

BOAT LICENCE FEES

For information & comment on by Waterway User Groups

Simon Salem, Marketing & Customer Service Director, 5 September 2008

1. BACKGROUND

During 2007 British Waterway undertook an extensive consultation on future boat licence fees. Many boaters and representative groups contributed to this and many good suggestions were made. The result was that BW modified its proposals for licence fees in 2008 and asked the independent British Waterways Advisory Forum (BWAFF) to examine each of the suggestions in closer detail.

BW is very grateful to the members of the BWAFF Licensing Sub-Group who dedicated many hours to the subject. By studying the 2007 public consultation responses, analysing data and debating options, they gained a deep understanding of the challenges involved in determining a 'fair' boat licensing system.

The BWAFF report was finalised during August 2008 and this paper is BW's response to that. It is being sent to all relevant interest groups for their comments and views on the various recommendations.

2. GENERAL INTRODUCTION

This paper should be read in conjunction with the BWAFF's Licensing Sub-Group report which explains the context and is attached as an appendix.

There is no obvious single licensing solution that all boaters would find equally acceptable – if only life were that simple! However, BWAFF's recommendations comprise a logical set of options for tackling both perceived unfairness and some practical management problems around boat licensing.

The purpose of this report is to set out BW's formal response to the individual recommendations along with their implications for licence fees in 2009. The options BWAFF developed all derive from customer responses to BW's 2007 public consultation on licence fees, so we do not believe that a further formal consultation would be widely welcomed. However, some of the options are radical so we think it is important that boating organisations have the opportunity to comment on what BW believes to be the best solution.

I would like to invite boating organisations to consider both BWAFF's conclusions and BW's response within their relevant committees and to let me have the benefit of their views by early November 2008. We also have the opportunity for further discussion at our waterway user forum on 12 November and the BWAFF meeting itself on 14 November. BW will then reach its conclusions regarding both 2009 licence fees and any longer term changes.

I am making this paper available on the BW website and sending it to the waterways press to stimulate discussion. We welcome views from everyone of course, but anticipate that boaters will in the main, direct their comments through their chosen membership organisation.

3. BW's RESPONSE TO BWAFF RECOMMENDATIONS

(Reference numbers in the headings below relate to the BWAFF report)

1. *All boats should pay licence fees on a standard basis not related to the type or extent of use* [3.10]

We understand this to be consistent with continued application of our current policy. We do not yet consider it practicable to set charges according to specific extent of usage. However, subject to certain limitations, BW does have discretion to charge different prices for the use of its waterways by reference

to identifiable classes or groups of vessels or customers. In doing this, we must have reasonable justification for charging one group a higher or lower level than another. Reasonable justifications include:

- Evidence that one group incurs higher costs in its use of the waterways.
- An overall increase in consumer welfare - for example, charging a group with a higher willingness to pay a larger amount than a group with a lower willingness to pay. This is beneficial as it tends to result in greater participation amongst people with a lower willingness to pay.

2. *The feasibility should be examined of removing or reducing the rivers-only discount [7]*

Because the river registration charge was defined by statute, this would require a Transport and Works Order to remove. It is something we would consider, but it would take expensive legal resource. We would propose deferring serious consideration of this until we are clearer on the other changes discussed in this document, but at this stage would welcome user group views. We would be unlikely to pursue this option in the face of broad opposition from the boating community.

3. *£50 additional charge for boats over 2.1m [8.4 (a)]*

There appears general consensus from consultation that the length of a boat is an acceptable, if imperfect, proxy of the boat's value, and therefore of the owner's ability to pay. It does not therefore seem an unreasonable extension to this argument to accept that width as well as length should be taken into account in determining the fee.

4. *Variable supplement for wide beam boats [8.4 (b)]*

See above. This option would result in a larger premium for owners of wide beam boats, and if this, rather than the above flat rate supplement were adopted, we would anticipate phasing in the higher fees over (say) three years.

5. *BWAF to continue advising BW on development of a commercial operator's licence*

We welcome this assistance and are pursuing with the trade

6. *£150 supplement for boats without a verified permanent mooring [9.15, Option A]*

We believe this would improve fairness and help us to reduce the problem of 'continuous moorers'. The justification for introducing a higher fee for continuous cruisers would be a combination of the two arguments noted in point 1 above:

- a) Boats licensed as continuous cruisers generally use the network more intensively than those licensed with a home mooring. Indeed it is a requirement of a licence issued to a continuous cruiser to navigate throughout the term of the licence. That continuous use creates additional cost as a consequence of:
 - increased lockage (and the consequent greater use of water);
 - greater use of generally available boater facilities such as water points, refuse disposal, sanitary stations etc;
 - greater use of areas available for casual or visitor moorings;
 - greater contribution to the wear and tear generally created by boat traffic.
- b) Most continuous cruisers are using their boat as their home. Accordingly their willingness to pay, given that generally they do not have other accommodation costs (or reduced costs) is accordingly higher.

A note from BW's Legal Director is appended which explains BW's powers to introduce this charge.

If we were to introduce this charge, it would be levied for any boat without a verified, long term home mooring on any waterway on, or connected to, the BW network. In this context, a long term mooring would mean one for which the boater has a mooring agreement for a significant period of time. No concession would be offered for those taking only winter or other short term moorings. The only exemption would be trailed boats.

7. *Use only strengthened enforcement of mooring rules to prevent 'continuous mooring' [9.16, Option B]*

Our current enforcement strategy is to prioritise action against boats without a licence – this is financially productive. We recognise that more rigorous enforcement of mooring rules is needed in the face of strongly growing demand for casual extended mooring in a particular neighbourhood, because the consequences of this mooring demand is to reduce the amenity for cruising boats. However, this enforcement effort is not financially productive for us, and would require reduced expenditure elsewhere. We continue to make judgements on competing budgetary claims, but believe that judicious use of pricing to reduce demand for 'continuous mooring' is a better long term solution. We therefore believe that the impact of Option B would be marginal, and the extra income nil.

8. *BWAF to advise BW on the possible development of 'roving mooring permits' [9.17, Option C]*

We see this as a more acceptable option for tackling the problems created by proliferation of continuous mooring in particular regions. We would like to pilot the concept on one or two southern waterways to test whether it could act as an effective incentive for boats to move into offline moorings and therefore result in a smaller number of 'continuous moorers'. We seek considered views on this from boating organisations. We understand that many are pre-disposed against the proposal and would like them to suggest other, practical alternatives for addressing the underlying problems so clearly analysed by BWAF.

9. *Create and promote off-line residential moorings [9.18, Option D & 13]*

We are already in discussions with government and RBOA on this subject. It is a priority for us.

10. *BWAF supports the principle of BW's proposed late payment charge [11]*

We welcome this support. A period of advertising will start shortly encouraging people to get their licence affairs in order before the charge is formally introduced towards the end of the year.

11. *Consider the practicality of regularly validating customer declarations of home mooring [14.2]*

We will do this only if we decide to go ahead with higher charges for continuous cruisers.

12. *Licence should more clearly show the type of licence and the type of mooring [14.3]*

This change would come only as part of the re-programming required for increased charges for continuous cruisers. Otherwise it will be a lower priority task to be fitted as and when any other licensing changes are required.

13. *Builders should be invited to report new boat deliveries to BW [14.5]*

We would welcome this support from boat builders and will prepare the appropriate communication shortly.

14. *Increases in fees beyond inflation should be related to measured improvements in standards for which boaters themselves had asked [16.5]*

We sympathise with this aspiration amongst boaters. In the current economic climate however, BW's income will not be sufficient to allow us to make any such commitment. Our priority is to deliver to minimum safety standards and ensure that waterway assets are protected for the long term. Boaters will have input to the development of minimum safety standards through the newly established user panel. We propose to brief the November BWAF meeting on our views of likely spending priorities for 2009/10 and 2010/11 and listen to their feedback on this.

15. *BW to consult user groups on proposed changes to wide beam and continuous cruiser charges [19.11]*

This is the consultation as outlined in the introduction to this paper.

4. EFFECTS OF CHANGE OPTIONS ON 2009 LICENCE FEES

BW has started its detailed planning for the contribution licence fee income will make to the cost of maintaining the waterways in 2009. We have agreed to cap the hire boat licence increase at 7.5% - this is in light of the expected reduced demand for boating holidays. With the main BWAF conclusions in mind then, there are four approaches BW could adopt, namely ;

1. Uniform licence fee increase for all private boats
2. Additional charges for boats over 2.1m beam
3. Additional charges for continuous cruisers
4. A combination of 2 & 3

The effect of the each option and the approximate number of boaters affected are set out in the following table

Effect of Alternative Options on 2009 Private Boat Licence Fees				
Option	Category of boat & licence	Increase on current fee	Fee £ for 13m boat	Boaters affected
1 No Change	All private	11.2%	644	27,968
2 Add £50 for boats more than 2.1m (canal & river) & £30 for river only	Beam > 2.1m canal & river	9% + £50	682	3,422
	Beam > 2.1m river only	9% + £30	409	2,242
	Beam < 2.1m	9%	632	22,304
3 Add £150 for boats with no permanent home mooring	Private boats, no home mooring	8.5% + £150	779	2,898
	Private boats, with home mooring	8.5%	629	25,070
4 Both 2 & 3	Beam > 2.1m canal & river, with home mooring	6.6% + £50	668	3,019
	Beam > 2.1m canal & river, no home mooring	6.6% + £200	818	403
	Beam > 2.1m river only, with home mooring	6.6% + £30	648	2,141
	Beam > 2.1m river only, no home mooring	6.6% + £180	798	101
	Beam < 2.1m, with home mooring	6.6%	618	19,910
	Beam < 2.1m, no home mooring	6.6% +£150	768	2,394

5. YOUR VIEWS PLEASE

BW believe that option 4 in the table above is the best solution. We appreciate that, if adopted, it would represent some significant changes and we would value your opinion about these.

I welcome the views of boating organisations on both BWAF's Licensing Sub-Group's report and BW's response to it. Views on the timing of the introduction of any changes would also be helpful.

I also invite you to let us know which of the 2009 options in the table above, your organisation would prefer to see BW adopt.

Please email your response to consultation@britishwaterways.co.uk before 7 November 2008.

Thank you for your assistance

Simon Salem
Marketing & Customer Service Director

British Waterways Licence Charges

Proposal to charge a Continuous Cruisers 'Supplement'

Note from BW's Legal Director

Q: I am asked whether it is within BW powers to charge a different amount for the licence of a vessel of a 'continuous cruiser' by comparison to the charge for a vessel with a 'home mooring'.

A: British Waterways ('BW') has significant discretion in the setting of prices for the use of the waterways it manages. Section 43(3) of the Transport Act 1962 provides that BW may demand such charges for use of its 'services and facilities' (which includes use of any of its inland waterways by ship or boat) "as [it] thinks fit". That discretion is subject to three types of limitation.

The first is the statutory requirement under the British Waterways Act 1971 that the charge to pleasure boats for using River Waterways only is limited to 60% of the charge for using all waterways under otherwise equivalent terms.

The second limitation is that any pricing must be compliant with the requirements of competition law, the most relevant of which is that it must not amount to an abuse of dominance.

The third limitation is the general public administrative law duty placed on all public bodies to exercise any power reasonably in all the circumstances.

Subject to the above, the discretion given to BW enables it to charge different prices for the use of its waterways by reference to identifiable classes or groups of vessels or customers. Indeed it already does so as, for example, pleasure boats let out to hire in the course of a business are charged a higher rate for their licence than those used privately.

It would therefore be within BW powers to charge an additional or higher licence fee for continuous Cruisers ('CCs') provided it is done in way acceptable under the above provisions. They require a reasonable justification by reference to a characteristic of that group or class. Reasonable justifications include:

- Evidence that one group incurs higher costs in its use of the waterways.
- An overall increase in consumer welfare - for example, charging a group with a higher willingness to pay a larger amount than a group with a lower willingness to pay. This is beneficial as it tends to result in

greater participation amongst people with a lower willingness to pay.

The justification for introducing a higher fee for continuous cruisers would be a combination of the two arguments

- c) Vessels licensed as continuous cruisers generally use the network more intensively than vessels licensed with a home mooring. Indeed it is a requirement of a licence issued to a continuous cruiser to navigate the vessel throughout the term of the licence. That continuous use creates additional cost as a consequence of:
 - increased lockage (and the consequent greater use of water);
 - greater use of generally available boater facilities such as water points, refuse disposal, sanitary stations etc;
 - greater use of areas available for casual or visitor moorings;
 - greater contribution to the wear and tear generally created by boat traffic.
- d) Continuous cruisers inevitably (as a consequence of the conditions of the licence) are using their boat as their home. Accordingly their willingness to pay, given that generally they do not have other accommodation costs (or reduced costs) is accordingly higher. This circumstance is comparable to the circumstances pertaining in the moorings market where market prices reflect a greater willingness to pay for moorings with the benefit of planning permission for residential use by comparison with those without.

A supplement or premium price for continuous cruisers would not be an abuse of dominance unless the price was so high it resulted in excessive profits for BW, or so low it amounted to predatory pricing. The supplement or premium applicable to a river only licence would need be subject to the same reduction applicable under the BW Act 1971.

Nigel Johnson

8 August 2008

APPENDIX - BWAF licensing sub-group

Discussion paper and recommendations, August 2008

Group Members:

James Griffin APCO	Nigel Hamilton APCO
David Pearce AWCC	Stuart Sampson NABO
Andy Soper DBA	Roger Squires IWA
Rex Walden RBOA	Nigel Stevens
Sally Ash BW	

1. Summary

- 1.1. British Waterways received a range of constructive views and suggestions in its 2007 formal consultation on boat licences. BW asked BWAF to consider these, and make recommendations for the years 2009/10 and beyond.
- 1.2. Many respondents considered certain aspects of the present licensing system to be unfair, and made suggestions for improvement.
- 1.3. It was widely suggested that those without a permanent mooring, and wide beam boats, were not contributing their fair share of the money raised from boaters.
- 1.4. BWAF has considered these views very carefully. With the aim of improving fairness, BWAF proposes that:
 - (a) All boats should be subject to licence fees based on a single table of sizes
 - (b) Commercial boats should obtain a new Operator's Licence, and would in total continue to pay more than private boats
 - (c) Boats presently paying a discounted rivers-only licence should pay for a full licence
 - (d) Wide beam boats should pay a supplement based on beam (two options)
 - (e) Continuous mooring should be more closely controlled (four options)
 - (f) Income raised from new charges should be used to moderate increases applied to the basic licence fee
 - (g) Encouragement should be given to the creation of many more approved residential moorings
 - (h) Discounts for pensioners and those on low incomes would be impractical
 - (i) Various measures should be considered to aid enforcement.
- 1.5. Where options are suggested, BWAF has agreed with BW that national boating organisations will be asked to comment, in the hope of reaching a consensus or majority view. BW will take these views into account as it decides licence fee levels for 2009/10.

2. Introduction

- 2.1. BW carried out a full public consultation on boat licences in 2007. The consultation paper and BW's response are published at <http://www.britishwaterways.co.uk/listening-to-you/consultations-and-reviews/completed-consultation-reports> .
- 2.2. The context for the 2007 consultation was BW's requirement substantially to increase its income from boat licences in response to pressures on its cash flow.

2.3. BW asked for:

- (a) Licence income to increase by £5m (in money terms) for 2010/11 from £13m in 2007/8
- (b) 9% plus inflation overall increase for each of 2008/9, 2009/10 and 2010/11
- (c) Inflation-only increase for hire boats in 2008/9

2.4. Following the consultation, BW reduced the 2008/9 increase for private boats to 8.3% (5.0% plus 3.3% inflation).

2.5. BW asked BWAFF to consider this material, and to make recommendations. These requests are contained in BW's Response.

2.6. BW has now said that its business plan requires net licence income to rise by £1.3m in 2009/10. Of this, about 0.3m is expected to come from improved enforcement. The remaining £1m, if spread evenly, would require a licence fee increase for private boats of 11.2%. BW has committed to limiting the increase for non-discounted leisure business licences (mainly hire boats) to 7.5%.

3. General approach

3.1. A working group met three times, and the issues were debated with directors and senior officers of BW at a full BWAFF meeting. Directors and senior managers of BW have provided all the information and assistance we needed, and have maintained a positive and creative approach. BW has modelled a number of scenarios at our request, and we have studied the results.

3.2. BWAFF made interim recommendations to BW, and a detailed and very positive response was received.

3.3. There has been informal dialogue between BWAFF members and the national committees of the organisations they represent. Nothing in this report implies endorsement by any other organisation of BWAFF's recommendations.

3.4. BWAFF carefully considered all the material submitted to BW by individuals (anonymised) and organisations. Some aspects of the existing regime were seen by many respondents as unfair. In particular, respondents said that:

- (a) Hire boats should not benefit from a lower percentage increase than private boats
- (b) Wide beam boats should pay more than narrow beam
- (c) Continuous cruisers should pay more than boats with a permanent mooring
- (d) Continuous mooring was seen as a serious problem, both in terms of impairment of cruising, and of unfair avoidance of charges borne by the majority of boats
- (e) BW should increase enforcement of unlicensed boats and of overstaying continuous cruisers
- (f) BW had not made the case for such large fee increases
- (g) Pensioners and others on fixed or low incomes would not be able to afford such increases

3.5. More generally, greater demands from BW for overall increases brought issues of perceived unfairness into sharper focus.

- 3.6. Consultees introduced many interesting and imaginative ideas, both for radical redesign of the system – for example, conversion to tolls using GPS location of boats – and for small but useful tweaks. BWAf has developed a number of these.
- 3.7. BWAf's main objective was to examine whether the burden of licence costs could be shared more fairly. This had to be seen in the context of BW's stated requirement to increase significantly the total raised from licence fees. This requirement can, however, properly be assessed only by those with knowledge of BW's corporate plan. Having no access to such information, BWAf can make no recommendation as to the reasonableness or otherwise of the overall increase sought by BW.
- 3.8. BW has undertaken to publish further information on its financial condition, to assist public understanding of these issues.
- 3.9. BWAf **recommended** the following principles to BW:
- (a) The time was not right for adopting a high-tech version of tolls, e.g. by using a vehicle tracking system; nor could the cost be justified.
 - (b) Hybrid toll-and-licence systems were similarly inappropriate.
 - (c) The present licence should be regarded as permitting the boat to be on the water and to be used for unlimited travel, irrespective of the type of user.
 - (d) It was no longer practical to establish high and low use categories of private licence, because this would require measurement of use.
 - (e) Similarly, the argument that hire boats should pay more on grounds of greater use could no longer be sustained.
 - (f) The incidence of fees could not directly be related to ability to pay.
 - (g) Those on low or fixed incomes would face real difficulty if fees were substantially to be increased.
- 3.10. It was **concluded** that in principle all boats should pay licence fees on a standard basis, related to the size of boat rather than the type or extent of use.
- 3.11. The emphasis of this report is on building fairness over the longer term. A number of **proposals** have been developed, and costed with the help of BW. Some of these proposals are fairly radical, and all would have an adverse impact on some boaters, while in our view benefiting the majority. We therefore present a range of options for debate.
- 3.12. We recognise that BW intends to pursue further significant increases in licence fees for 2009 and beyond. If it were possible to adopt at least some of our recommendations for improved fairness in time for 2009, the majority of boaters would face a lower price increase than if the proposals were not adopted.

4. Boat data

- 4.1. BW provided information on the boat population. There are about 28,500 private, powered boats with long term licences.
- 4.2. The total income from licences in 2008/9 will be about £15m.
- 4.3. There are about 5,500 private wide beam boats, of which 40% are on rivers-only licences.
- 4.4. The average private licence fee (2008) is about £600. About 80% of boats (excluding canoes and dinghies) are between 25' and 60'. It is a common view that 'boats are getting longer'. In fact, however, about half the boats pay more, and half less, than £620. This is only a little more than the average fee, so there is not a preponderance of smaller or larger boats.
- 4.5. A hire licence costs about 2.35 x a private one.
- 4.6. Some 10% of boats are recorded as not having a permanent mooring and not being trailed boats. BW therefore designates these by default as continuous cruisers.

- 4.7. BW's Continuous Cruiser Declaration, produced in 2005, is not in current use following objections by some boaters.
- 4.8. BW does not at present routinely verify the home mooring claimed on licence application forms. Where a boat claims a home mooring which it does not have, it is not possible to deduce whether the boat has moved to another mooring site, or has become a continuous cruiser.
- 4.9. Approaching 2000 boats are under enforcement, of which about 500 are thought to be continuous cruisers. BW is working on improving the reliability of these data.

5. Charging system

- 5.1. The present system crudely uses the length of the boat as a proxy for the owner's ability to pay, or for the number of persons the boat can carry. Recognising the deficiencies of this, other approaches (e.g. insured value) were considered, but none was found preferable.
- 5.2. An alternative view is that all boats cause similar expense to BW, and that therefore all boats should pay an equal fee.
- 5.3. At our request, BW prepared an analysis of its licensing records. We then manipulated the data to show the effect of different approaches:
 - (a) **Charging all boats a flat fee.** The flat fee would be £592 (at full 2008 prices). This would mean a 58.5% increase for the smallest boat, with corresponding reductions for bigger boats, which we considered unacceptable. A single fee is not, therefore, recommended.
 - (b) **Skewing the charging table to favour smaller boats.**
 - 5.3.b.1. We examined the effect, at 2008 prices, of reducing the first band from £373 to £300 (the size of a typical small cruiser: there are in fact only 500 of these smallest boats). The shortfall would be recovered by increasing the cost of each additional metre from £26 to £34. The smallest 40% of boats would benefit from this; of these, half (5,500) would save 10% or more. Only 14 boats would suffer an increase of 10% or more.
 - 5.3.b.2. We believe this change to have some merit, but in the light of the other changes proposed below, we do not think it appropriate to pursue this length-based change at the same time.
 - (c) **Introducing supplements for wide-beam boats** – see below.
 - (d) **Increasing fees for continuous cruisers** – see below.
- 5.4. In each case, winners and losers were tabulated in accordance with existing length bands. Note that the comparisons were conducted on the full fee, rather than the early payment charge paid by 70% of boats.

6. Commercial boats

- 6.1. BWAf endorses proposals made by APCO for hire boats.
- 6.2. A new Operator's Licence would be required. This would ensure that necessary checks were made by BW into safety and other procedures, as required by the licence conditions and various MCA Codes, either existing or in preparation.

6.3. The present valuable but ad-hoc arrangements whereby BW gives assistance to hire boat operators would be formalised, and a fee would be paid for specific services additional to those covered by the standard licence. This supplement would not be optional.

6.4. Operators would therefore pay for 3 elements:

- (a) A standard boat licence
- (b) A small periodic base inspection fee
- (c) An annual fee for the extra services provided.

6.5. In total, these would equate to the present enhanced licence fees (about 2.35 x private). Except for the base inspection fee, they would be related to the size of the boat, and there would be no discount for quantity.

6.6. In relation to hire boats, APCO has tabled a list of extra services for BW's consideration.

6.7. BW has agreed to consider these proposals, and will consult operators of hotel boats, passenger boats and non-passenger carrying trading boats to establish what analogous arrangements would be appropriate.

6.8. BWAF **recommends** that discussions continue between BW and the trade, following which it will make further recommendations.

6.9. BW advises that changes in commercial licences could not be introduced before 2010.

7. River Registration Certificates

7.1. Under the British Waterways Act 1971, boats based on certain rivers pay only 60% of a standard licence fee. The list is eclectic (see Appendix), and boats on other rivers are required to pay the full fee. Those river-registered boats which wish to visit other BW waterways must buy a short-term licence. It should be noted that a disproportionate number of river boats are wide-beam.

7.2. Because BWAF does not believe that distance travelled or cruising range should be factors in licence fee setting, we **recommended** that BW explore the feasibility of removing the rivers-only discount. This could raise up to £600,000 a year, and would require a Transport & Works Order. In our view, such a move would commend itself more to BW if the support of user groups were assured.

8. Wide beam boats

8.1. If size is to be the main determinant of fee levels, then many contributors argue that beam should be considered as well as length. There are about 5,500 boats over 2.1m beam.

8.2. We considered the counter-argument that broader boats have significant restriction of range. We noted that there are other boats whose cruising range is restricted by length, draft or air draft, and that in some areas wide beam boats cannot share locks and hence use more water.

8.3. We concluded that these principles should stand: that all boats should pay on a unified basis; and that the fee should relate to the size of the boat, including beam.

8.4. We considered two options:

(a) **Option 1:**

8.4.a.1. We considered the effect of adding 10% or a flat £50 to the fees of all such boats. A 10% increase would raise about £190k in a full year compared with £200k for the £50 flat fee. The supplement for wide boats on river-only licences

would be 40% lower than for canal licences as required under the 1971 Act. We believe the percentage supplement to be slightly fairer.

(b) **Option 2**

8.4.b.1. We considered the effect of increasing the fees of wide boats according to the following formula:

2.1m - + 10%
2.6m - + 20%
3.1m - + 30%
3.6m - + 40%
4.1m - + 50%
4.6m - + 60%

8.4.b.2. This would raise about £396k in a full year, bearing in mind that the 40% river discount would carry across.

8.4.b.3. Because this would significantly increase the fees for the very largest boats, BWAF recommends that the formula be introduced over say, 3 years, starting with 10% or a £50 flat fee in 2009/10.

- (c) BWAF believes that such charges would go some way towards redressing what many boaters see as unfairness, and **recommends** that a wide-beam supplement be introduced, following consultation on Options 1 and 2 above.
- (d) It was reported to us that the governing body of DBA would oppose the introduction of supplementary charges for wide beam boats.

9. Continuous cruisers

9.1. Continuous cruisers may be divided into two distinct groups.

9.2. **'Bona fide' continuous cruisers** (as described in the 1995 Act), who travel around the waterways, are seen by nearly all contributors as adding much to the canal scene, and as providing useful information to BW on the state of the track. Continuous cruisers are largely residential, but include other boats who cannot find, or do not choose to take, a permanent mooring.

9.3. Some boats move round the system, with periods of cruising interspersed with periods on a paid-for mooring, but do not register any mooring as a home mooring. These are by default classified as continuous cruisers.

9.4. Some continuous cruisers pay for an official winter mooring from BW, which relieves them for a period from the obligation to continue their journey.

9.5. Continuous cruisers benefit from extensive use of towpath moorings used only occasionally by boats with a home mooring. They also make significantly greater use of water points, rubbish disposal and other facilities.

9.6. Those boats which declare a home mooring do so only for the day on which they make their licence application. This can be verified for that day, but is nonetheless only a snapshot in time. Boats are free to move their home mooring as often as they wish, without reporting to BW. Equally, a boat may legitimately declare a home mooring one day, then start up continuously cruising the next.

9.7. Any boat with a home mooring may leave for a cruise, intending to return for the following winter. Such boats must obey the 14-day rule, but are not continuous cruisers.

- 9.8. **‘Continuous moorers’**, who move within a limited area, rather than making the ‘progressive journey’ required by BW are in contrast considered by contributors to be abusing the system. They are widely regarded as causing pressure on moorings which would otherwise be available for other boats, and are not believed to pay a fair contribution to the upkeep of the waterways. There is particular concern at pressure on designated visitor moorings, and on moorings which should be available for ‘weekenders’. BWAf is concerned, as is BW, about long lengths of unpermitted linear mooring spoiling the enjoyment of passing boaters. Continuous moorers are not all residential. Like continuous cruisers, they make more extensive use of water points etc. than do boats with a home mooring.
- 9.9. The shortage of moorings, in places where people want to live, has been particularly severe in the South East and on the Kennet & Avon. Some boaters, who wished to have a permanent mooring, have been unable to find one, and may unwillingly have slipped into becoming continuous moorers. Other boaters may deliberately have chosen to become continuous moorers because it is cheap, provides a mooring in the right place for work or family commitments, and has no effective sanction against it.
- 9.10. The overall supply of moorings has significantly increased in the past two years, marking the success of private investment under BW’s marinas initiative, but these are not necessarily in the places, or at the price, continuous moorers want, nor, generally, are they residential.
- 9.11. Continuous mooring could in principle be controlled by either:
- (a) Enforcement – BW now has the GPS technology to log the position of boats over time, making enforcement more feasible than before, but there is no direct financial benefit to BW from such action; so it is given lower priority than licence evasion.
 - (b) Designating long lengths of new permanent moorings in places where people are already mooring – but this would run counter to BW’s commitment, and the wish of most boaters, to reduce towpath mooring. Furthermore, local planning authorities would not approve creation of extended residential moorings along the line of the waterway. For these reasons, this solution is not proposed as an option below, but it should be recognised that of all possible actions this has the potential to generate the most money.
 - (c) Increasing the supply of permanent offline residential moorings in the affected areas – but this could not be expected to produce significant results even in the medium term. The present plentiful supply of free moorings undermines potential demand for expensive new sites.
 - (d) Creating a Roving Mooring Permit – this would permit the boat to remain within a defined length of waterway. The boat would still have to move every 14 days, and would not be allowed to occupy visitor moorings. A Roving Mooring Permit would cost less than a basic permanent mooring in that area.
 - (e) Increasing the cost of continuous cruising (which includes continuous mooring) by a significant sum – so as to provide an incentive for people to seek permanent moorings elsewhere, and to raise income which could partly be used for enforcement of continuous mooring.
- 9.12. BW’s income from boating consists both of licence fees, and of a share of every mooring fee paid by boats with home moorings. Even where BW contributes nothing to the cost of operating a mooring, for example at a private marina, this share is typically at least 9% of the mooring fee. This contribution is made neither by continuous cruisers nor continuous moorers.
- 9.13. BWAf considers it unfair that continuous cruisers and moorers do not make a similar contribution to BW’s costs, and are thereby subsidised by the majority of boaters. BWAf

wishes to encourage continuous moorers either to take up permanent moorings or to start moving around the system.

9.14. BWAF is concerned to increase fairness. It recognises that the changes it proposes would adversely affect some boaters, but believes them to be in the interest of the great majority. Only decisive action would end the present state of affairs, so unacceptable to the great majority of consultees. Inaction, by contrast, would continue a situation in which those who pay for a mooring are subsidising those who choose not to. Therefore these options are proposed for debate:

9.15. Continuous cruisers/moorers - option A (Licence supplement)

- (a) In the absence of agreement about a workable strategy for differentiating continuous cruisers and continuous moorers, BW must continue to treat both groups in the same way.
- (b) All boats without a verified home mooring would be subjected to an additional Facilities Charge as a contribution to BW's higher costs of providing such boats with moorings, water, refuse and other facilities.
- (c) This charge would be set at a maximum of £150 per year – about 10% of the value of a good mooring. This would generate about £300k in a full year.
- (d) The income generated from this charge should partly be used for tighter enforcement of the 14 day rule. It is anticipated that this would encourage a proportion of continuous moorers to seek a permanent mooring, thus easing the pressure on visitor moorings.
- (e) The danger is recognised that some boaters might leave permanent moorings and take up this much cheaper option. Well-publicised enforcement would mitigate this risk.
- (f) It was reported to us that the governing bodies of IWA, NABO, RBOA and DBA would oppose the introduction of such a charge.
- (g) BW is satisfied that it has legal power to make such an additional charge, and will take steps to assure BWAF of this, and to discuss it with national user groups.

9.16. Continuous cruisers/moorers - option B (Enforcement only)

- (a) Continuous mooring presents a serious challenge, both to BW and to users.
- (b) Bona fide continuous cruisers should not be asked to pay anything more than a normal licence.
- (c) The only way to distinguish continuous moorers from continuous cruisers is by monitoring.
- (d) User groups should establish a programme of regular volunteer patrols which would assist BW's own enforcement staff to maintain adequate records of any boats which failed to make a progressive journey.
- (e) BWAF would then look to BW to carry out appropriate enforcement action, with a view to the complete ending of continuous mooring within say two years.

9.17. Continuous cruisers/moorers – option C (Roving Mooring Permits)

- (a) No additional charge should be imposed on bona fide continuous cruisers.
- (b) Continuous mooring without payment should be reduced and, eventually, eliminated. It is recognised that continuous mooring results from genuine excess demand for moorings, mainly residential, in certain areas. In the medium term there is no realistic

prospect of this demand being met by an increase in supply of offline moorings, with residential consent, in the areas required.

- (c) It is not considered feasible or desirable to designate long lengths of permanent towpath mooring. It is recognised, however, that people are mooring where they are for good reasons connected with jobs, family etc. This lifestyle should be legitimised and charged for.
- (d) Roving Mooring Permits should therefore be developed, in specifically designated areas with the number of such permits set at a maximum. BW would develop pilot schemes on southern waterways where continuous mooring was causing particular pressure. Tight enforcement would ensure that the total number of moored boats in the pilot areas was reduced to an acceptable level. Roving mooring permits would be priced similarly to nearby end-of-garden moorings. This would be both to generate realistic and useful income for BW, and to positively encourage continuous moorers to take up proper moorings elsewhere.
- (e) It was reported to us that the governing bodies of IWA, NABO, RBOA and DBA would oppose the introduction of Roving Mooring Permits, or pilot projects.

9.18. Continuous cruisers/moorers - option D (Status Quo)

- (a) No additional charge should be imposed on bona fide continuous cruisers.
- (b) It is recognised that continuous mooring results from genuine excess demand for moorings, mainly residential, in certain areas.
- (c) This demand should, as far as possible, be served by a substantial increase in the number of off-line residential moorings. BW is discussing this matter with RBOA and LGA, with the aim of encouraging Local Planning Authorities more readily to grant planning permission. Government should be encouraged to support this drive by the issue of appropriate Planning Policy Guidance, and by authorising Housing Associations to finance such sites.
- (d) BW should work with user groups and marina operators to identify suitable sites – too many opportunities have been missed in the past.
- (e) As sites are developed, local continuous moorers should be encouraged to move there. Those who refuse should suffer enforcement action so that they take up continuous cruising, or find permanent moorings elsewhere.
- (f) As the supply of moorings comes into better alignment with demand, the position should be stabilised by firm enforcement, so that the present uncontrolled situation does not recur.

9.19. It is **recommended** that BW-designated Winter Moorings be ineligible as home moorings for those boats whose licence falls due for renewal while they are at a Winter Mooring.

10. Discounts

10.1. We recognise the difficulty experienced by boaters on low, fixed incomes, many of whom live on their boats. Equally, we recognise that BW should not subsidise the less well-off, and is not a housing authority.

10.2. We considered four possible ways to help the less well-off:

- (a) Respondents to BW's consultation strongly argued for pensioner discounts. We accept BW's view that this would be impractical and might encourage fraud.

- (b) Respondents also suggested that a loyalty discount be introduced for licence-holders of, say, 20 years standing. However, BW's records are insufficiently extensive to enable this.
- (c) Many long-established boaters contribute positively to the life of the waterways by voluntary work. We considered the introduction of a scheme to give volunteers the opportunity to earn points towards a discount for their next licence. This was considered impractical and invidious by user groups, and will not be pursued.
- (d) We considered skewing the licence fee table so that smaller boats would pay less (see 5.3 (b) 2 above). Whilst this change has some merit, we do not think it appropriate to pursue it at the same time as the others proposed.

10.3. A number of agencies can assist those of limited means with housing costs. We recommend that BW consider giving basic information on those agencies as part of the licensing paperwork.

11. Additional charges

- 11.1. We support in principle the late payment charge, to be introduced shortly.
- 11.2. We also considered the introduction of a fee for the first registration of a boat, or on change of ownership, to reflect BW's costs. BW consider that this would create a barrier to entry to boating, with little financial return. BW will not adopt this idea.

12. Three and six month licences

- 12.1. We were asked to consider whether the present relationship between 3, 6 and 12 month licences was appropriate. 3 months costs 35% of a full licence, and 6 months, 60%. We see no reason to change this.

13. Residential boats

- 13.1. RBOA is working with BW to encourage the granting of planning permission for a much greater number of residential moorings, so as to legitimise reality and improve service in line with a forthcoming Code of Practice for residential moorings.
- 13.2. BWAf fully supports this, and will consider this matter at its November 2008 meeting.

14. Enforcement and licence control

- 14.1. We strongly support the extra work BW is now doing on enforcement.
- 14.2. We **recommend** that BW should consider the practicality of regularly validating customer declarations of their home mooring.
- 14.3. We **recommend** that licences more clearly show the type of licence and the type of mooring – e.g. continuous cruiser; home mooring in private marina; BW home mooring. This would encourage more effective use of BW's evasion hotline and website.
- 14.4. We recommended that BW impose a fine or charge for non-display of a licence (which had been issued). BW do not consider that this would be cost effective at this stage.
- 14.5. Consultees reported cases of newly-built sailaways not being licensed while they were being fitted out. We recommended that builders should report deliveries to BW and/or be enabled or required to licence new boats. BW do not want to make this mandatory, but will ask builders to do so voluntarily.

- 14.6. BW is working on a 'licence it or lose it' campaign, which will include an internet facility to allow anyone to check whether a given boat is licensed. These initiatives respond to widespread concerns, and we welcome them.

15. Transitional arrangements

- 15.1. If additional charges were imposed on wide beam boats, continuous cruisers and river boats, about 500 boats would face increases in two of these categories. We recommend that any such boats be offered transitional arrangements to reduce the increase in the first year.

16. Overall licence fee levels

- 16.1. The above recommendations are aimed at improving the general perception of fairness in the licensing system, so that all boaters are seen to pay their way.
- 16.2. BWAf concludes that wide beam boats, river boats, continuous cruisers and continuous moorers are not making a fair contribution to BW's income, and that consequently 70% of boats, which fall into none of these categories, are subsidising them. BWAf's recommendations in this report are intended to reduce this unfairness. We believe that increasing charges disproportionately for these groups would be less unfair than imposing a uniform increase on all boats.
- 16.3. We anticipate that the wide beam and continuous cruising charges could potentially generate some £700k in a full year, rising to £1,350k if river discounts were removed. This income should be used substantially to moderate the general level of increases.
- 16.4. We look forward to receiving from BW further information to support its demand for continuing above-inflation increases.
- 16.5. There is a strong view that such increases should be linked to measured improvements in service for which boaters themselves had asked. BWAf would be pleased to work on this in conjunction with the new Standards Advisory Group.

17. Next steps

18. These proposals stem directly from the results of BW's 2007 consultation on licence fees. However, we **recommend** that the proposals on wide-beam boats and continuous cruising should be discussed within national user groups before decision by BW.

19. Summary of Recommendations

- 19.1. All boats should pay licence fees on a standard basis not related to the type or extent of use (para 3.9).
- 19.2. Commercial boats to have an Operator's Licence (para 6).
- 19.3. The feasibility should be examined of removing the rivers-only discount. (para 7.2)
- 19.4. Wide beam option 1: Boats over 2.1m to pay a standard £50 or 10% supplement (para 8.4 (a) 1).
- 19.5. Wide beam option 2: Wide beam boats to pay a variable supplement (para 8.4 (b) 1).
- 19.6. Continuous cruisers/continuous moorers: (para 9)
- (a) Option A: Boats without a verified permanent mooring to pay an additional charge of £150 per year as a contribution to BW's costs in providing moorings, water, refuse collection and other facilities (para 9.14).

- (b) Option B: Continuous moorers to be dealt with by enforcement only (para 9.15).
 - (c) Option C: BWAf to advise BW on the possible development of a Roving Mooring Permit. (para 9.16)
 - (d) Option D: Creation of off-line residential moorings actively to be promoted (para 9.17).
 - (e) Some of the income generated to be used for stronger enforcement of mooring rules (para 9.14 etc).
- 19.7. BWAf supports in principle BW's proposed late payment surcharge (para 9.1).
- 19.8. Enforcement:
- (a) BW should consider the practicality of regularly validating customer declarations of their home mooring. (para 14.2)
 - (b) Licences should more clearly show the type of licence and the type of mooring. (para 14.3)
 - (c) Builders should be invited to report deliveries to BW (para 14.5).
- 19.9. There should be transitional arrangements for boats affected by more than one additional charge (para 16).
- 19.10. Any increases in fees beyond inflation should be related to measured improvements in standards for which boaters themselves had asked. (para 16.5)
- 19.11. BW to consult user groups on proposed changes to wide beam and continuous cruiser licences (para 18).

Appendix 1

Rivers subject to discounted licences:

- Avon (Hanham Lock to Bath)
- Bow Back Rivers
- Fosdyke & Witham (Torksey to Boston)
- Lee Navigation (Hertford to Limehouse)
- Limehouse Cut
- Ouse and Ure (Goole to Ripon)
- Severn (Stourport to Gloucester)
- Soar Navigation (Trent Junction to Leicester)
- Stort Navigation
- Tees (Tees Barrage to Low Worsal)
- Trent (Shardlow – Gainsborough, including the Nottingham & Beeston Canal)
- Weaver Navigation (Winsford Bridge to Manchester Ship Canal)