

**Planning & Strategy Committee
16 March 2017**

Report for Agenda Item 2

Department: Planning & Development

**Amendments to the Fees and Charges Schedule Used for Resource Consents,
Building Consents, Engineering and Other Matters**

Purpose

- 1 The consider the outcomes of a review of the fees and charges schedules and to recommend to Full Council that they form part of the 2017/18 Annual Plan.

Recommendation

- 2 That the Planning & Strategy Committee:
 1. **Note** the contents of this report and in particular the proposed changes to the fees and charges schedule used for resource consents, building consents, engineering and other matters; and
 2. **Note** that a Statement of Proposal for consultation will be prepared and tabled at the Full Council meeting
 3. **Recommends** to Full Council that the matters covered in this agenda item be part of a special consultative procedure, to run parallel to the 2017/18 Annual Plan process.

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Background

- 3 Council reviewed its fees and charges as part of a special consultative procedure in 2016. The revised charges then became part of the 2016/17 Annual Plan.
- 4 Since that time, officers have identified that a small number of changes are required to help with the consistent and smooth administration of regulatory functions. For example some types of applications were not captured by the schedule and need to be added in.
- 5 Changes to the way monitoring charges are collected have also been reviewed. At present, once a consent is granted, the applicant is immediately invoiced for the monitoring 'initial fee'. This resulted in some administrative inefficiency, and this agenda item proposes the monitoring fee is collected at the time of lodgement.

Comment

- 6 Attachment A sets out the proposed changes to the both fee schedules. Note there are separate schedules for:
 - a. Resource Consent and Engineering Fees and Other Charges, and
 - b. Building Consent Initial Fees and Other Charges
- 7 These changes are best summarised into three categories:
 - A. Proposed changes to monitoring fees
 - B. Proposed removal of footpath bonds
 - C. Proposed amendments to update some fees following a review of actual costs and to make other updates and amendments.
- 8 These categories are described below:

A Proposed Specific Changes – Monitoring Charges

- 9 A monitoring charge of \$215 has been added to every land use consent category (subdivisions are captured separately and do require the fee to be added). This change is driven by a desire to collect the monitoring charge up front as part of the consent application, rather than the current approach of invoicing once the consent has been issued.
- 10 The change will result in administrative efficiencies in that an invoice will not have to be sent after every consent is issued. Note this means there is now a 'fixed fee' component for every land use consent.
- 11 The funding policy for monitoring is an 80/20 split. 80% of the cost of providing the monitoring service should be user pays, i.e. recovered from consent holders, with 20% being paid for from rates as part of 'public good' monitoring, e.g.

monitoring of permitted activities, and monitoring of complaints where no breach is identified.

- 12 Adding \$215 to each land use consent is the equivalent of 1.5 hours of a monitoring officers time, and would cover the cost of monitoring most consents should it be found to be fully complying. i.e. check consent documents and conditions, visit the site, undertake the inspection, and record the results of the inspection
- 13 Should monitoring identify a breach of consent conditions, additional time will be charged on an 'hourly rate' basis. i.e. the time spent to achieve compliance will be invoiced to the consent holder.
- 14 The \$215 figure was selected as it is half way between the two existing monitoring charges from the current fee schedule, of either \$145 (1 hour) or \$290 (2 hours), which have been set depending on whether earthworks are included. As the monitoring fee is being collected up front with every land use consent, it is not known whether earthworks form part of the application, so a middle figure between the two existing charges was selected.
- 15 If the \$215 is collected for each of the approximately 900 land use consents that require monitoring each year, this will fund 60% of the cost of delivering the current monitoring service (approximately \$323,000 per annum). The balance of 20% which is to be recovered from user pays will be collected through compliance monitoring.

B Proposed removal of footpath bonds

- 16 QLDC currently receives a street frontage bond with each building consent where the value of the building/improvement exceeds \$5,000. Amounts range from \$100-\$1,000 depending on the nature of the street frontage. It is proposed to remove the footpath bond from the building consent fees schedule.
- 17 The purpose of the bond is to cover the cost of any damage to the street frontage, including road surface, kerb and channel, footpath, and grass berm, as a result of development activity on the site. The incidence of street frontage damage is estimated at one (1) building site per annum over the past few years. When damage does occur, the repair costs usually exceed the value of the bond. The bond holder is required to apply for the bond to be refunded once the work has been completed, but in many cases this has not been done by the consent holder and the bond remains with the Council.
- 18 QLDC has an accounting policy adopted by Council on 16 March 2001 regarding the treatment of expired footpath bonds. Footpath deposits are deemed to have expired if they are not repaid or transferred within 6 years of receipt by the Council. Expired footpath deposits are to be transferred to the roading revenue of the ward where the building activity was undertaken.
- 19 Deloitte, our auditors, have raised their concerns regarding the growing multi-million dollar balance in street frontage bonds in their annual letter to the Audit & Risk Committee for a number of years.

- 20 The administrative burden of managing street frontage bonds is very high for the Building Control department, RM Engineering and the Finance department with the following process in place:
- A street frontage refund form is required to be completed by the property owner (ratepayer)
 - This form is checked against the list of bonds to confirm the validity of the refund request (Building Control & Finance)
 - An inspection is required to ensure that no damage has occurred (RM Engineering)
 - The current policy requires the street frontage bond to be refunded within 14 days of the street inspection (Finance)
 - The current policy states that the street frontage of the property and neighbouring properties will be inspected at the time of final building consent inspection, and any street frontage damage recorded (RM Engineering).
- 21 It is recommended that street frontage bonds in their current form should be abolished. The proposed fees schedule removes the reference to the bond as a result.
- 22 The existing policy should be replaced by a policy which allows QLDC to recover the costs of repair associated with any damage to street frontage as a result of property development activities as and when they occur. Inspection should be undertaken by BC officers as part of the Code Compliance Certificate (CCC).
- 23 An advertising campaign should be launched to encourage requests for refunds relating to old building consents.
- 24 Any remaining balance > 6 years old at 30 June 2017 should be transferred to roading revenue in accordance with the accounting policy for the treatment of expired footpath bonds.

C Proposed amendments to update some fees following a review of actual costs and to make other updates and amendments

RMA and RM Engineering

- 25 A range of other changes are proposed to the RMA and RM engineering fee schedule.
- 26 An administrative charge of \$90.00 has been added for entering / creating a pre-application request, to cover staff time associated with setting up the pre-app charge code, TRIM and G drive files, and linking the pre-app code to the relevant property.
- 27 The Pre-Application meeting category that required a deposit of \$1500 for complex applications has been removed as it was not used, and instead this

category is just treated as a standard 'Pre-application meeting' with one hour free then the balance charged at an hourly rate.

- 28 A new category of 'Cancellation of amalgamation condition' has been added as this was missing from the fee schedule. These are similar to boundary adjustments, so the same initial fee as a boundary adjustment has been used (\$1025).
- 29 Overseas Investment Certificates have been deleted as a category as Councils' are no longer required to provide these.
- 30 A new category of 'Private Plan Changes' has been added, as this was missing from the fee schedule. The initial fee is \$10,000 reflecting the substantial amount of work involved in processing a private plan change. All time spent processing private plan changes is chargeable to the applicant.
- 31 The initial deposit for the preparation of a Development Contribution Notice (DCN) has been removed, and these are to be processed on an hourly rate basis. The collection of the initial fee proved time consuming from an administrative perspective as the DCN was often required urgently (before a Code Compliance Certificate can be issued) and unlike building and resource consents, there is no application or 'lodgement form' or lodgement fee required as such to prepare a DCN.
- 32 The charge for an 'Engineering Connection to Council Services' has increased from \$250 to \$280, to reflect the administrative time component associated with setting up the charge code, TRIM and G drive files, and linking the pre-app code to the relevant property. This now accounts for 1 hour of Planning Support officer time (\$90), currently the administration component of the charge is \$60, resulting in the increase of \$30.
- 33 Charges under the Local Government Act (LGA) have been separated out from charges under the Resource Management Act (RMA), and the reference to section 150 of the LGA has been added to reference the correct provision under which the charges are set. The existing fee schedules mixes LGA charges in with RMA charges.
- 34 Some fine tuning of the officer hourly rate categories was made to reduce duplication.

Building Consent and Other Charges Fee Schedule

- 35 A range of other adjustments have been made to the building consent and other charges fee schedule, as summarised below:
- 36 With regard to the heating appliance consent fee (charged for checking installation of a wood burner), this has increased from \$295 to \$335 to recover actual costs associated with this service.
- 37 With regard to requests for Minor Plan Variations, this has changed to an hourly rate, rather than a fixed fee of \$110 to reflect the actual cost in range of dealing with minor variations.

- 38 With regard to Certificates of Public Use (CPU), this is a certificate from Council confirming it is safe for people to use parts of premises intended for public use that are affected by building work. This has been increased and a split price structure put in place for Commercial 1 & 2, and Commercial 3, to better reflect the actual costs associated with this service.
- 39 CPU Amendment/Exemptions/Change of use – following a review of the actual costs of providing these services, this has been increased from \$115 to \$190 to better reflect the actual costs of providing the service.
- 40 Swimming Pool fees – the fee structure has changed to reflect the changes to the Building (Pools) Amendment Act 2016. This places a focus on registration and inspection rather than exemptions. The cost structure has been set to recover the predicted costs associated with this service.
- 41 Connection to Council services – duplication and inconsistency between the two Planning and Development fee schedules has been removed. The change now only shows under the RMA and Engineering fee schedule.

Options

- 42 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:

- 43 Option 1 - Retain the status quo and make no changes to the fee schedules

Advantages:

- 44 Retains existing approach to fees that applicants / the public is familiar

Disadvantages:

- 45 Does not update the schedules to fix identified problems.

- 46 Option 2 - Update the fee schedule

Advantages:

- 47 Updates the schedules to fix problems identified over the last 12 months.

Disadvantages:

- 48 Amends prices that applicants / the public are now familiar with.

- 49 This report recommends Option 2 for addressing the matter because it will improve the administration of regulatory functions.

Significance and Engagement

- 50 This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy because it affects every user of the regulatory services performed by Planning & Development.

Risk

- 51 This matter relates to the strategic risk SR1 'Current and future development needs of the community (including environmental protection)', as documented in the Council's risk register. The risk is classed as moderate.
- 52 This matter relates to this risk because the regulatory process around environmental management is central to the current and future development needs of the community.
- 53 Updating the fee schedule works towards mitigating the risk identified above by treating the risk.

Financial Implications

- 54 The fixed fee monitoring charge will now be collected at the time of lodgement, rather than the time of issuing a consent decision. This will give greater certainty to the funding of the monitoring function.

Council Policies, Strategies and Bylaws

- 55 The following Council policies, strategies and bylaws were considered:
- Annual Plan 2016/17
- 56 The recommended option is consistent with the principles set out in the named policy as the changes are generally considered to be fine tuning / amendments to the existing fee schedule.

Local Government Act 2002 Purpose Provisions

- 57 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 refining and improving the existing fee schedule.
 - 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

- 58 The proposed changes will be subject to a special consultative procedure process.

Attachments

- A Proposed amendments to Fee Schedules