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## CONSERVATORS OF THE RIVER CAM

### POWERED CRAFT LICENCE FEE OPTIONS 2011/12

#### 4.1 Purpose

The purpose of this paper is to set the Conservancy's own fees for *powered craft* (categories 30 to 39) for the 2011/12 licensing year.

#### 4.2 Background

At the meeting on 13<sup>th</sup> January 2011, Conservators deferred from setting their registration fees for powered craft until the outcome of the consultation on powered craft licence fee options was concluded (see Note 3).

Conservators are reminded that the fees for powered craft usually track the figure set by the Environment Agency less 5%, and for 2011/12 the Agency has agreed a 0% increase in its fees.

In the 2010/11 licensing year, the total receipt for Conservancy powered craft registration fees amounted to £17087.99 (representing 8.6% of total registration income, excluding the Interchange Agreement income). The number of craft owners who purchase powered craft registrations directly from the Conservancy is relatively small (i.e. 39 craft).

Conservators agreed to fix the fees for manually propelled craft (categories 01 to 29) on 13<sup>th</sup> January 2011 at +5% on the 2010/11 rates, based on the fact that the RPI is presently close to 5%.

#### 4.3 Proposals for 2011/12

The Chairman's paper presented on 13<sup>th</sup> January (Note 7b, craft licence fee options) highlighted the financial challenge presented to Conservators should they choose to continue tracking the Agency's fees given their 0% increase in charges. The Conservators may lose income against inflationary costs. However, if the Conservators decide to fix their fees above the Agency's (i.e. 0.1% or more) then the owners of Conservancy-registered powered craft may be encouraged to register with the Agency in greater numbers, the competitive differential becoming reduced as the Conservancy's fees close towards parity with the Agency.

Conservators should be aware that the consultation on craft licence fees has engendered a great deal of negative feeling amongst craft owners on the Cam towards the Conservancy as a body. A number of craft owners who registered with the Conservancy in 2010/11 may elect to register with the Agency for the year ahead as a 'protest vote'. Very few respondents in the consultation said that they would purchase a Conservancy licence if it was set at a significantly cheaper rate than present.

Table 1 below sets out the Agency's registration fees for equivalent categories of craft (including £2.00 registration fee) plus the current Conservancy annual registration fees and projected fees given increases on those rates of +5%, +10% and +15%

Category	Agency annual fee £	Conservancy annual fee +0% £	Conservancy annual fee +5% £	Conservancy annual fee +10% £	Conservancy annual fee +15% £
30	66.65	60.98	64.03	67.08	70.13
31	120.69	113.82	119.51	125.20	130.89
32	116.16	107.65	113.03	118.42	123.80
33	236.45	221.08	232.13	243.19	254.24
34	290.26	271.81	285.40	298.99	312.58
35	375.51	352.22	369.83	387.44	405.05
36	513.74	482.56	506.69	530.82	554.94
37	660.99	621.41	652.48	683.55	714.62
38	741.51	697.34	732.21	767.07	801.94
39	813.39	765.14	803.40	841.65	879.91
	Potential yield (assuming the same craft owners elect to remain with the Conservancy)	<b>17087.99</b>	<b>17952.90</b> (+864.91)	<b>18796.77</b> (+1708.78)	<b>19651.11</b> (+2563.12)

**Table 1**

A +10% increase in the Conservancy's fees will take them above those of the Agency for the 2011/12 licensing year. This is likely to be very unpopular with craft owners; they will most likely choose to register with the Agency instead and the Conservancy could lose this income. If the craft remain on the Cam under the Interchange Agreement, then the Conservators would only receive a return of £6591 (i.e. 33 % of the Agency's tariff category 36 times the 39 current owners), representing a significant drop in income.

The income gained by increasing the annual fees by +10% or +15% is extremely modest compared with the likelihood that craft owners may default to purchasing Agency licences.

As stated in the 13th January 2011 papers (item 7b), it remains the case that the income risk from any unilateral increase in Conservancy licence fees for powered craft is too great and it is therefore recommended that the Conservancy powered craft licence fees should remain at 2010/11 levels, i.e. a 0% increase.

#### 4.4 Recommendation

**It is recommended that the following changes are made to registration fees for 2011/12:**

- **Powered craft – 0% increase in line with Agency charges**

**Conservators are invited to consider this paper.**