



**QUEENSTOWN  
LAKES DISTRICT  
COUNCIL**

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

**STATEMENT OF PROPOSAL**

**14 March 2018**

## 1. INTRODUCTION

- 1 Section 36 of the Resource Management Act (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 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 Section 150 of the Local Government Act allows a local authority to prescribe fees or charges payable for a certificate, approval, permit or consent from, or inspection by, the local authority in respect of a matter set out in a bylaw or any other enactment.
- 4 The Council has undertaken a review of the present fees and charges, which were reviewed as part of the 2017/18 Annual Plan. The Council is considering whether the present fees and charges should be amended and replaced with the proposed Queenstown Lakes District Council fees and charges.
- 5 Where the proposal includes a proposed fee increase, consideration has also been given to similar charges from other Councils from a comparison point of view, noting that a straight comparison with printed fees schedules needs to be treated with some caution.
- 6 Where the proposal includes a new fee, consideration has been given to new section 36AAA(2) and (3) of the Resource Legislation Amendment Act 2017 which state:
  - (2) The sole purpose of a charge is to recover the reasonable costs incurred by the local authority in respect of the activity to which the charge relates.*
  - (3) A particular person or particular persons should be required to pay a charge only—*
    - (a) to the extent that the benefit of the local authority's actions to which the charge relates is obtained by those persons as distinct from the community of the local authority as a whole; or*
    - (b) where the need for the local authority's actions to which the charge relates results from the actions of those persons; or*
    - (c) in a case where the charge is in respect of the local authority's monitoring functions under section 35(2)(a) (which relates to monitoring the state of the whole or part of the environment),—*
      - (i) to the extent that the monitoring relates to the likely effects on the environment of those persons' activities; or*
      - (ii) to the extent that the likely benefit to those persons of the monitoring exceeds the likely benefit of the monitoring to the community of the local authority as a whole.*
- 7 This Statement of Proposal has been prepared in accordance with the requirements of sections 83 of the LGA.

### 1.1 Background

- 8 Council undertook a significant review of its fees and charges as part of a special consultative procedure in 2016, after five years of not adjusting its fees. The revised charges then became part of the 2016/17 Annual Plan. Further minor amendments were made as part of the 17/18 Annual Plan process.
- 9 In December 2017 further minor amendments to the fees and charges were approved by Full Council following amendments to the Resource Management Act that introduced new categories of consent. An increase to the hourly charge out rate of resource management engineers was also enacted.

## 2. PROPOSAL

- 10 It is proposed to make a variety of adjustments to the fee schedules, as shown in **Appendix A**. Changes are proposed to better align the costs of consenting and approval processes with the Council's funding policy for Planning and Development which is to achieve an 80/20 private / public split, and to better align the initial fee with the reasonable costs of completing the work.
- 11 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 reasonable costs of providing those services, in accordance with the Local Government Act.
- 12 It is noted that there are separate schedules for:
  - a. Building Consent Initial Fees and Other Charges
  - b. Resource Consent and Engineering Initial Fees and Other Charges, and
- 13 These changes are best summarised into three categories:
  - a. Proposed amendments to hourly charge out rates for officers
  - b. Proposed changes to building consent related fees
  - c. Proposed changes to resource consent related fees
- 14 These categories are described below:

### **A Proposed Charges to hourly charge out rates**

- 15 It is proposed to change the hourly charge out rates of certain officers as follows:

<b>Position</b>	<b>Current hourly rate</b>	<b>Proposed hourly rate</b>	<b>% increase</b>
Building Control officer	\$145	\$172	18.6%
Building Administration	\$90	\$100	11.1%
Senior Planner	\$165	\$185	12.1%
Planner	\$145	\$165	13.7%
Planning administration support	\$90	\$100	11.1%
Senior Infrastructure Engineer	\$165	\$185	12.1%
Infrastructure Engineer/ Logistics	\$145	\$165	13.7%

- 16 It is noted that the hourly rate of the Resource Management Engineers was increased from \$165 to \$185 in September 2017 due to the increases in the cost of securing engineers and engineering services in the Queenstown Lakes District. This was to ensure that ratepayers are not burdened with increased costs due to recognised national and local shortages in engineers driving up the cost of engineering related services.
- 17 Similarly, the cost of providing the building control and planning services has continued to increase through the ongoing requirement to engage external contractors to undertake both processing and inspections services. Currently approximately 50% of the building consent processing and inspections function is undertaken by external contractors. This adds considerable actual cost to the provision of services.
- 18 With regard to resource consents, over the last financial year approximately 45% are being processed by external contractors although this proportion is falling as recruitment has stepped up.
- 19 In addition both the resource consent team and the building team have increased its staff significantly to cope with the increased demand on its services. These staff require significant training to become fully productive and this places additional funding pressure, in the medium term, on the ability of the Building Control function to meet the public-private funding policy.
- 20 A comparison has been undertaken with regard to the hourly rates charged by the larger metropolitan councils. While a comparison with other Councils should not be justification to increase fees, it provides a useful benchmark for comparison purposes.
- 21 A table summarising other Council charges is appended as **Appendix B**. The table illustrates that the proposed changes are directly comparable to the larger local authorities that are similar to Queenstown in terms of the volume and complexity of applications received. For example, for building consents, the average metropolitan hourly rate for a Building Control Officer is \$175 and the proposed hourly rate for QLDC is \$172. The average administration hourly rate is \$101, whereas the QLDC proposal is for \$100.
- 22 For resource consents, the average metropolitan hourly rate for a planner is \$136 and the proposed hourly rate for QLDC is \$165. The average metropolitan hourly rate for a senior planner is \$178, whereas the QLDC proposal is for \$185.
- 23 When comparing QLDC to our neighbours at Southland and Central Otago district Councils, **Appendix B** shows that QLDC rates are higher. Due to the sheer volume and complexity of some applications in Queenstown and Wanaka, QLDC compares best with the larger metropolitan councils rather than our immediate neighbours. For example in 2017, 1698 resource consent applications were received, and 1929 building consents were received.

### **B Proposed Changes to building consent related fees**

- 24 Changes to the building fee schedule are shown in **Appendix A**. The changes proposed are purely as a result of the increased hourly rates. The 18.6% percentage increase that has been applied to the hourly rate for Building Control Officers has also been applied to the initial fee required (based on the value of the building work). This will better reflect the actual cost of completing the work and achieve the funding policy.
- 25 The reasoning for concentrating on the hourly rate for BCO work and less on the incidental fees and charges so much is that the hourly rate for processing consents and undertaking inspections for consents will have by far the most significant impact in achieving the 80/20 funding policy.
- 26 As the building team are trained and less consents are processed by external consultants, charges will require further review as part of the 19/20 financial year. It is important that the fee schedules are monitored and updated regularly to ensure that the funding policy is being achieved.

### **C Proposed Changes to resource consent related fees**

- 27 With regard to resource consent and engineering related fees, as noted above officers are experiencing a high number of fee queries as in many cases the initial deposit is not reflective of the actual cost of processing the application. While the application forms and fee schedule are clear it is only an *initial deposit*, and time is recorded and charged to each consent, customers are often surprised to receive (sometimes large) invoices having paid the initial deposit.
- 28 A study was therefore undertaken to see how the actual costs of processing the consents compared to the initial deposit. The results show that in most instances the actual cost of processing the consent exceeds the initial deposit, resulting in an applicant receiving additional invoices from Council.
- 29 The study has its limitation in that many consents are bundled with other applications, and getting an accurate sense of the cost of processing a bundled consent is difficult. For example tree consents were usually part of a bigger application to construct new buildings.
- 30 The revised fee schedule appended to the Statement of Proposal in **Appendix A** is generally based on the median cost of processing a consent in each category. Median is used rather than average to remove the high and low outliers.
- 31 Where the study data was limited due to a small sample size or unreliable data due to consent categories being bundled, the current fee was retained but increased by 12% to reflect the increased hourly rates, which have increased on average 12% between the planner and senior planner rate to achieve the funding policy.
- 32 It is also relevant to note that a fixed \$215 monitoring charge is applied to each land use consent, and this funds the Council's resource consent monitoring function. The revenue from this charge accrues to the Legal and Regulatory

team, rather than Planning and development. This charge is only applied to those land use consents that require monitoring.

- 33 The study undertaken showed that for some common consent categories, the initial fee was too low compared to the actual cost. For example a variation to a resource consent the initial fee is \$640, but a study of 20 consent variations showed that the median cost was \$1702, with a range of \$649 – \$3532. It is therefore unsurprising that applicants are querying additional invoices that (using the median figure) end up being at least as much again as the initial fee.
- 34 In general, the new fees proposed in **Appendix A** have been adjusted to reflect the results of the research undertaken to understand the actual median cost of processing the consents. Once the median was established, an increase of 12% was applied to reflect the increased hourly rates, which have increased on average 12% between the planner and senior planner rate to achieve the funding policy.
- 35 In some cases initial fees have reduced due to the data showing the initial fee exceeded the median cost, for example the consent category of “visitor accommodation or residential multi units in the High Density Residential zone” have reduced in terms of the initial fee from \$5340 to \$4157.
- 36 It is also important to note that if the initial fee for a resource consent is not used up, it is refunded to the applicant.

**3. REASON FOR PROPOSAL**

- 37 Changes are proposed to better align the initial fee with the reasonable costs of completing the work, and to align the costs of consenting and approval processes with the Council’s funding policy for Planning and Development which is to achieve an 80/20 private / public split, and to better.
- 38 Within the Planning and Development department, three teams (building consents, resource consents (including planning support) and resource management engineering) operate under the Councils 80/20 funding policy. The private portion of the funding policy is entirely raised through charges on consent / approval processing.
- 39 With regard to the public portion, Council maintains a free 40 hours per week planning and building enquiries service, and also cannot recover its time on certain matters, for example Resource Management Act appeals and objections. Other non-chargeable time, such as for staff training, team meetings and other matters are funded through the 20% that comes from rates.
- 40 Based on the 2017 year to date figures, Planning and Development (P&D) are not meeting its 80/20 private / public split funding policy across the three P&D teams that can recover their time. The actual private funding ratio has been between 73% and 76% across the planning, building and resource management engineering services as shown in Figure 1 below:

	<b>2016/17 actual funding ratio</b>	<b>2017/18 YTD actual funding ratio</b>
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<b>RM Eng</b>	89%	79%
<b>BCs</b>	66%	71%
<b>RMs</b>	74%	70%
<b>Average</b>	<b>76%</b>	<b>73%</b>

- 41 The proposed amendments to the fee schedules will achieve three objectives:
- a. It will help ensure the Council recovers the reasonable costs incurred by the local authority in respect of the activity to which the charge relates
  - b. It will mean P&D achieve the 80/20 private / public funding ratio
  - c. It will address the high number of resource consent fee queries being received due to the current initial deposit that is paid at the time of lodgement not aligning well with the actual costs of processing an application.
- 42 With regard to (c) above, at present, most consent categories have an initial fee that is paid when the consent is lodged. Time is then recorded against the consent, and should that initial fee be used up, further invoices are issued on a monthly basis. This is a user pays system in that the actual cost of processing the consent is charged to the applicant, rather than being paid for by the ratepayer.
- 43 Officers are experiencing a high number of fee queries as in many cases the initial deposit is not reflective of the actual cost of processing the application, and customers are often surprised to receive invoices having paid the initial deposit. It is therefore proposed to adjust the initial charges to better reflect the actual cost of processing the consents and to better align with the 80/20 private/ public split under the Funding Policy.
- 44 A study has been taken looking at each category of resource consent, and what the actual cost of processing is compared to the initial deposit. In many instances the initial deposit is unrealistically low for the actual number of hours required to process the consent, including undertaking a site visit and writing up a decision. Using a median figure of the study sample, in many instances the actual cost is well in excess of the initial fee, leading to multiple additional invoices, and fee queries back to Council officers.

#### **4. OPTIONS CONSIDERED**

- 45 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.
- 46 Option 1 - Retain the status quo and make no changes to the fee schedules
- Advantages:
- 47 Retains existing approach to fees that applicants / the public is familiar with.
- 48 Customers will continue to be invoiced when the initial fee is exceeded, ensuring actual costs are recovered.

Disadvantages:

- 49 Does not achieve the 80/20 private / public funding policy, meaning ratepayers are paying a larger proportion of the cost of the Planning and Development team than desired through the Funding Policy.
- 50 Does not update the schedules to better align the initial fee with the actual costs of providing the service.
- 51 Officers will continue to receive a large number of fee queries where the initial deposit is insufficient to cover the actual costs of processing the application and the customer is receiving subsequent invoices.
- 52 Administrative costs associated with invoicing for additional charges for most applications.
- 53 Option 2 - Update the fee schedule
- Advantages:
- 54 Achieves the 80/20 private / public funding ratio.
- 55 Updates the schedules to better reflect the actual costs of delivering the services.
- 56 Will reduce fee queries as in most cases the initial fee will better match the final charge.
- 57 Reduces administrative costs associated with having to prepare additional invoices for most consents.
- Disadvantages:
- 58 Increases the initial lodgement costs to the construction / development industry in that the initial fee will increase in most instances, and increases the total cost due to increase in hourly rates for Council officers.
- 59 Increases costs to applicants through higher hourly rates.
- 60 Amends prices that applicants / the public are now familiar with.
- 61 The Council resolved to consult on Option 2 as its preferred option for addressing the matter.

## **5. TIMETABLE FOR CONSULTATION**

- 62 The following dates represent the key times in the consultation programme:
- a. The draft Long Term Plan went to Council – 9 March 2018.
  - b. The draft Statement of Proposal goes to Council Friday 23 March 2018.
  - c. Advertisement in Otago Daily Times and Southland Times on Saturday 24 March 2018, stating that submissions open on 26 March 2018 and close on 27 April 2018. Additional notices as part of the regular Council Noticeboard will also appear the week of 26 March 2018.
  - d. Submissions heard on between 15-17 May 2018 by Council or a hearing panel of Councillors (to be confirmed).



e. Council considers outcome of consultation process.

f. Final Long Term Plan goes to Council for adoption on 28 June 2018.

63 The proposed fees and charges come into effect subject to the above.

## **6. INSPECTION OF DOCUMENTS AND OBTAINING COPIES**

64 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](http://www.qldc.govt.nz)

## **7. RIGHT TO MAKE A SUBMISSION AND BE HEARD**

65 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.

66 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](http://www.qldc.govt.nz) or email [feesandcharges@qldc.govt.nz](mailto:feesandcharges@qldc.govt.nz)

b. post their submission to: Planning & Development, Queenstown Lakes District Council, Private Bag 50072, Queenstown 9348.

67 Submissions must be received by **27 April 2018**. The Council will then convene a hearing, 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.

68 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.

69 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.

70 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**

71 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.

72 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 Amendments to the ‘Resource Consent and Engineering Fees and Other Charges’, and the ‘Building Consent Initial Fees and Other Charges’ fee schedules

**Appendix B** - Comparison with other local authorities’ hourly rates