



**QUEENSTOWN  
LAKES DISTRICT  
COUNCIL**

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

**STATEMENT OF PROPOSAL**

**18 March 2021**

## 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 (LGA) also 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 last reviewed as part of the 2018/19 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 relating to the special consultative procedure.

## 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 amendments were made as part of the 18/19 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 **Appendices A and B**. Changes are proposed to:
  - a. 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
  - b. to better align the initial fee with the reasonable costs of completing the work.
  - c. to enable the fee schedule to reflect the new categories of consent apparent under the Proposed District Plan and the activity status of a consent under the RMA.
- 11 Any increase in fees needs to be carefully considered as it does impose additional costs onto the construction 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 funding policy and 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, engineering and other related fees

14 These categories are described below:

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

15 It is proposed to increase the hourly charge out rates of the following officers as follows. Note that the hourly rates shown in the fees and charges schedules reflect the total costs of providing the services, including all costs and overheads:

<b>Position</b>	<b>Current hourly rate</b>	<b>Proposed hourly rate</b>	<b>% increase</b>
Senior Planner	\$185	\$204	10%
Planner	\$165	\$182	10%
Planning Officer	\$145	\$160	10%
Monitoring / Compliance	\$145	\$160	10%
Subdivision / Development Contributions Officer	\$145	\$160	10%
Engineering	\$185	\$212	15%
Environmental Health	\$125	\$125	0%
Administration Support	\$100	\$110	10%
<b>Infrastructure &amp; Parks</b>			
Senior Infrastructure Engineer	\$185	\$212	15%
Infrastructure Engineer / Logistics	\$165	\$190	15%
Infrastructure Other	\$145	\$160	10%
Parks & Reserves Senior Planner / Planning Manager	\$185	\$204	10%
Parks & Reserves Planner / Officer	\$145	\$160	10%

*Table 1: Comparison of existing and proposed hourly rates*

16 The hourly rate of the Resource Management Engineers and the fees for delivering services from the Team were last increased in September 2017 and were not updated in July 2018 along with the other fees and charges across Planning and Development. The costs of providing these services have increased since September 2017 both as a result of the recognised national and local shortages in engineers driving up the cost of engineering related services, as well as general cost increases across the Council. This is reflected in the proposed 15% increase to the hourly rate, which ensures that the increased costs are fairly apportioned to the time spent in processing applications and approvals.

17 Across the building consent and resource consent areas, general cost increases including the cost of staff and external consultants used in the processing of consents and the provision of technical advice experienced over the past 3 years have resulted in the need to increase fees by 10% in order to be able to achieve the funding policy requirements. The decrease in consent applications and other approval requests currently being experienced as a result of the Covid-19 has been taken into account in the financial model which considers the total cost of providing services when considering the portion that is required to be paid by applicants.

18 In addition, the Building Control Officers require significant training in order to be able to achieve and maintain the Building Regulation requirements to be able to process

applications and to undertake inspections 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.

- 19 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:

	<b>BCO \$</b>	<b>Admin \$</b>
Auckland	197	111
Hamilton CC	200	100
Tauranga CC	231	147
Wellington CC	163.50	103
Christchurch CC	210	120
Dunedin CC	190	108
<b>Metro Average</b>	<b>199</b>	<b>115</b>
Central Otago DC	140	100
Southland DC	185	120
<b>Local Average</b>	<b>163</b>	<b>110</b>
<b>Proposed QLDC</b>	<b>189</b>	<b>110</b>

Table 2: Comparison of Building Control Officer / Administration hourly rates

	<b>Planner \$</b>	<b>Senior Planner \$</b>	<b>Admin \$</b>
Auckland	170	197	111
Tauranga CC	186	197	109
Hamilton CC	175	190	88
Wellington CC	155	-	90
Christchurch CC	185	205	105
Dunedin CC	158	174	97
<b>Metro Average</b>	<b>172</b>	<b>193</b>	<b>100</b>
Central Otago DC	140	140	100
Southland DC	160	160	160
<b>Local Average</b>	<b>150</b>	<b>150</b>	<b>120</b>
<b>Proposed QLDC</b>	<b>182</b>	<b>204</b>	<b>110</b>

Table 3: Comparison Planner / Senior Planner / Administration hourly rates

- 20 For building consents, the table illustrates that the proposed changes are 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 \$199 and the proposed hourly rate for QLDC is \$189. The average administration hourly rate is \$115, whereas the QLDC proposal is for \$110.
- 21 For resource consents, the average metropolitan hourly rate for a planner is \$172 and the proposed hourly rate for QLDC is \$182. The average metropolitan hourly rate for a senior

planner is \$193, whereas the QLDC proposal is for \$204. The average administration hourly rate is \$100, whereas the QLDC proposal is for \$110.

- 22 When comparing QLDC to our neighbours at Southland and Central Otago district Councils, Table 3 above shows that QLDC rates are higher. As noted above, the sheer volume and complexity of some applications in Queenstown and Wanaka compares better with the larger metropolitan councils than our immediate neighbours.

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

- 23 Changes to the building fee schedule are shown in **Appendix A**. The changes proposed are purely as a result of the 10% increase to the hourly rate for Building Control Officers being 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.
- 24 The reasoning for concentrating on the hourly rate for BCO work, and less on the incidental fees and charges, 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.
- 25 It is proposed that a new Building Consent Authority Accreditation Levy be implemented in building services. The proposed levy is \$0.20 per \$1000 of consented work. The purpose of the levy is to recover the cost of Council's accreditation programme that is required to be maintained by Building Accreditation Regulations. This activity does not generate revenue and so the purpose of the levy is to shift the cost of that work from ratepayers to service users (building consent applicants).
- 26 There are significant costs in maintaining accreditation which is assessed every two years by International Accreditation of New Zealand (IANZ). These costs include; staff costs (Quality Assurance Officer, Principal Building Advisor and other staff resources required to maintain the Building Consent Authorities Quality Management System) and direct IANZ assessment and accreditation costs.
- 27 With projected consenting work in 2020/2021 year being \$700m, the levy would generate \$140,000. Dunedin City Council has a similar type levy but its levy is \$0.40 per \$1000 of consented work.

### **C. Proposed Changes to resource consent and engineering related fees**

- 28 Changes to the resource management and engineering related fee schedule are shown in **Appendix B**. Changes to charges for Road Naming and Building Over or Relocating Council Services are proposed to cover the cost of processing these applications so those costs are not borne by the ratepayer. The proposed fee structure promotes naming roads from Councils approved road name list but allows for applicants to apply for other names with a higher associated assessment cost.
- 29 The new proposed fee for processing an application for Building Over Council Infrastructure reasonably reflects the value of the time expended processing these applications to ensure that cost is not borne by the ratepayer.

- 30 The initial fee for Engineering Acceptance (EA) is proposed to increase to \$500 from \$412.50. Almost all EA application cost at least this amount during the processing of an application so this initial fee increase more accurately reflects that, with any additional costs being charged to the applicant at the proposed hourly rate.
- 31 Initial fees for work on Licence to Occupy (LTO) and Temporary Road Closure (TRC) applications have also been amended to \$640 to better reflect the actual cost of processing these applications.
- 32 As fees have not been increased since 2016, and based on reasonable cost recovery from applicants, all other existing fixed fees for Subdivision activities, Road Corridor Engineering and Connection to Council Services are proposed to increase by 10% to recognise the increased cost over time of processing these applications and to adjust for inflation.
- 33 With regard to resource consent 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 fee*, and time is recorded and charged to each consent, customers are often surprised to receive additional invoices having paid the initial fee.
- 34 The current fee schedule is also complex and reflects some categories that were specific to the Operative District Plan. It is proposed that the large number of categories be reduced and simplified from 24 categories to ten. This is to be achieved by using both the activity status of the consent and some activity types (e.g. visitor accommodation) to determine the lodgement fee.
- 35 A review was undertaken of the past two years of charges to determine what the actual costs of processing the different types of consent by activity status, e.g. controlled, restricted discretionary, discretionary and non-complying activities. The revised fee schedule appended to the Statement of Proposal in **Attachment A** has been based on the results of that review, with the initial fee being based on the historic median for each category with an increase of 10% then being applied to reflect the increased hourly rates for planning staff. The proposed fee schedule now better reflects the actual cost of processing the consent based on its activity status. To be consistent with the Building Services fees, Planning and Engineering fees will also be non-refundable.
- 36 The increase of 32% in the initial fee for a section 127 change of condition resource consent reflects that these applications are a discretionary activity and are more complex than the current initial fee reflects. These applications require an assessment of the change proposed, an assessment of any new rule breaches as a result of the change, a notification assessment, and the substantive assessment as to whether or not the application should be approved or declined. The proposed fee recognises that the majority of section 127 applications received result in fees similar to a discretionary activity consent.

### 3. REASON FOR PROPOSAL

- 37 The reasons for the proposal have been described in section 2 above. In summary changes are proposed to

- a. 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
  - b. to better align the initial fee with the reasonable costs of completing the work.
  - c. to enable the fee schedule to reflect the new categories of consent apparent under the Proposed District Plan and the activity status of a consent under the RMA.
- 38 Within the Planning and Development department, three teams (building consents, resource consents and resource management engineering, including administration support) operate under the Councils 80/20 funding policy. The 80% private portion of the funding policy is entirely raised through charges on consent / approval processing.
- 39 With regard to the 20% 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, responding to local government official information requests, team meetings involvement in other council activities and other matters are funded through the 20% that comes from rates.
- 40 Based on the 2019/20 and 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 70% and 72% across the planning, building and resource management engineering services as shown in Figure 1 below:

	<i>2019/20 actual funding ratio</i>	<i>2020/21 YTD actual funding ratio</i>
<b>RM Eng</b>	68%	74%
<b>BCs</b>	74%	76%
<b>RMs</b>	68%	67%
<b>Average</b>	<b>70%</b>	<b>72%</b>

- 41 As part of the budget review for Planning and Development activities in the Long Term Plan, the reduction in the number of consents and other applications received in the past 12 months was analysed and the budgets for the 2021-22 year have been based on an expected overall consent reduction of 20-30% compared to previous financial years. In addition, the productivity target from each team was increased in order to reflect the need to ensure an appropriate level of charging was included in the budgets, and the budgeted use of consultants was reduced. While this reduced the proposed fee increase levels, an increase is still required in order to meet the funding policy given general increases in staff and consultants costs and wider organisational overhead costs over the past three years.
- 42 It is important to note if fees and charges are not increased for these activities, then the “unfunded private benefit” portion of the cost will have to be collected in rates. It is Council’s policy to review and adjust fees and charges periodically in order to maintain the existing policy settings and to minimise rates increases. While the users of the services

in question will consequently have to pay more, this is preferable to funding them through rates. The impact of the proposed fee increase has been calculated as shown in the following table. If fees are not increased, then an increase in rates equivalent to \$1.1M (1.2% rate increase) would be required.

<b>Activity</b>	<b>2021 – 2022 Revenue with existing fee (\$)</b>	<b>2021 – 2022 Revenue with proposed fee (\$)</b>	<b>\$ increase</b>	<b>% increase</b>
Resource Consents	5,587,501	6,230,922	643,421	12%
Building Consents	4,478,581	4,926,439	447,858	10%
<b>Total</b>	<b>10,066,082</b>	<b>11,157,361</b>	<b>1,091,279</b>	<b>11%</b>

- 43 The proposed amendments to the fee schedules will achieve four 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 enable the fee schedule to reflect a simplified list of resource consent categories in line with the Proposed District Plan and the activity status of a consent under the RMA.
  - d. 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.
- 44 With regard to (c) and (d) 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.
- 45 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.
- 46 As part of this change, new consent categories arising from the Proposed District Plan have been identified and used to set the initial lodgement fee. Consent categories from the RMA, including controlled, restricted discretionary, discretionary and non-complying activities have also been used to simplify the fee schedule and better reflect the actual and reasonable processing costs.
- 47 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**

48 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.

##### Option 1 – Retain the status quo and make no changes to the fee schedules.

49 Advantages:

- Retains existing approach to fees that applicants / the public is familiar with.
- Customers will continue to be invoiced when the initial fee is exceeded, ensuring actual costs are recovered.

50 Disadvantages:

- If fees are not increased, then an increase in rates equivalent to the \$1.1M (1.2% rate increase) would be required.
- 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.
- Does not update the schedules to better align the initial fee with the actual costs of providing the service.
- Does not update the fee schedule to simplify it better align with PDP and RMA consent categories.
- 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.
- Administrative costs associated with invoicing for additional charges for most applications will increase.

##### Option 2 – Update the fee schedule

51 Advantages:

- Achieves the 80/20 private / public funding ratio.
- Updates the schedules to better reflect the actual costs of delivering the services.
- Will reduce fee queries as in most cases the initial fee will better match the final charge.

- Reduces administrative costs associated with having to prepare additional invoices for most consents.
- Reduces cost to ratepayers by ensuring customers pay the reasonable cost of the services provided to them.

52 Disadvantages:

- Increases the initial lodgement costs to the construction / development industry in that the initial fee will increase, and increases the total cost due to increase in hourly rates for Council officers.
- Increases costs to applicants through higher hourly rates.
- Amends prices that applicants / the public are now familiar with.

**5. TIMETABLE FOR CONSULTATION**

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

- The draft Long Term Plan went to Council – 18 March 2021.
- The draft Statement of Proposal goes to Council 18 March 2021.
- Advertisement in Otago Daily Times and Southland Times on Saturday 20 March 2021, stating that submissions open on 20 March 2021 and close on 20 April 2021. Additional notice will also appear on Council’s Let’s Talk section of the website.
- Submissions heard prior to the Council consideration of submissions on the Long Term Plan on 10 May 2021 (to be confirmed).
- Council considers outcome of consultation process.
- Final Long Term Plan goes to Council for adoption on 30 June 2021.

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

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

55 Copies of this Statement of Proposal and the proposed fees and charges schedules may be inspected, and a copy obtained, at no cost, from:

- either of the Council offices at 10 Gorge Road, 74 Shotover Street, Queenstown or the Wanaka Service Centre, 47 Ardmore Street, Wanaka;
- any Council library within the Queenstown Lakes District; or
- the Council website – [www.qldc.govt.nz](http://www.qldc.govt.nz)

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

56 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.

- 57 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.
- 58 Submissions must be received by **20 April 2021**. 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.
- 59 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.
- 60 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.
- 61 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**

- 62 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.
- 63 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 ‘Building Consent Initial Fees and Other Charges’ fee schedule

**Appendix B** – Proposed Amendments to the ‘Resource Consent and Engineering Fees and Other Charges’ fee schedule