 No. 609

1. This explanatory memorandum has been prepared by the Department for Environment, Food and Rural Affairs and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. **Purpose of the instrument**

- 2.1 The purpose of this instrument is to provide for an increase in the fees payable in relation to plant health export certification services provided by the Food and Environment Research Agency (Fera) on behalf of Defra, as part of a move towards full cost recovery of such fees.

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

- 3.1 Following a public consultation in 2012, a phased increase in fees for plant health export certification services was initiated in 2013 with the intention of achieving full-cost recovery for these services by 2015. The Plant Health (Export Certification) (England) (Amendment) Order 2013 (“the 2013 Order”) introduced the first step in that move towards full-cost recovery. This instrument introduces the second stage of a phased, above inflation increase towards fees which achieve full cost recovery.

4. **Legislative Context**

- 4.1 In order to prevent the introduction of harmful pests and diseases most countries outside the EU require that consignments of plants, plant products and other related plant material must meet certain plant health standards before they are allowed entry. These standards are laid down by the relevant authorities in each country and vary from country to country.
- 4.2 Most of these countries require that consignments must be accompanied by a phytosanitary (plant health) certificate issued by the National Plant Protection Organisation (NPPO) in the exporting country. A phytosanitary certificate provides importing countries with an assurance that consignments meet their plant health standards. Fera is responsible for issuing certificates in England on behalf of Defra. Consignments without this certificate are likely to be rejected at the point of entry, destroyed or returned to the exporting country. In most cases, depending on the requirements of the importing country, phytosanitary certificates can only be issued following satisfactory official inspection of the material for export. In some circumstances it may also be necessary for a sample of the material to be examined by the official laboratory, which for England is Fera.

4.3 In line with the principle that the costs of services should be borne by users who benefit directly from a service, charges apply for export certification services provided under the Plant Health (Export Certification) (England) Order 2004 (“the principal Order¹”). The Plant Health (Export Certification) (England) (Amendment) Order 2014 provides for increases in fees payable for such services and introduces the second stage of a phased move towards full cost recovery of such fees. The first step in the move towards full-cost recovery was introduced by the 2013 Order.

5. Territorial Extent and Application

5.1 This instrument applies to England only.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- *What is being done and why*

7.1 Fera is responsible in England, on behalf of Defra, for the provision of plant health export certification services to facilitate trade and prevent the spread of plant pests and diseases. The principle of passing the costs on to users of this service is well established. Before 6 April 2013 fees for plant health export certification services had not increased for many years, resulting in income from business users being less than 19% of the cost of the service provision. Following a public consultation in 2012, the Government decided to introduce a phased increase in fees with the aim of achieving full cost recovery over three years, with 50% of the gap being closed in 2013 and the remainder in two stages in 2014 and 2015. This instrument implements the second stage of that move towards full cost recovery. Full details of the old and new fees are given in the Annex.

7.2 This instrument also provides for the charging of reduced rates for small businesses and individuals. This concession was introduced when charging for these services commenced and is targeted at small businesses and private individuals applying for certificates for one-off or relatively small volumes of commercial or non-commercial exports (e.g. amateur plant enthusiasts, universities or other non-commercial scientific establishments). This enables them to undertake a small number of exports at a rate equal to half that charged to other exporters. The rates apply to ‘small exporters’ whose cumulative charge for export services in any one financial year is equal to or less than £250. To be eligible for these concessionary rates an exporter must meet one of the following conditions when making an application for any export services: (1) the exporter must not be registered for VAT in respect of trade in plants, plant products or related materials,(2) the goods to be exported must not be a taxable supply, or (3) the exporter must not have exported goods certified with a total value of £5,000 or more in the previous financial year. As part of the consultation held in

¹ The Plant Health (Export Certification) (England) Order 2004 (S.I. 2004/1404).

2012 the rationale for maintaining this concessionary arrangement was revisited. In response to concerns raised by consultees that increased fees would have a significant impact, reducing or stopping the export activity of micro-businesses currently trading in small volumes of not-for-profit and commercial consignments to third countries, the concessionary rates for small exporters have been retained.

- **Consolidation**

7.3 Defra is proposing to consolidate the principal Order when the final stage of the phased increase in fees is implemented. The final stage is due to be implemented on 6th April 2015. The principal Order is therefore not being consolidated at this stage.

8. Consultation outcome

8.1 A consultation on proposals to revise fees for export certification services ran from 27 September to 22 November 2012. The majority of respondents opposed any increase in fees but, in the event of any increase, preferred a phased increase to achieve full cost recovery over three years.

8.2 Details of the consultation, including a summary of responses, can be found at: <http://www.fera.defra.gov.uk/plants/feesChargingReview/exporterCertificationConsultation/index.cfm>

9. Guidance

9.1 Details of the new fees will be included on the Fera website; they are also specified in the instrument itself.

10. Impact

10.1 No impact on charities or voluntary bodies is foreseen.

10.2 No impact on the public sector is foreseen.

10.3 An impact assessment was prepared for the 2013 Order and a copy is at Annex A.

11. Regulating small business

11.1 The legislation applies equally to all businesses trading in plant health controlled material, including small businesses. However, reduced rates apply to qualifying small businesses.

12. Monitoring & review

12.1 In addition to pre-consultation workshops, Fera has set up government-businesses taskforces whose main aim is the development of more efficient services with simple and transparent charges. This collaborative approach has been broadly welcomed by the industry. The possibility of a threshold for charges was discussed with the export task force and the approach accepted.

- 12.2 The level of fees will be reviewed over the course of the next year with a view to making a further instrument for commencement on 6th April 2015 to implement the final stage of the move towards full cost recovery. The issue of the cost of provision of expensive laboratory services will also be reviewed, in association with the exports task force, to see if a charging scheme can be introduced which accurately reflects the cost of providing them and ensures that certain trades are not being heavily subsidised by the taxpayer.

13. Contact

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PLANT HEALTH EXPORT CERTIFICATION FEES AND CHARGES

Annex

	<u>Current Fees</u>		<u>New Fees</u>	
	Fee (£s)	Fee (Small exporter) (£s)	Fee (£s)	Fee (Small exporter) (£s)
Services for consignments other than grain	46.61*	23.31*	58.92*	29.46*
	93.22	46.62	117.84	58.92
	26.43	13.22	32.93	16.47
Services for consignments other than grain	8.21	4.11	12.53	6.27
	51.47	25.73	53.78	26.89

Schedule 3 - Services in respect of applications for certificates

Schedule 4 - Pre-export service

Pre-export inspection	37.46*	18.73*	44.88*	22.44
Minimum fee	74.92	37.46	89.75	44.88

*For each quarter hour or part thereof