

QLDC Council  
25 May 2017

**Report for Agenda Item: 6**

**Department: Finance & Regulatory**

**Fees and Charges Review – Environmental Health**

**Purpose**

The purpose of this report is to consider a review of the fees and charges for Environmental Health Services for public consultation using the special consultative procedure.

**Recommendation**

That Council:

- 1 **Note** the contents of this report and in particular the Statement of Proposal and the proposed changes to the fees and charges for Environmental Health Services;
- 2 **Accept** the recommendation from the Community and Services Committee to consult on the proposed Environmental Health fees and charges for public consultation;
- 3 **Approve** the proposed Environmental Health fees and charges for public consultation using the special consultative procedure;
- 4 **Appoint** three Councillors from the Community and Services Committee [to be named] to hear submissions regarding the proposed Environmental Health fees and charges.

Prepared by:



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11/05/2017

Reviewed and Authorised by:



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11/05/2017

## Background

- 1 On the 12 April 2017, the Community and Services Committee resolved to recommend to Council the proposed Environmental Health fees and charges for public consultation.
- 2 The Food Act 2014 came into force in March 2016 which changed the way that food businesses and councils implement the requirements regarding safe and suitable food.
- 3 An initial Environmental Health fee structure was implemented by Council in 2016, which enabled the initial transition of food businesses to the new system; however there are areas of work that need to be reviewed, to ensure fair and reasonable charges are implemented.
- 4 In particular, the fee structure did not include a registration fee for food businesses, as this was initially intended to promote businesses to work with Council in the initial transition period. However, due to the requirements of the Food Act 2014, businesses that are registered with the Council are not always verified (inspected) by the Environmental Health Team. So effectively these businesses are utilising Council resources for registration with no cost recovery.
- 5 The Environmental Health Team also has a wider regulatory role than those relating to the safety of food. This role also requires a process of registration and inspection. As with the Food Act 2014 at times we also need to undertake further work with a business that is not incorporated into the existing fee structure.

## Comment

- 6 **Registration Fees** – It is proposed that a registration fee for businesses registering under the Food Act 2014 is now incorporated into the fee structure. See Attachment A.
- 7 **Verification Fees** – Verification will still be charged on a sliding scale dependent on the size of the business and grade achieved. The fees for better performing business will be reduced. The fees for multi-site businesses will be set to ensure that all work undertaken which is related to the size of the business is incorporated into the fee structure.
- 8 The proposal is to increase the fees for multi-site businesses. The new fee structure will be based on an average minimum number of hours for good premises. A multi-site will have a set amount of hours assigned to each grade and any additional time spent working with a business would be charged at an hourly rate. The multi-site restriction on the number of hours has been introduced to ensure that there is a system of fair cost recovery; a multi-site can have any number of businesses on one registration.
- 9 The revenue recovered from the changes to fees will not be increased from this review, but fees will be proportional to the work undertaken i.e. a redistribution on a user pays basis.

- 10 **New Businesses** – Previously, new businesses were charged a new premises fee. The charge was based on a review of their plans and processes, and included an opening visit. Under the Food Act 2014 opening visits are not undertaken. Consequently, the increased fee for new businesses is now not warranted.
- 11 **Enforcement** – The Food Act has introduced additional requirements not previously required e.g. corrective actions close-out visits, unscheduled verifications, the serving of improvement notices, application to review improvement notice and amendments to a registration, etc. The current fees structure does not incorporate these new requirements and needs to be considered in conjunction with the Revenue and Finance policy. It is recommended that these requirements are charged at an hourly rate.
- 12 **Health Act 1956** – Separate from the Food Act 2014, it is recommended that an hourly rate is also charged for any additional work undertaken as part of our regulatory requirements under other legislation such as the Health Act 1956. This is in relation to areas such as Camping Grounds, Funeral Directors, Hairdressers, and Offensive Trades.
- 13 **Environmental roles relating the benefit of the community** – Fees are not charged for a wide variety of roles that benefit the community. This includes general advice, education, investigating public health issues and promoting the role of Environment Health to the individuals in our District. The provision of this service will remain as this reflects the public good aspect of the service provided.

## Options

- 14 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.

15 Option 1 Do nothing – Fee structure to remain the same

### *Advantages:*

- 16 Businesses have no change in the fee structure that they have been advised and consulted on.

### *Disadvantages:*

- 17 The current fees do not cover additional Food Act 2014 requirements for the user, which are not public good, but have a private benefit. Complex food safety matters and additional work in premises that have poor food standards will be charged at the same low rate that more straightforward matters and businesses demonstrating good levels of compliance.
- 18 Work undertaken under other legislation is not covered under the fee structure and fees are not obtained from businesses for this additional work. New businesses are charged a higher fee which does not reflect the work undertaken. Under the current regime we would be outside of our Revenue

and Financial Policy with user fees contributing 90% versus 70% as per our policy.

19 Option 2 Consult on and adopt the proposed new fee structure.

*Advantages:*

- 20 The use of an hourly rate for fees for additional roles and functions will provide a system for fees to be charged relative to the work undertaken.
- 21 The new structure will allow for the charging of services currently provided but which cannot be charged for under the present fees schedule.
- 22 Setting a lower fee for an improved grade will incentivise compliance.
- 23 By setting hours for the multi-site based on the average minimal hours ensures fees are charged which reflect the work undertaken.
- 24 By removing the new business fee, charges will be fairer and be related to work undertaken.

*Disadvantages:*

- 25 There may be an increased cost to businesses that did not previously pay to register.
- 26 Businesses that require extra Environmental Health input will be required to pay further fees i.e. user pays.
- 27 Multi-site businesses will pay an increase in fees if they go above the hours allocated for this category.
- 28 This report recommends **Option 2** for addressing the matter because it allows Council to charge for the services it provides to businesses, in accordance with Councils finance and revenue policy.

***Significance and Engagement***

- 29 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because businesses will be interested in the Council's decisions, however the majority of businesses that comply with the requirements will only have minimal effects.

***Risk***

- 30 This matter relates to the strategic risk OR004 Serious injury to member of community as documented in the Council's risk register. The risk is classed as moderate. This matter relates to this risk because the agenda item relates to funding of the key regulatory services provided by the Council.

## **Financial Implications**

31 The financial implications associated with the recommended course of action will be minimal. It is anticipated that there will be some minor costs associated with the Special Consultative Procedure, which will be met through existing resources and budgets.

## **Council Policies, Strategies and Bylaws**

32 The following Council policies, strategies and bylaws were considered:

- The Food Grading Bylaw 2016
- Finance and Revenue Policy

33 This matter is included in the 10-Year Plan/Annual Plan

Community Outcomes – A safe and healthy community, that is strong, diverse and inclusive for people of all age groups and incomes.

Regulatory Functions and Services – Our Environmental Health Teams regulatory role is to promote, protect and improve the health of our community through the application of various legislative requirements.

## **Local Government Act 2002 Purpose Provisions**

34 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by ensuring that the performance of regulatory functions is undertaken in a way that is most cost effective for businesses and by helping to meet the true cost of providing core services which are consistent with the Regulatory Requirements;
- Can be implemented through current funding under the 10-Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

## **Consultation: Community Views and Preferences**

35 The persons who are affected by or interested in this matter are food businesses, in addition to hairdressers, Camping Grounds, Funeral Directors and Offensive Trades in the Queenstown Lakes District Community.

36 Consultation is required under the Local Government Act 2002 in setting fees and it is recommended that this process Special Consultative Process be initiated.

## **Attachments**

- A Proposed Fee and Charges 2017/18
- B Statement of Proposal