



**PROPOSED FEES AND CHARGES REVIEW
PLANNING AND DEVELOPMENT**

STATEMENT OF PROPOSAL

1. INTRODUCTION

- 1 Section 36 of the Resource Management Act 1991 (RMA) enables the Queenstown Lakes District Council (the Council; 'QLDC') to set fees and charges payable by applicants for resource consent, by holders of resource consents, and for other matters set out in section 36 that relate to the Council's administration of its functions under the RMA.
- 2 Sections 219 and 240 of the Building Act 2004 (Building Act) enable the Council to set fees and charges in relation to a building consent and for the performance of any other function or service under the Building Act.
- 3 The Council has undertaken a review of the present fees and charges, which have not been reviewed since 2009 and do not currently meet the costs of providing for many of the services that the Council provides. The Council is considering whether the present fees and charges should be revoked, and replaced with the proposed Queenstown Lakes District Council fees and charges.
- 4 In proposing the extent and level of fees increase, consideration has also been given to similar charges from other councils from a comparison point of view. The proposals would lift QLDC's fees to comparable levels with other councils, noting that a straight comparison with printed fees schedules needs to be treated with some caution.
- 5 This Statement of Proposal has been prepared in accordance with the requirements of sections 83 of the Local Government Act 2002 (LGA).

2. PROPOSAL

- 6 It is proposed to increase the fees and hourly charge out rates by an average of between 5% and 25%, and to provide a greater level of differentiation in hourly rate charges to reflect the experience levels and resultant costs. The proposed new fees and charges are set out in **Appendix A**. **Appendix B** shows the comparison between the current and proposed fees and charges.
- 7 Any increase in fees needs to be carefully considered as it does impose additional costs onto the industry. However, there is a cost to the Council and ultimately the ratepayers if the fees for the services are not set at an appropriate level to be able to recover the true costs of providing those services, in accordance with the Council's funding policy.
- 8 The proposed new fees and charges schedules make it clearer that when external consultants are used, the full cost of those consultants will be on-charged to the applicant. This provides for the situations where external professional advice may be needed in assessing an application, for necessary peer reviews and for when external resources are needed to undertake the processing of applications. In all such cases, the applicant would be informed of the need for the work and the charges. While that is no change from the current operations, the proposed schedules make it clearer.
- 9 The current fees schedule is often unclear as to whether the fee shown is a "fixed fee" for the delivery of the service, for which no further charges would be required, or an "Initial fee" which is set at a level that, on average, should cover the costs of providing the service but which also provides for further charges on

the hourly rate basis for more complicated or larger applications. This has been clarified in the proposed fees schedule.

- 10 The titles and headings have also been reviewed and in some cases changed to ensure they describe more accurately the service.
- 11 In undertaking the review, it became apparent that there are a number of Planning and Development services currently being provided which should be charged for, as they are primarily of private benefit, but for which there is no set fee. The attached proposed fees schedule includes those services with a proposed fee.
- 12 Charges for preparing Development Contribution Estimates, and for undertaking Development Contribution Assessments have also been introduced, as these assessments are increasingly time consuming and require dedicated staff resources.
- 13 The proposed fee schedule also includes a proposed new pre-application process which would be an added and new service offered. While there is a present pre-application process that provides for an hour of free time, there is currently no way of charging for the time that would be required to work through a more comprehensive pre-application process for larger developments that would require input and the involvement of multiple Council departments. This would be an optional service that an applicant could choose to utilise, knowing that they will then be charged for it. The benefits to the applicant are a more thorough review and input at an early stage of a development proposal that should provide for a smoother and faster progress thorough the Council's consenting and approval processes, and/or an early indication of any difficulties that Council foresees with the proposal. The fee proposed is an initial fee only, with the costs of the various Council departments' involvement being able to be charged for.

3. REASON FOR PROPOSAL

- 14 Council has a funding policy that requires the following public-private split for funding the various activities within Planning and Development:

Area	Private	Public
Building Control	80	20
Resource Consents / RM Engineering	80	20

- 15 The private contribution is through the fees and charges the Council charges for the delivery of certain services. There has been no increase in fees since 2009, other than to take account of the GST increase in 2011, and as a result the present fees and charges have not kept pace with inflation and the increased costs being experienced across Building Control, Resource Consenting and RM Engineering. Council charges have not kept up with those increased requirements.
- 16 The costs of providing building control services have continued to increase as a result of a higher standards being required in order to maintain accreditation, both

in processing systems and in the number of inspections required of the physical building work.

- 17 The costs of providing resource consenting services has also increased over time as a result of significant changes to the RMA in March 2015, the complexity of the Council's planning framework and the extra demands that are being made to ensure appropriate decisions are being made.
- 18 Modelling has been undertaken across the Planning and Development area to ensure that the fees are appropriately reflective of the cost of providing the service and are in line with Council's funding policy. The modelling involved the following:
 - a. A full review of roles and activities across the three areas of Planning and Development was completed to reset productivity targets by role for chargeable and public good processing work.
 - b. Each revenue stream for each of the three areas was analysed and volumes forecast for the 2016/17 year.
 - c. The combination of the first two pieces of work produced a cost for workforce and contractor resource by area.
- 19 With the cost structure finalised, the future 2016/17 volume forecast was utilised to calculate the required revenue under the Council's funding policy, which has resulted in the proposed fee increases of on average between 5% and 25% as shown in the proposed fees and charges.

4. OPTIONS CONSIDERED

- 20 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.
- 21 Option 1 Retain the current fee schedule

Advantages:

- Does not increase costs to the industry
- Retains the fees structure that many are familiar with
- Does not require a separate Special Consultative Procedure as no change is proposed

Disadvantages:

- Does not reflect the true costs of providing the services or inflation since the charges were last set
- A number of services that are currently provided would continue not to be able to be charged for
- Unlikely to meet the revenue targets or achieve the funding policy for the Planning and Development activities as contained in the draft 2016/17 annual plan and may result in a funding deficit for the year

- Likely to result in increased rating being required to fund the activities in the future

22 Option 2 Increase Council fees and charges as shown in Appendix A

Advantages:

- Reflects the true costs of providing the services
- Provides for the charging for services currently provided but which are not able to be charged for under the present fees schedule
- Should be able to achieve the revenue targets and achievement of the funding policy outcomes as contained in the Draft 2016/17 Annual Plan

Disadvantages:

- Increases costs to the industry

23 Option 3 Increase Council fees and charges, but to a lesser extent to that shown in Appendix A

Advantages:

- Reduces the cost increase to the industry and goes some way to reflecting the true costs of providing the services
- Provides for the charging for services currently provided but which are not able to be charged for under the present fees schedule

Disadvantages:

- Increases costs to the industry
- Unlikely to achieve the revenue targets and funding policy outcomes as contained in the Draft 2016/17 Annual Plan
- Likely to result in increased rating being required to fund the activities in the future

24 Having had regard to whether the proposed increases in the fees and charges are necessary in order for the Council to be able to recover the reasonable costs it incurs in providing those services, and who should be charged those fees and charges, the Council resolved on 28 April 2016 to consult on Option 2 as its preferred option for addressing the matter.

5. **TIMETABLE FOR CONSULTATION**

25 The following dates represent the key times in the consultation programme:

- a. Council resolves to undertake public consultation regarding the proposed bylaw – 28 April 2016
- b. Advertisement in Otago Daily Times, Southland Times, Mirror and Wanaka Sun – between 30 April and 7 May 2016.
- c. Submissions close on 31 May 2016.

- d. Submissions heard on 14 June 2016 by a subcommittee of Councillors (to be confirmed).
 - e. Council considers outcome of consultation process.
 - f. Public notice of final decision (if Council resolves to change the fees and charges schedules) – 30 June 2016
- 26 The proposed fees and charges come into effect subject to the above.

6. INSPECTION OF DOCUMENTS AND OBTAINING COPIES

- 27 Copies of this Statement of Proposal and the proposed fees and charges schedules may be inspected, and a copy obtained, at no cost, from:
- a. either of the Council offices at 10 Gorge Road, Queenstown or the Wanaka Service Centre, 47 Ardmore Street, Wanaka;
 - b. any Council library within the Queenstown Lakes District; or
 - c. the Council website – www.qldc.govt.nz

7. RIGHT TO MAKE A SUBMISSION AND BE HEARD

- 28 Any person or organisation has a right to be heard in regard to this proposal and the Council encourages everyone with an interest to do so.
- 29 The Council would prefer that all parties intending to make a submission:
- a. go to the Queenstown Lakes District Council website: www.qldc.govt.nz or
 - b. post their submission to: Planning & Development, Queenstown Lakes District Council, Private Bag 50072, Queenstown 9348.
- 30 Submissions must be received by **31 May 2016**. The Council will then convene a hearing, which it intends to hold on **14 June 2016** at which any party who wishes to do so can present their submission in person. The Council will give equal consideration to written and oral submissions.
- 31 The Council will permit parties to make oral submissions (without prior written material) or to make a late submission, only where it considers that special circumstances apply.
- 32 Every submission made to the Council will be acknowledged in accordance with the LGA 2002, will be copied and made available to the public, and every submission will be heard in a meeting that is open to the public.
- 33 Section 82 of the LGA 2002 sets out the obligations of the Council in regard to consultation and the Council will take all steps necessary to meet the spirit and intent of the law.

8. MAKING AN EFFECTIVE SUBMISSION

- 34 Written submissions can take any form (e.g. email, letter). An effective submission references the particular aspect of the proposed initial fees and other charges you wish to submit on, states why the initial fee or charge is supported or

not supported and states what change to the proposed initial fee or charge is sought.

35 Submissions on matters outside the scope of the proposed initial fees and charges cannot be considered by the Hearings Panel.

Mike Theelen
CHIEF EXECUTIVE

Appendix A Proposed Building Consent Fees and Other Charges;
Proposed Resource Consent and Engineering Fees and Other Charges

Appendix B Proposed fees and charges compared to existing fees and charges