

## **BOAT LICENCE FEES, APRIL 2008 – MARCH 2011**

# **PUBLIC CONSULTATION**

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# 1. INTRODUCTION & SUMMARY

## Scope of the consultation

British Waterways is consulting stakeholders (primarily boat licence holders) on its proposals for implementing increases in boat licence fees from April 2008 until March 2011. The proposals are a change to the previously established method of setting annual licence fees, determined following consultation in 2002.

In line with its commitment to engagement, openness and accountability in setting policies for the future success of the inland waterways network, BW will adhere to the Cabinet Office Code of Practice on Consultation. A summary of the Code's criteria can be found in Appendix 3.

The proposals in this paper relate to BW in England and Wales. A separate consultation will be conducted in Scotland.

## Reason for changing the method by which licence fees are set

In 2003 we undertook to peg the boat licence fee to BW's cost inflation index. Since this time, our investment in maintenance, repairs and service has resulted in significant benefit to boaters. We have made substantial efficiency improvements and great progress in earning more from our commercial activities, and we will work to maintain these trends.

We remain determined to maintain and, where possible, improve standards of repair for the waterways. Prudent business management requires us constantly to review cost commitments against forecast income. Over £120 million each year is needed to simply maintain the waterways to a basic 'fit for purpose' standard, and we have reluctantly come to the conclusion that it is necessary for boat licence holders to increase their contribution to these costs so that our licence income will increase by about £5 million in 2010/11 on our forecast for 2007/08 of just under £13 million.

We expect part of this increased contribution to come from modest growth in boat numbers and improvements in our collection of fees. But the remainder must be generated by price increases of approximately 9% per year in real terms over the next three years.

## Summary of proposals

The proposals are designed to generate this increase in licence income. The main part of this document explains the rationale and detail.

- Proposal 1: Not to change to our method of calculating the **inflation** factor to apply to licence fees to reflect increases in BW's costs. The inflation factor to be applied for 2008 fees will therefore be 3.3%
- Proposal 2 To reduce the **prompt payment discount** on licence and mooring fees to 5% for all licence and mooring fees with effect from April 2009. In summer 2010 we will consult further to determine whether the discount should be eliminated altogether from 2011.
- Proposal 3 To increase the price of a **Leisure Business Licence** by 3.3% in April 2008 and by the relevant cost inflation factor in 2009 and 2010.
- Proposal 4 To maintain the full fee for a boat **Shop, Store or Workshop licence** at the same level as the leisure business licence so that it increases by cost inflation only. The *very small trading discount* will be adjusted downwards so that the net fee payable is never less than that paid by a private boat.
- Proposal 5 To maintain the **Cargo Carrying** licence fee at the same level as the private licence fee.
- Proposal 6 To increase the fee for **Trade Plate** and **Workboat** licences by same percentage as the fee for the private boat licence

- Proposal 7 To increase **Private boat** licence fees increase by 9% - 9.2% per annum in real terms over the period April 2008 – April 2010.
- This headline increase could be reduced to 7% by adopting Proposal 2. In this case, customers currently benefiting from the prompt payment discount would face a 12.9% real increase in April 2009.
- Proposal 8 To review gross income performance from boat licensing in summer 2008 and summer 2009 and consider whether to adjust the proposed increases for 2009 and 2010 in the light of this performance. We will publish our conclusions on this but they will not be subject to formal consultation.

### **Other Options**

We welcome alternative proposals providing these are clearly substantiated. These should recognise that licence fees have to be raised to generate the required increase in real income.

## **2. HOW TO RESPOND TO THIS CONSULTATION**

This consultation is for all British Waterways stakeholders, but it will be of interest primarily to boat licence holders and the organisations that represent them.

This consultation document was published and distributed on 8th October 2007. Additional copies are available from BW Customer Services at the address below. You can also download it from our website:

The closing date for comments is **Monday 7<sup>th</sup> January 2008**

Please complete and enclose the response sheet overleaf with your views on the proposals. When writing your comments, please make it clear which of the proposals they relate to, or whether you are making completely different proposals to generate a the required increase in boat licence income over the three year period.

We welcome responses submitted electronically to:[consultation@britishwaterways.co.uk](mailto:consultation@britishwaterways.co.uk)

If you are not able to respond by e-mail, please send it to:

Simon Salem  
Marketing and Customer Service Director  
British Waterways  
Willow Grange, Church Road  
Watford WD17 4QA

Fax: 01923 201300

We will not acknowledge responses unless you specifically request this. However, we will automatically send a copy of our formal response to the consultation as soon as it is published to everyone who submits comments. We expect this to be during February 2008.

The consultation report will also be published at [http://www.britishwaterways.co.uk/accountability/consultations/completed\\_consultation\\_reports.html](http://www.britishwaterways.co.uk/accountability/consultations/completed_consultation_reports.html) , with paper copies available by telephoning BW's Customer Services on 01923 201120.

We may make responses public unless you specifically request that your comments are treated in confidence.

If you have any questions about how to respond, or about the issues under consultation, please direct them to Simon Salem as above.

This consultation is being carried out in accordance with the consultation criteria contained in the Code of Practice on Consultation published by the Cabinet Office in January 2007.

If you have any complaints about how we are conducting this consultation, please contact:

Robin Evans  
Chief Executive  
British Waterways  
Willow Grange  
Church Road  
Watford WD17 4QA

### 3. CONSULTATION FEEDBACK FORM

**The closing date for responses is Monday 7<sup>th</sup> January 2008**

Please complete and attach this cover sheet to your comments.

Your name \_\_\_\_\_ Date: \_\_\_\_\_

Name of the organisation you are representing (if any) \_\_\_\_\_

Email \_\_\_\_\_

Address:

Postcode

Our numbered proposals listed on page 2-3 and explained in the consultation document represent a coherent package for delivering the required real increase in boat licence income. Within the package, we particularly seek your views on whether or not Proposal 2 (reduction of prompt payment discount) should be pursued.

Please reference your comments to our numbered proposals where possible

For a full description of current licence fees and conditions, please go to [http://www.waterscape.com/boating/useful\\_downloads](http://www.waterscape.com/boating/useful_downloads) or call our customer service team on 01923 201120

If possible please send your completed form and accompanying comments electronically to [consultation@britishwaterways.co.uk](mailto:consultation@britishwaterways.co.uk). An editable Word version of this form is downloadable from [http://www.britishwaterways.co.uk/accountability/consultations/present\\_consultations.html](http://www.britishwaterways.co.uk/accountability/consultations/present_consultations.html)

Otherwise post it to: Simon Salem  
Marketing and Customer Service Director  
British Waterways  
Willow Grange, Church Road  
Watford, WD17 4QA  
Fax: 01923 201300

## **4. CONSULTATION DOCUMENT**

### **4.1 INTRODUCTION**

- 4.1.1 Since 2002 we have been increasing all licence fees annually using an index reflecting average cost increases computed from government statistics. This has ensured that licence fees broadly keep pace with inflation in our costs. When introducing the index we announced that we would review this method of price setting after four years. The timing of this paper coincides with the end of this period. The index is described in section 4.4.1.
- 4.1.2 Over the last five years, BW's earned commercial income has outperformed our original plan by £61m, primarily due to the success of our Ventures and Utilities businesses. This has enabled us to invest further in customer service improvements, asset repairs and maintenance as well as restoration activities and new business developments. In addition, we have continually improved our operational efficiency, achieving £9m of ongoing annual savings from our business restructuring.
- 4.1.3 In 2003 we undertook to peg the boat licence fee to BW's cost inflation index. Since this time, our investment in maintenance, repairs and service has resulted in significant benefit to boaters. We have made substantial efficiency improvements and great progress in earning more from our commercial activities, and we will work to maintain these trends.

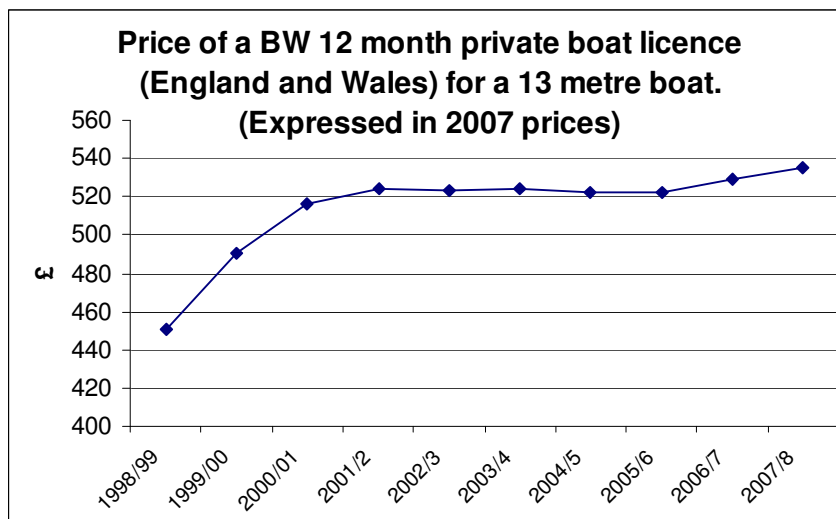
We remain determined to maintain and, where possible, improve standards of repair for the waterways. Prudent business management requires us constantly to review cost commitments against forecast income. Over £120 million each year is needed to simply maintain the waterways to a basic 'fit for purpose' standard, and we have reluctantly come to the conclusion that it is necessary for boat licence holders to increase their contribution to these costs so that our licence income will increase by about £5 million in 2010/11 on our forecast for 2007/08 of just under £13 million.

We expect part of this increased contribution to come from modest growth in boat numbers and improvements in our collection of fees. But the remainder must be generated by price increases of approximately 9% per year in real terms over the next three years.

### **4.2 BOATING CONTRIBUTION TO FUNDING**

#### ***Looking back***

- 4.2.1 The past ten years have been a period of exceptional economic prosperity for the waterways. Grant funding was strong and reasonably secure. BW's commercial enterprises returned significant value and the popularity of boating continued to rise. Between 1998 and 2006 the number of privately owned pleasure boats on our network grew from 21,255 to 28,793 – an increase of 26%.
- 4.2.2 Licence fees have remained broadly unchanged in real terms since the three year period ending in 2001.



Prices in this chart have been adjusted by the retail price index (RPI) to show the year on year change in real terms. The rise in licence prices in real terms in the last two years is explained by the difference between RPI and BW's composite cost reflective index. (See 'Inflation' in paragraph 4.4.2)

### **How much should boaters contribute to costs?**

- 4.2.3 Boats and boaters are hugely important to BW. They are an essential ingredient to making the waterways so appealing to so many people – boats add the life, colour and vibrancy that are the very hallmark of the British Waterways network. So fostering a vibrant boating market on our waterways is not only our public duty, it also makes sound business sense.
- 4.2.4 The fact that boaters form an integral part of our 'product' adds a challenging dimension when attempting to set out a scientific approach to pricing policy for boat licences. Even without this dimension, applying the cost-reflective approach that standard economic pricing theory would suggest is not a practical option for the following reasons.

#### **Cost based approach**

- 4.2.5 If we were to use a pure *marginal cost* approach, BW would recover very little income from licence fees since the great majority of expenditure is *fixed* – i.e. it is needed to keep the whole system usable and safe and does not depend on the number of boats using it. By contrast, the *variable* costs of providing for the additional boat are small.
- 4.2.6 If we were to apply an *average costing* approach, spreading the full fixed plus variable costs of caring for the network across the total number of boaters, the individual charge would be excessive – of the order of £3,000 per boat per year. Nor would this be fair: BW recognises the fact that boaters add life and colour to the waterways and is one of the factors that makes them attractive to other visitors.

#### **Benefits based approach**

- 4.2.7 An alternative approach would be to apportion the total costs of maintaining the waterways between the different groups who benefit in proportion to the size of the benefit derived. For example, if we were able to measure the separate levels of benefit derived by taxpayers, waterside property owners, boaters and other recreational users in a consistent fashion, we would have a basis for such a cost apportionment. This is an exercise that some users have suggested should be developed in order to ensure that fair principles for waterway funding could be established. We constantly look at ways of ensuring that the burden of costs is shared fairly between users, but we are not confident that the extensive research that would be required to develop a benefits-based formula would be practical.

### **Affordability**

- 4.2.8 What alternative rationale do we have for setting boat licence fee levels in the short term? The answer is contained in the Government's Framework Document for BW. This indicates that BW should charge 'commercial' rates for the services it provides – in other words 'what the market will bear'.
- 4.2.9 We recognise the harsh reality of this position for the 10% -15% of private boat licence holders who have fixed retirement incomes and we have considered whether it would be feasible to introduce any form of concession for this group. In practice it would be extremely difficult to ensure that any concession was granted only to qualifying owners. So we don't believe this would be a practical or cost effective option.
- 4.2.10 In our discussions about future licence fees with boating user groups in April 2007, representatives emphasised the potential threat to future boating demand of large licence price rises, particularly in the light of significant increases in other boating costs. We have considered their points carefully but do not believe that, in the short term, demand for licences will fall to the extent that revenue will be threatened. We return to this point further in paragraph 4.3.3.

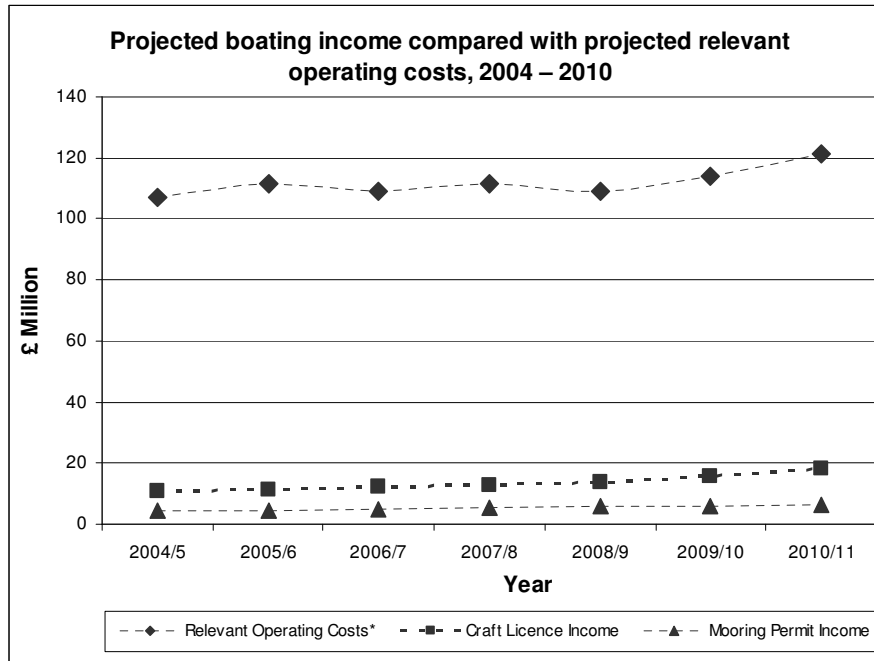
#### ***Alternatives to private boat ownership***

- 4.2.11 It is important to recognise that opportunities for boating on the waterways extend much more widely than boat ownership. For every individual boat owner, we estimate that there are in the order of 10 people who enjoy boating on a hired or shared boat, for which the average cost per person per day is often much lower than faced by the boat owner.
- 4.2.12 Trip boats and community boats, serving special needs and special interest groups, play a large and much valued role in making boating a possibility for a wider cross section of the public. Our short term licences remain affordable for owners of smaller portable boats, both powered and unpowered.

### 4.3 PLANNED GROWTH IN INCOME AND EXPENDITURE 2008 – 2011

4.3.1 The chart below illustrates part of BW’s financial plan for the next four years. The plan assumes:

- 2% p.a. growth in the number of private boats licensed. This is a reduction on the average rate of 4.1% achieved over the past five years.
- Licence fee increase of 30% plus inflation over three years.



4.3.2 \*‘‘Relevant operating costs’’ represent expenditure of direct benefit to boaters – i.e. waterway maintenance and repairs, boater services including long term and visitor moorings, licence enforcement and the net costs of restoration schemes.

Note that all figures exclude costs and income generated through our subsidiary company, BWML.

4.3.3 We recognise the risk that recent growth in boat numbers might not be sustained into the future. General performance of the UK economy and above average increases in several components of boating costs could result in a levelling or even reduction in demand for boat licences. For this reason, we will re-assess in summer 2008 and summer 2009 whether the fee increases proposed in this paper continue to be the appropriate strategy. We will monitor the gross income performance from boat licensing and may adjust the proposed increases for 2009 and 2010 in the light of this performance. We will publish our conclusions on this but they will not be subject to formal consultation.

4.3.4 For 2011 onwards we intend to return to annual increases in line with cost inflation. If circumstances then require an alternative approach, we will consult on this during the summer of 2010.

#### 4.3.5 Licence enforcement

We recognise that our current reputation for licence enforcement is not as strong as it should be and that significant fee increases might be expected to result in additional problems. However, over the past 12 months we have made major changes to our enforcement processes and organisation and have invested in hand-held computers that will greatly improve the efficiency of our boat checks. This is enabling our dedicated enforcement staff to spend a greater proportion of their time following up and resolving problems. Changes of this type take time to bed in, and we expect to start seeing the benefits during 2008.

## 4.4 PROPOSALS

### 4.4.1 Overview

We do not propose making any changes to the underlying system of charging based on boat length. Specifically, the formula comprises a fixed fee for the first 5 metres of boat length plus a marginal amount for each whole metre above this. This principle, along with other aspects of licensing, were explored in depth for England and Wales licences during a major consultation in 2002. Our report on that consultation is published at [http://www.britishwaterways.co.uk/accountability/consultations/completed\\_consultation\\_reports.html](http://www.britishwaterways.co.uk/accountability/consultations/completed_consultation_reports.html)

Our current proposals for achieving the necessary growth in income over the period 2008 -2011 are described in this section. They cover the following aspects of fee arrangements:

- How we provide for inflation
- Prompt payment discount
- Business licences
- Private pleasure boats
- Gold licences
- Annual monitoring of income achieved.

### 4.4.2 Inflation

Our current inflation adjustment for boat licence fees uses a composite index which was the subject of public consultation in 2002. We undertook to review periodically whether the weight assigned to each of the three indices that comprise the composite one was still appropriate.

The three government price indices that best represent the type of costs that BW incurs are shown below. Alongside each is the weight applied to each to derive the appropriate cost inflation index for BW. These weights were derived in 2003 from an analysis of BW financial accounts. We have re-considered this in relation to BW expenditure in 2006/7 and have found that the proportions are still appropriate:

All new construction	46%
Average earnings	27%
Corporate services	27%

We will continue to keep this under review and will announce any change when we publish future years' licence price adjustments.

We calculate the index for next year's prices using the most recent price indices from the Government's Office of National Statistics. These currently generate a composite index of 3.8%. From this, it has been our practice since 2003 to deduct 0.5% to reflect improvements in BW efficiency. We propose to continue this. This means that the inflation factor to be applied for 2008 fees will be 3.3%.

<b>Proposal 1: Not to change to our method of calculating the inflation factor to apply to licence fees to reflect increases in BW's costs. The inflation factor to be applied for 2008 fees will therefore be 3.3%</b>
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### 4.4.3 Prompt payment discount

In the early 1990s, we introduced a 10% prompt payment discount for boat licences and mooring permits. Its purpose was to support the licence enforcement task by providing an incentive to renew expiring licences and permits on time. In 1994, the average value of this incentive for a boat licence was £28.34 (equivalent to £35.65 at today's prices). In 2007 its average value has grown to £53.50. Currently around 75% of private boating customers take advantage of this discount.

The discount has been successful as an incentive for prompt licence renewal, but as we improve our licence enforcement processes, we believe it is time to begin phasing out the discount on both licences and mooring permits. So against the background of needing to increase licence fees significantly, we are considering whether it would be appropriate to reduce the prompt payment discount for both licences and mooring permits to 5% from April 2009. The additional revenue generated would partially offset the requirement for the higher headline increase in boat licence fees (see Proposal 7).

In relative terms this proposal would be of advantage to those who do not currently benefit from the discount – for example because they choose to pay for their licence in instalments.

**Proposal 2** To reduce the prompt payment discount on licence and mooring fees to 5% for all licence and mooring fees with effect from April 2009. In summer 2010 we will consult further to determine whether the discount should be eliminated altogether from 2011.

### 4.4.4 Business Licences

Business licences are divided into two categories: *leisure business* or *trading boats*. Within the former, the largest single group is weekly hire boats. Trading boats include floating shops etc and small scale cargo carrying boats that are not covered by the separate Freight Vessel Conditions. The full price of both of these licences is currently approximately 2.4 times that of a private boat licence.

A range of discounts is designed to ensure that fees for more unusual types of boat or operation are fair. The current discount table is shown in Appendix 2 in order to help understanding of this section.

Finally, we have special trade plate and workboat licences, currently priced at £80 and £55 respectively.

#### 4.4.4.1 Leisure Business Licences

Commercial self-drive boats are of major strategic importance to our overall boating business. Hire boat operators play a critical role in introducing new people to boating on our waterways and in providing a large proportion of the services needed by private boat owners. In early summer 2007, just before operators' brochures were published for the 2008 season, APCO and a number of the leading hire boat operators made strong representations to us about prospective licence fee increases from 2008. They outlined the challenges facing their industry that threatened its continued financial sustainability, in particular, the growing competition from low cost airlines and impacts of increasing regulation and cost increases.

The number of hire boats on our network fell by approximately one third between 1986 and 2006. This is a trend that BW would like to see reversed as it represents a threat to future levels of private boat ownership and to the network of boat servicing facilities. As a result of the trade representations, we gave an undertaking in May 2007 that licence fees for leisure business licences would be pegged to our cost inflation index for the year starting 1 April 2008. A copy of the press release is at Appendix 1.

It is still our intention, in due course, to develop and consult on new proposals for abolishing business licences. These would be replaced with location-specific operator trading terms that would include the licensing of individual boats in the fleet at the current private rate. In the meantime, the full priced leisure business licence will continue to rise in line with our cost inflation index.

If Proposal 2 is adopted, hire boat operators currently claiming the discount would face an additional 5% increase in their fees in 2009.

**Proposal 3 To increase the price of a Leisure Business Licence by 3.3% in April 2008 and by the relevant cost inflation factor in 2009 and 2010.**

#### 4.4.4.2 Trading Boats

**(a) Shop, store or workshop**

The full licence fee for these boats is the same as the leisure business licence but the great majority of them are eligible for the discount for 'very small trading operations'. This reduces the fee to the level of the private licence.

**Proposal 4 To maintain the full fee for a boat Shop, Store or Workshop licence at the same level as the leisure business licence so that it increases by cost inflation only. The *very small trading discount* will be adjusted downwards so that the net fee payable is never less than that paid by a private boat.**

**(b) Cargo carrying**

The fee for these licences is the same as for a private boat.

**Proposal 5 To maintain the Cargo Carrying licence fee at the same level as the private licence fee.**

#### 4.4.4.3 Trade plates and workboat licences

**Proposal 6 To increase the fee for Trade Plate and Workboat licences by same percentage as the fee for the private boat licence**

#### 4.4.5 Private Pleasure Boats

Private boat ownership has grown strongly and steadily over the past ten years. In 1998 we had just over 20,000 private licensed boats on our network. By April 2007 this had increased to over 28,000, and over the past three years we have seen an average of over 1,600 additional boats licensed each year. Whilst in no way taking such growth for granted, we believe that demographic and lifestyle trends will continue to be positive for boating demand for the medium term. Sections 4.2 and 4.3 discussed anticipated growth and potential for licence fee increases. Here we concentrate on setting out our proposals for fee increases over the three years 2008, 2009 and 2010.

The 12 month licence fee for a 13 metre boat is shown as an example. The prices for other lengths and for short term licences will change by the same percentage.

To achieve a 37% increase in income (before inflation) over the three years 2008 – 2010, we need to increase licence fees by just over 9% in real terms each year. This means that prices will increase by a total of approximately 30% over the period. The remaining growth in income arises from the projected growth in the number of boats licensed.

In section 4.4.2 we proposed reducing the prompt payment discount as a partial method for raising some of the increased income requirement. In the tables below, we set out the position for private boat licence fees over the period:

- Table 1 shows the 12 month licence fee for a sample 13 metre boat on the assumption that we adopt proposal 2 (reduce prompt payment discount from April 2009). The table presents the prices in real terms (i.e. all expressed at 2007 prices) and illustrates the effect on actual prices of inflation remaining constant at 3.3% p.a. The additional income resulting from reducing the discount on both licences and mooring permits enables us to shave approximately 2% off the headline (approx 9%) annual real increase.
- Table 2 shows how these figures would change if we reject Proposal 2 and maintain the prompt payment discount at 10%.

**Table 1: If prompt payment discount reduces to 5% from April 2009**

**(A) Fee expressed in 2007 prices (i.e. before inflation)**

	2007	2008	2009	2010
For customers taking advantage of the prompt payment discount	£481	£515	£582	£623
% increase with prompt payment discount	2.7%	7.0%	12.9%	7.0%
For customers NOT taking advantage of the prompt payment discount	£535	£572	£612	£655
% increase without prompt payment discount	2.7%	7.0%	7.0%	7.0%

**(B) Fee after applying 3.3% annual inflation<sup>1</sup>**

	2007	2008	2009	2010
For customers taking advantage of the prompt payment discount	£481	£531	£618	£682
% increase with prompt payment discount	2.7%	10.3%	16.2%	10.3%
For customers NOT taking advantage of the prompt payment discount	£535	£590	£651	£718
% increase without prompt payment discount	2.7%	10.3%	10.3%	10.3%

<sup>1</sup> For illustration only. It is unlikely that inflation will remain constant at this level over the period. See Para 23

**Table 2: Prompt payment discount remains at 10%****(A) Fees expressed in 2007 prices (i.e. before inflation)**

	2007	2008	2009	2010
For customers taking advantage of the prompt payment discount	£481	£525	£573	£626
For customers NOT taking advantage of the prompt payment discount	£535	£583	£637	£695
% increase	2.7%	9.0%	9.2%	9.2%

**(B) Fee after applying 3.3% p.a. annual inflation  
(Prompt payment discount remains at 10%)**

	2007	2008	2009	2010
For customers taking advantage of the prompt payment discount	£481	£541	£608	£684
For customers NOT taking advantage of the prompt payment discount	£535	£601	£676	£760
% increase	2.7%	12.3%	12.5%	12.5%

<b>Proposal 7</b>	<p><b>To increase Private boat licence fees increase by 9% - 9.2% per annum in real terms over the period April 2008 – April 2010.</b></p> <p><b>This headline increase could be reduced to 7% by adopting Proposal 2. In this case, customers currently benefiting from the prompt payment discount would face a 12.9% real increase in April 2009.</b></p>
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**4.4.6 Gold licences**

Gold licence fees have continued to be popular with more than 1,000 boat owners. It is a licence covering use of all BW and EA navigations. They run for 12 months from 1st January each year.

The annual price adjustment for gold licences is calculated as an average of the respective increases applied by BW and EA for their 'normal' 12 month licences. EA fees will increase by 12% from 2008 and BW's increase will be either 10.3% or 12.3% depending on whether the prompt payment discount is reduced. The Gold licence price must be confirmed before the close of this consultation as it takes effect from 1st January 2008 (all BW fees are adjusted from 1 April each year). In these circumstances, we have decided that the Gold licence should increase by 12%.

<b>Gold Licence fees will rise by 12% from 1<sup>st</sup> January 2008</b>
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**4.4.7 Annual monitoring of income**

<b>Proposal 8</b>	<p><b>To review gross income performance from boat licensing in summer 2008 and summer 2009 and consider whether to adjust the proposed increases for 2009 and 2010 in the light of this performance. We will publish our conclusions on this but they will not be subject to formal consultation.</b></p>
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## Appendix 1

19 June 2007

PRESS RELEASE

### 2008 BOATING BUSINESS LICENCE FEE INCREASES

BW has announced that the price of self-drive hire boat licences will increase by inflation from April 2008. The decision gives hire boat operators the confidence to plan for the 2008 boating season by knowing at an early stage what hire boat licence fee costs will be.

The announcement of this fee increase has been made ahead of a full written consultation in late summer on proposed increases to general boat licence fees for the period 2008-2010.

Simon Salem, BW's Marketing and Customer Service Director, comments: "The decision to set prices for self-drive hire boat licences ahead of the formal consultation on licence fees for 2008 – 2010 follows representation from the Association of Pleasure Craft Operators whose members have to set their 2008 holiday prices around now.

"Hiring a boat is one of the major influences on people's longer term decisions to become a boat owner. We are seeing a long term decline in the number of weekly hire boats on our network and we want to ensure that our policies do not deter investment in the sector."

The 2008 hire boat licence fee increase will be set using BW's cost-reflective index which has been used since 2002 to set annual licence fee increases. As at the end of May 2007, this would result in a 3.3% inflationary increase in full price business licences from April 2008.

The agreed inflationary price increase will only apply to full priced licences for hire boats. Businesses such as low turnover freight carriers and floating shops who already receive discounted licences which bring their cost in line with pleasure craft rates are likely to see the same increases as private boat licences. This will be established as part of a 12-week written consultation period which will formally begin towards the end of the summer.

Ends

#### For further media information, please contact:

Jonathan Ludford, 01923 201348

[Jonathan.ludford@britishwaterways.co.uk](mailto:Jonathan.ludford@britishwaterways.co.uk)

#### Notes to editors

**British Waterways** cares for and maintains the nation's 2,200 mile network of canals and inland waterways, working in partnership with private companies, local authorities, voluntary groups and other government agencies to protect and enhance the waterways and benefit the communities through which they run. As a public corporation, no dividends are payable and all returns from commercial activities are reinvested in the waterways.

## Appendix 2

### FEE DISCOUNTS FOR LONG TERM BW LICENCES, ENGLAND & WALES, 2007

Description and conditions	Private & houseboat	Leisure business	Trading boats
<b>Disconnected waterways</b> 25% discount if the Boat has a long term mooring on, and will remain exclusively on one of the following waterways: Bridgwater & Taunton, Monmouth & Brecon, stretches of the Montgomery Canal not connected to the main network, River Tees. These licences are only valid on the home Waterway.	✓	✓	✓
<b>Portable powered boats</b> 50% discount providing the Boat is less than 5m long, and the engine is no larger than 4bhp on canals, or 10bhp on rivers. Note definition of portable (1.4) – it does not include most trailed boats.	✓		
<b>Low carbon emissions</b> 25% discount for boats with manual or sail propulsion or boats with an electric motor as the sole means of propulsion. Note that a butty towed by a motor boat is deemed to be power assisted. This discount is not valid with the portable unpowered boat licence fee.	✓	✓	✓
<b>Qualifying historic boats</b> 10% discount See guidance notes and application form for this discount.	✓	✓	✓
<b>Unpowered Butty</b> 50% discount providing that the butty never travels separately from its motor boat. The motor boat must be licensed and licences for motor and butty must be concurrent with the same start and end date. To claim this discount, you must declare the name and index number of the motor boat.	✓	✓	✓
<b>Scottish Licence holder</b> 10% discount if the Boat has a licence issued by British Waterways Scotland which is valid for the same period	✓		

#### Business Licences only

Only one of the following discounts may apply.

Description and conditions	Leisure business	Trading boats
<b>Day hire</b> 50% off, providing the boat has no overnight accommodation. Not valid with disconnected waterway discount.	✓	
<b>Day hire without use of locks</b> 75% off providing the boat has no overnight accommodation - depending on location and subject to the discretion of the Waterway Leisure Business Manager. Alternative to 50% day hire discount.	✓	
<b>Unpowered boats for hire</b> 90% off, providing the Boat has no overnight accommodation. Alternative to other day hire discounts	✓	
Boats operated for <b>charitable purposes</b> -60% off, providing that all of the following Conditions are met <ul style="list-style-type: none"> <li>the Boat is used for educational purposes by an organisation not operating for profit, or by registered charities for charitable purposes for the disadvantaged or people with disabilities</li> <li>the Boat is used only by or for the class of persons that the Boat is intended to benefit</li> <li>any charge for the use of the Boat is limited to the costs of the trip</li> <li>the Boat is not offered to the general public for hire or reward or for carrying passengers for a payment on a regular basis. The concession will not apply if it would create an unfair advantage over commercial passenger boat operations in the vicinity,</li> </ul>	✓	
<b>Very small trading operation</b> 56% off the full shop, store or workshop rate for operations with annual turnover below HM C&I threshold for compulsory VAT registration (currently £60,000) We may require you to supply a certificate signed by a qualified accountant stating your trading income for the year, or allow us to audit your financial records		✓

## Appendix 3

### Summary of the Cabinet Office Code of Practice on Consultation

A summary of the Cabinet Office Code of Practice on Consultations (revised January 2007) is shown below. The full document is available from the Cabinet Office website at:

<http://www.cabinetoffice.gov.uk/regulation/consultation/code/index.asp>

or by contacting:

*Better Regulation Executive  
Cabinet Office  
4<sup>th</sup> Floor  
Kirkland House  
22 Whitehall  
London SW1A 2WH*

Telephone: 020 7215 0352

E-mail: [consultation.policy@cabinet-office.x.gsi.gov.uk](mailto:consultation.policy@cabinet-office.x.gsi.gov.uk)

#### ***The six consultation criteria are:***

1. Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
2. Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.
3. Ensure that your consultation is clear, concise and widely accessible.
4. Give feedback regarding the responses received and how the consultation process influenced the policy.
5. Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-coordinator.
6. Ensure your consultation follows better regulation best practice.

## Appendix 4

### How we are communicating this consultation

#### Organisations

We have sent a copy of this consultation paper to the following organisations inviting views on behalf of their membership.

- Association of Pleasure Craft Operators (APCO)
- Association of Waterways Cruising Clubs (AWCC)
- British Marine Federation (BMF)
- Electric Boat Association (EBA)
- Historic Narrow Boat Owners' Club (HnBOC)
- Horse Boating Society (HBS)
- Inland Waterways Association (IWA)
- Inland Waterways Advisory Council (IWAC)
- National Association of Boat Owners (NABO)
- Residential Boat Owners' Association (RBOA)
- Royal Yachting Association
- Steam Boat Association of Great Britain
- The Barge Association (DBA)
- The Boating Association (TBA)
- The Yacht Harbour Association (TYHA)
- Wooden Canal Boat Society

If you know of other organisations whom you think we should contact formally to invite comments, please send their contact details by email to [consultation@britishwaterways.co.uk](mailto:consultation@britishwaterways.co.uk) or by post to Simon Salem at the address shown on page 3.

#### Individuals

We have advertised the consultation in the waterways press, through our local offices and by inserting information into licence renewal mailings. We did give serious consideration to a special mailing to all 30,000+ licence holders, but decided that the expense of this would be disproportional to the additional number of people reached.

The paper is published on the British Waterways website at [http://www.britishwaterways.co.uk/accountability/consultations/present\\_consultations.html](http://www.britishwaterways.co.uk/accountability/consultations/present_consultations.html)

Paper copies are available free of charge from our Customer Service Centre by calling 01923 201120.