

Review of the Plant Health (Export Certification) Fees as charged by the Scottish Government

December 2017



Scottish Government
Riaghaltas na h-Alba
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Summary

- Comments are invited on a proposal to revise Plant Health (Export Certification) Fees in Scotland following a review of these charges by the Scottish Government.
- The deadline for comments is 8 February 2018.

Background

1. In order to prevent the introduction of harmful pests and diseases most countries require that consignments of plants and plant products must meet certain plant health standards before they are allowed entry. These standards are set by the relevant authorities in each country and vary from country to country. As the National Plant Protection Organisation (NPPO) for Scotland, the Scottish Government has obligations under the International Plant Protection Convention (IPPC) to prevent the movement of plant pests and diseases across international boundaries.
2. Most countries outside the EU require that consignments must be accompanied by a phytosanitary (plant health) certificate issued by the NPPO in the exporting country. A phytosanitary certificate provides importing countries with an assurance that consignments meet their plant health standards. Consignments without this certificate are likely to be rejected at the point of entry, i.e. destroyed or returned to the exporting country.
3. In most cases, depending on the requirement of the importing country, phytosanitary certificates can only be issued following satisfactory official inspection of the material for export. In Scotland, these inspections are carried out by the Scottish Government Inspectors who are also responsible for issuing certificates. In some circumstances it may also be necessary for a sample from the consignment to be examined by the official laboratory, which is SASA (Scientific Advice for Scottish Agriculture).
4. The Plant Health (Export Certification) (Scotland) Order 2004, as amended, currently prescribe fees for the issue of phytosanitary certificates and charges for pre-export inspections, to fulfil our obligations under the International Plant Protection Convention 1997. The fees can be found at:
www.legislation.gov.uk/ssi?title=export%20certification

Current Situation

5. A fundamental principle of Scottish Government accounting procedure and practice is that fees and charges should be set for all statutory or commercial services with a financial objective of achieving full cost recovery. A recent review of the Plant Health (Export Certification) Fees established that the fees currently

being charged by the Scottish Government do not fully cover the costs incurred in providing the service. Overall, the level of cost recovery for inspections carried out in recent years has been less than 70%.

6. The aim of a full cost recovery charging regime for the export certification services is to relieve the burden on the taxpayer of providing this service. It is intended that this will be achieved by transferring the costs of issuing phytosanitary certificates from the general taxpayer to the users of the service. The aim is to achieve this without compromising the Scottish Government's obligations under the International Plant Protection Convention (IPPC), of preventing the movement of plant pests and diseases across international borders.

Proposed Changes

7. A number of options were considered in delivering the policy objective of ensuring that the export service to third countries is cost neutral to the Scottish Government, as listed below:
 - Maintain status quo;
 - Streamline the service procedures and introduce fee amendments to achieve full cost recovery in 2018;
 - Remove individual fees and introduce a single fee based on time spent on inspection work.
8. All options are outlined in detail in the Partial Business and Regulatory Impact Assessment (BRIA), at the end of this consultation document.
9. As well as explaining the options for the removal of subsidies by moving to full cost recovery, the purpose of the consultation is to seek further information on the impact these policy options would have on businesses. You are invited to make comments on the options presented and to propose others that will deliver the Governments' objective of ensuring that the financial cost of service provision to the general taxpayer is removed.

Business and Regulatory Impact Assessment

10. The partial Business and Regulatory Impact Assessment (BRIA) is enclosed at Annex A.
11. Following consideration of the responses to this consultation, it is hoped that the necessary legislative process can begin to enable introduction of the new charges from 31 March 2018.

Responding to this Consultation

12. We are inviting responses to this consultation by 8 February 2018.

Views and contributions are welcome from all individuals and organisations with an interest in the Plant Health Export Certification Fees Review. Please respond to this consultation using the Scottish Government's consultation platform, Citizen Space. You view and respond to this consultation online at <https://consult.gov.scot/plant-health/review-of-plant-health-export-certification-fees>. You can save and return to your responses while the consultation is still open.

If you are unable to respond online, please complete the Respondent Information Form (see "Handling your Response" below) and Questionnaire then send to:

Romy Strachan
Scottish Government
Agriculture and Rural Economy
D Spur
Saughton House
Broomhouse Drive
Edinburgh
EH11 3XD

or php@gov.scot

13. Your replies must be received by 8 February 2018.

Handling your response

14. If you respond using Citizen Space (<http://consult.scotland.gov.uk/>), you will be directed to the Respondent Information Form. Please indicate how you wish your response to be handled and, in particular, whether you are happy for your response to be published.

15. If you are unable to respond via Citizen Space, please complete and return the Respondent Information Form which is included in this document. If you ask for your response not to be published, we will regard it as confidential, and we will treat it accordingly.

16. Please note that responses will not be accepted without a Respondent Information Form.

17. All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

Next steps in the process

18. Where respondents have given permission for their response to be made public and after we have checked that they contain no potentially defamatory material, responses will be made available to the public at <http://consult.scotland.gov.uk>. If you use Citizen Space to respond, you will receive a copy of your response via email.
19. Following the closing date, all responses will be analysed and considered along with any other available evidence. Responses will be published where we have been given permission to do so.

Queries, comments and complaints

20. If you have any queries, comments or complaints about how this consultation exercise has been conducted, please contact:

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Scottish Government
Agriculture and Rural Economy
D Spur
Saughton House
Broomhouse Drive
Edinburgh EH11 3XD

Scottish Government consultation process

21. Consultation is an essential part of the policy-making process. It gives us the opportunity to consider your opinion and expertise on a proposed area of work.
22. You can find all our consultations online: <http://consult.scotland.gov.uk>. Each consultation details the issues under consideration, as well as a way for you to give us your views, either online, by email or by post.
23. Consultations may involve seeking views in a number of different ways, such as public meetings, focus groups, or other online methods such as Dialogue (<https://www.ideas.gov.scot>).
24. Responses will be analysed and used as part of the decision making process, along with a range of other available information and evidence. We will publish a report of this analysis for every consultation. Depending on the nature of the consultation exercise the responses received may:
 - indicate the need for policy development or review
 - inform the development of a particular policy
 - help decisions to be made between alternative policy proposals
 - be used to finalise legislation before it is implemented

25. While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body.

Partial Business and Regulatory Impact Assessment

Title of Proposal

The Plant Health (Export Certification) (Scotland) Order Amendment

Purpose and intended effect

Background

In order to prevent the introduction of harmful pests and diseases, most countries outside the EU require that consignments of plants and plant products meet certain plant health standards before they are allowed entry. To support this, the consignments must be accompanied by a phytosanitary (plant health) certificate, issued in the exporting country. Consignments without this certificate will be rejected at the point of entry, i.e. destroyed or returned to the exporting country.

In most cases, depending on the requirement 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 to be examined by the official laboratory. In Scotland, the majority of these statutory inspections are carried out by Scottish Government inspectors, who are also responsible for issuing the certificates.

The Plant Health (Export Certification) (Scotland) Order 2004, as amended, sets charges for pre-export inspections, issuing of phytosanitary certificates, certificates for re-export and any associated laboratory work in support of the plants, plant products or other objects for export to countries outside the European Union. The current charges do not reflect the true cost to Government of providing the service.

Objective

In line with the Scottish Government policy on recovering the cost of Government services, the objective of this amendment is to contribute to a full cost recovery regime for the plant health inspection services. The intended aim is to make more efficient use of public resources by transferring the cost of the service from the taxpayer to those who benefit directly from the service (i.e. exporters of plant, plant products or other objects).

The policy will not compromise the Scottish Government's ability to meet its obligations under the International Plant Protection Convention (IPPC): the international plant health agreement which works to prevent the spread and introduction and spread of pests and diseases across international boundaries and to promote appropriate measures for their control.

Rationale for Government intervention

Although the service aims to be as efficient as possible, a recent review of the plant health export fees has established that the current charges set do not reflect the costs incurred of providing the service. There is a Government responsibility to remove the subsidy for exporters and the financial cost to taxpayers. The proposed fee arrangement has the ability to reduce the discrepancy.

This work contributes to the Scottish Government's *Wealthier and Fairer* strategic objective by creating a high quality, efficient public service to encourage trade with

countries out with the EU and help Scotland's agriculture and horticulture industries achieve responsible and sustainable future growth. It also ensures that the cost of public services are met by those who benefit directly and the cost to Government is neutral.

Consultation

Within Government

We have consulted internally with colleagues in Policy, Finance, Science and Advice for Scottish Agriculture (SASA) and Rural Payments and Inspections Division (RPID) to establish the processes, procedures and costs currently involved in providing the export certification services and to seek their advice and comments on our proposals as they have developed.

Public Consultation

A public consultation will take place from 14 December 2017. Responses to the consultation will influence the decision on whether to adopt the proposed charges. If the proposed fees are adopted, they will be implemented on 31 March 2018.

Business

The consultation is relevant to a narrow and specific group of stakeholders who will be contacted directly about the consultation. It will also be placed on the Scottish Government website for wider awareness.

Fee Structure Options

To meet the stated aim of introducing a full cost recovery regime for the plant health export certification service, we have considered the following options:

1. Do Nothing (No change to current policy of partial cost recovery)

Under this option charges would remain at the existing cost. As with the current scenario, applicants would continue to gain access to the subsidised service. This would not meet the Scottish Government objective of achieving full cost recovery.

2. Streamline the service procedures and introduce fee amendments to achieve full cost recovery

This option would deliver the Scottish Government's aims to recover the full cost of the service. Fees would increase so that those who benefit from the service (i.e. exporters) would be required to meet the true costs of providing export certificates.

3. Remove individual certification, inspection and testing fees and introduce a fee based purely on time spent on inspection work.

This option would introduce a single combined fee, which would cover certificate processing work, growing season inspections, pre-export testing and any associated laboratory work. It would be applied on a pro rata basis. Adopting this option would simplify the current charging process, however the transparency element would be lost. It would not be clear from a combined fee, based on time, of the exact services that were being charged for. The inspectors would also be put under time related pressure from the industry which may have a detrimental effect on the quality of the service.

Preferred Option

Option 2 is preferred by the Scottish Government. It will achieve the objective of removing the financial cost of service provision from the general taxpayer, without compromising our international obligations.

Sectors and groups affected

The proposed amendments may present an additional cost to those exporting plants, plant products or other objects to be accompanied by a phytosanitary certificate issued by the Scottish Government, including businesses, scientific and academic institutions and private individuals.

Timing of New Fees

The Scottish Government's aim is to implement the revised fees at the earliest opportunity, however we would welcome your thoughts on this before a final decision is made. Question 2 of the Questionnaire in the consultation paper asks for any comments on timing and this should be used to highlight any potential impacts.

Costs

A cost review of inspections has been carried out to give an indication of the current level of recovery and what could be achieved under each of the proposed options. The level of recovery varies between the individual services in the charging schedule.

A table displaying the revised charging schedule proposed by the Scottish Government is attached at Annex B. Each of the newly proposed fees was derived based on full economic costing. The level of fee includes salaries of the inspectors, facilities and equipment for the inspectors, sampling for visual or laboratory inspection, laboratory testing, travel costs and administrative activities. Data extracted from the relevant TRAC (transparent approach to costing) reports was used where possible to calculate the staff cost elements.

A pragmatic approach has been taken to ensure that users of the service at a geographical disadvantage are not penalised. Also, where possible, costs have been reduced.

Further explanations for services which would see a significant structural or financial change are detailed below. This should be read in conjunction with the proposed fee schedule at Annex B.

Grain

While the issuing of phytosanitary certificates is done by Scottish Government inspectors, inspections of grain for certification are undertaken by trade inspectors. The fee listed in the charging schedule has been reduced in line with other entries where an inspection does not contribute to the cost.

In order to meet certain import permit requirements, it is sometimes necessary for grain samples to be examined by the Official Seed Testing Station (OSTS) for the presence of particular seed-borne pests and diseases and/or for freedom from prohibited weed seeds. In line with achieving full cost recovery, a new fee of £70 per hour is proposed to cover any testing that may be required (see entry 10 in the proposed fee schedule).

Soil Sampling for Potato Cyst Nematode (PCN)

A flat rate fee is proposed in line with the intention to streamline and simplify the fee structure.

Bulbs, malt barley, oil seed rape, plants and plant products, ware potatoes and used agricultural machinery, where an inspection at the premises of the grower is necessary

It is no longer sustainable to maintain the current monetary value ranges which are used for bulbs, plants and plant products and ware potatoes. There are currently five charging levels, depending on the value of the consignment. We propose to reduce this to two. This maintains a reduced charge for those who export consignments of a lesser value.

The fee for used agricultural machinery, malt barley and oil seed rape have been incorporated into this entry.

Inspections of consignments of bulbs, malt barley and oil seed rape can be valid for up to 28 days. Within this time period, additional certificates can be issued without the need for further inspection. It is proposed that the cost of the initial inspection and phytosanitary certificate is increased to £70. A fee of £25 is proposed for the additional certificates where no inspection is required.

Bulbs, plants and plant products, other than seeds, delivered to Scottish Government Horticulture and Marketing Unit (HMU), or for botanical research

The entries for inspections of products delivered to HMU and for botanical research are listed separately in the current charging schedule. We propose to combine them. In recent years, fees for these services have rarely been used as the majority of inspections are carried out at the premises of the grower. We propose to introduce a flat rate instead of the current tiered structure.

Dried, frozen and processed plant products

Importing countries should not require phytosanitary certificates for plant products that have been processed to the point where they have no potential for introducing regulated pests, or for other commodities that do not require phytosanitary measures. There are occasions when some importing countries take a different view on technical justification for requiring a phytosanitary certificate. On these occasions certificates are issued in order to facilitate trade. Exporters who find themselves in this situation are urged to check with the importing country if a phytosanitary certificate is necessary.

The new fee reflects the administrative time required for processing and issuing the certificate.

Growing season inspection (GSI)

It is suggested that the charge for the first 0.5 ha (or part thereof) is reduced to £40.00. Any additional area will be charged per 0.1 ha (instead of 0.5 ha). This will allow a more accurate reflection of time and costs associated with inspection.

Growing season inspections relating to indoor and outdoor plants are rarely used and there is limited data to base the fees on. The charges for these have therefore been amended in line with bulbs to mirror the current regulations.

Intra-EU Phytosanitary Communication (IPC) Document

Introducing a new fee to allow charging for an IPC document is proposed. The EU, as a single market, allows people and business to move and trade freely across borders within the EU. In practical terms, for plants, plant products and other commodities, this means that shipments can be dispatched to other member states of the EU without special customs documentation. The IPC document is an official way to record phytosanitary requirements to allow consignments to be exported to third countries by other member states.

The IPC document is not a legal document and it is rarely used by member states, including Scotland and the rest of the UK, hence there is not currently a provision for charging for it under the Plant Health (Export Certification) (Scotland) Order 2004. Due to emerging markets, it may be needed more frequently in coming years and a fee for this document has been introduced as part of the proposed amendment to the export fee regime. Inclusion is necessary for consistency with the objective of achieving full cost recovery.

The processes involved in issuing an IPC document are similar to those of issuing a phytosanitary certificate and so the proposed charge is also £25. This is in line with the basic fee for issuing a phytosanitary certificate.

Amending a certificate at the request of the exporter after issue

There is not currently a fee associated with this service. In line with achieving full cost recovery, a charge should be introduced.

Scottish Firms Impact Test

The individuals and bodies who apply for use of the service will, of course, be affected by any proposal to increase fees and may have concerns. The proposed consultation based on this partial businesses and regulatory impact assessment will draw out the extent of these concerns and provide information to make a decision on future action. The level of fee will be the same regardless of the size of the institution involved. All affected parties will be consulted directly about the proposals and will be given the opportunity to comment. We will also identify a number of impacted businesses to discuss the proposed fees with face to face.

Competition Assessment

The competition filter has been applied and the conclusion is that there are no significant risks on competition. The proposals will not directly, or indirectly, limit the number or range of suppliers, limit the ability of suppliers to compete or reduce suppliers' incentives to compete vigorously therefore a detailed assessment has not been prepared.

Test run of business forms

Changes to existing fees will not involve any new forms or changes to existing forms and therefore a test run is not required.

Newly introduced fees may require new forms however they would be very similar to those that already exist and therefore no test run is required.

Legal Aid Impact Test

An amendment to the export certification fees would not introduce new criminal sanctions or civil penalties so there are no implications for legal aid.

Enforcement, sanctions and monitoring

Compliance costs covered by this Regulation relate to provisions for plant health inspections, laboratory testing (where appropriate) and issuing of phytosanitary certificates for consignments which are exported from Scotland to third countries to ensure they are allowed entry to the importing country. The Scottish Government carries out the collection of fees for the services provided. The income levels and fee rates are monitored and reviewed regularly.

Implementation and delivery plan

After a consultation period, subject to Ministerial approval, any change to the charges will be implemented by a Scottish Statutory Instrument in the form of a regulation amendment. It is intended that the new charges will come in to force in 31 March 2018.

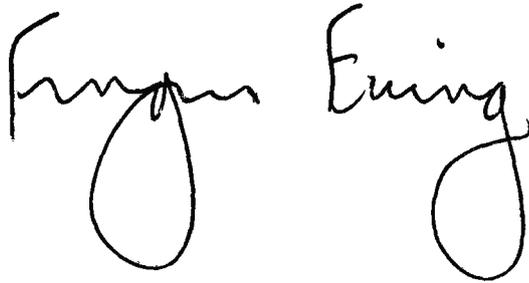
Post-implementation review

With any fee increase, there is a clear requirement in the short term to monitor the effectiveness of the approach. The Scottish Government will assess the impact of the changes a year after implementation of any revised fees and review service delivery procedures as necessary.

Declaration and publication

I have read the Business and Regulatory 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. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

Signed:

A handwritten signature in black ink, appearing to read 'Fergus Ewing'. The signature is written in a cursive style with a large loop at the end of the last name.

Date:

**Mr Fergus Ewing
Cabinet Secretary for the Rural Economy and Connectivity**

Scottish Government Contact point:

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Agriculture and Rural Economy
D Spur
Saughton House
Broomhouse Drive
Edinburgh
EH11 3XD

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Annex B – Proposed Fees

	(b) Indoor plants: (i) first 5,000 or part thereof; (ii) each additional 1,000, or part thereof, up to 70,000 per day.	£40.00 £5.00	£5.00 + £23.00 for an additional 5,000 plants
	(c) Bulbs: (i) first 0.5 ha or part thereof; (ii) each additional 0.1 ha, or part thereof.	£40.00 £5.00	£45.00 + £23.00 for an additional 0.5 ha
8	Pre-export testing of potato tuber samples (a) for potato brown rot and ring rot: (i) Brown rot visual test. (ii) Brown rot latent test. (iii) Ring rot latent test. (iv) Ring rot and brown rot latent test.	£55.00 £158.00 £158.00 £170.00	£45.00 £135.00 £135.00 £140.00
	(b) for gangrene.	£95.00	£62.10
	(c) for potato viruses: (i) Direct Tuber Test ELISA: 200 tubers tested up to 2 viruses 200 tubers tested up to 8 viruses 220 tubers tested up to 8 viruses (ii) Growing-on ELISA Test 200 tubers tested for 1 virus 200 tubers tested for 2 viruses (iii) Direct Tuber Test PCR 150 tubers for 3 viruses	£180.00 £200.00 £220.00 £240.00 £260.00 £190.00	Not directly comparable*
9	Pre-export testing for potato spindle tuber viroid (PSTVd) (per hour)	£50.00	£51.93
10	Pre-export laboratory testing for grain, malt barley or oil seed rape (per hour).	£70.00	n/a
11	Any other pre-export laboratory testing, other than seed testing or testing for the commodities listed in 10 (per hour).	£45.00	£40.64
12	Consideration of an application (including certificate processing, growing crop inspection and pre-export seed testing work) for a phytosanitary certificate in respect of seed samples (for one hour or any part thereof).	£70.00	£69.00
13	Issue of an IPC document for the movement of a consignment to another EU member state.	£25.00	n/a
14	Issue of a phytosanitary certificate for re-export or a duplicate phytosanitary certificate or phytosanitary certificate for re-export where the original has been lost, stolen, destroyed or materially damaged.	£15.00	£5.00
15	Amending a certificate at the request of the exporter after issue.	£15.00	n/a

* Existing Fees can be viewed at www.legislation.gov.uk/ssi?title=export%20certification

Title: Review of the Plant Health (Export Certification) Fees

RESPONDENT INFORMATION FORM

Please Note this form **must** be completed and returned with your response.

Are you responding as an individual or an organisation?

- Individual
- Organisation

Full name or organisation's name

Phone number

Address

Postcode

Email

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- Publish response with name
- Publish response only (without name)
- Do not publish response

Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- Yes
- No

Questionnaire:

The Plant Health (Export Certification Fees) (Scotland) 2018

Please provide your response to the following questions:

Question	Response
Q1 Do you agree with the proposed fee schedule to achieve Scottish Government objectives of making fees simpler and more transparent whilst achieving full cost recovery? If not, please let us know of any other options.	
Q2 Does the proposed implementation date of 31 March 2018 raise concerns for you or your business? If an alternative date would be more appropriate, please let us know, together with the reasons why.	
Q3 Please provide any additional information about the impact this would have on you/your business.	

The closing date for comments is 8 February 2018. Please respond to this consultation using the Scottish Government’s consultation platform, Citizen Space. You view and respond to this consultation online at <https://consult.gov.scot/plant-health/review-of-plant-health-export-certification-fees>. If you are unable to respond online, please complete the Respondent Information Form and Questionnaire then send to:

Romy Strachan
Agriculture and Rural Economy
Saughton House
Broomhouse Drive
Edinburgh
EH11 3XD

Or by email: PHP@gov.scot

Thank you for taking the time to respond to this consultation.



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