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Committee Environment Committee  
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## Review of the Resource Management Charging Policy

### 1. Purpose

To present the draft Resource Management Charging Policy 2007 to the Committee to endorse for public consultation.

A full copy of the draft can be found at Attachment 1.

### 2. Significance of the decision

The matters for decision in this report **do not** trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

### 3. Background

In February 1997, the Council adopted its Resource Management Charging Policy. Prior to being adopted, the 1997 Charging Policy went through an extensive submission and hearing phase. Once the policy was in place, consent holders, as a group, were charged \$100,000 less in 1997 than they were charged in 1996.

In 1 July 2001, the 1997 Charging Policy was updated and that revision remains in effect. The revised Policy has proven to be both robust and accepted by our consent holder community generally.

The 1997 Charging Policy was (and probably remains) one of the most intensely researched and defensible resource management charging policies in New Zealand.

During 2005, the way in which resource consents were processed and the implications of the *Resource Management Amendment Act 2005*, were reviewed.

That review covered:

- pre-application advice
- Assessing applications
- Advertising applications
- Making the decision to notify or not
- Considering submissions
- Preparing and distributing the decision
- Processes where negotiated outcomes are reached; and
- Charging and invoicing.

The Consent Review concluded that, some of minor aspects of the notified consent process needed to be changed - publicly notifying applications, and absorbing iwi appointee and a second officer's time at a consent application hearing. In addition, the Consent Review recommended that Commissioners' charges at hearings be held at a rate of \$120 per hour. These changes have been implemented. There was not any need to change practices in relation to the processing of notified consents.

#### **4. Future Resource Management Charging Policy Reviews and updates**

We intend to put in place an annual review process for Resource Management Charges to ensure that costs that arise from processing a consent are matched and recovered from the charges that we raise.

In addition, we intend to review progressively other aspects of the charging policy at this time.

#### **5. Review Process**

The review of the Resource Management Charging Policy involves the following steps:

1. Staff to review the current workability and applicability of the 2001 Charging Policy and present a draft Resource Management Charging Policy to the Environment Committee (completed). The Proposed Policy is attached as a separate document;
2. The Committee considers the Draft Policy and makes a recommendation to the Policy and Finance Committee;
3. The Policy and Finance Committee initiates the Special Consultative Procedure set down in section 83 of the Local Government Act 2002 and appoints a Subcommittee to hear submissions; and
4. The Subcommittee, after hearing submissions will make a recommendation to the Council, which will formally adopt an updated and revised Resource Management Charging Policy.

## **6. Changes recommended after the review**

### **6.1 Principles and Methods of Charging Unaltered**

With the exceptions noted below, the present review has left the 2001 Resource Management Charging Policy largely intact. The underlying principles and methods for determining charges remain consistent with those set under the 2001 Policy and its predecessor.

### **6.2 Charge-out Rate**

*A key proposed change is an increase in the hourly charge-out rate for Council staff from \$70 (before GST) to \$85 (before GST). If accepted, this will increase most application charges at around 3.5% per annum over the 2001 Policy.*

We recognise that consent holders will not appreciate any increase to the charge-out rate, but we must also ensure that they are not being excessively subsidised by other ratepayers. The Council's Revenue and Financing Policy requires consent applicants to contribute 90% towards the cost of any consent processing charges (the remaining 10% relate to appeals, etc) and 50% towards the cost of any compliance and monitoring. The proposed charge-out rate is consistent with the Revenue and Financing Policy and provides for a modest increase, which is in line with inflation over the six year period.

Most service businesses calculate an hourly rate based on the cost of labour multiplied by a factor (usually between 2.5 and 3.5) to take into account overheads and other costs of employment. By way of comparison, mechanics in Wellington cost around \$85 per hour, electricians \$50 per hour, planners \$100 (for a recent graduate) to \$160 per hour, and lawyers charges range from \$140 to \$500 per hour.

The proposed \$85 per hour rate falls near the mid-point of other Regional Councils' charge-out rates.

### **6.3 Customer Service Charge**

We propose that the charge remains at \$35, or some 25 minutes of an officer's time.

We consider that this charge at \$35 per consent covers any information and advice requests from applicants adequately and sufficient to keep our record systems current.

### **6.4 Compliance Charges**

We propose to make only a minor amendment to compliance charges for particular consent types. This reflects the additional knowledge that we have acquired since the previous review and to provide for consistency and clarity between consent types.

## **6.5 State of the Environment Monitoring Charge (SOE)**

With the exception of the ways in which we define whether a resource is under stress or not for surface water quantity and groundwater quality, the basis for SOE charges remains essentially the same. In particular, the Technical Reports prepared for the State of the Environment report, *Measuring up 2005*, provide a sound basis for some of these minor changes.

## **6.6 SOE Charges for surface water**

The threshold or trigger point which determines whether or not a catchment is stressed has been redefined. The proposed definition is “either the core allocation specified in policy 6.2.1 of the Regional Freshwater Plan is exceeded by 50% or more; or for all other catchments, the catchment was considered stressed in the Technical Reports prepared for the State of the Environment report, *Measuring up 2005*”.

This wording replaces “the volume of water extracted from a river exceeds 50% of the one day in ten year low flow for the river”. The proposed definition is a shift towards an allocation based on an available resource rather than one based purely on flow. We consider that this change is a better measure of how surface water is allocated and used.

Although this change of trigger has not affected a catchment where a SOE charge applies additional catchments will attract a SOE charge because of changes in the way resources are being used.

## **6.7 SOE charges for groundwater quantity**

We have updated and re-assessed the quantity of the groundwater resource in the region. With more consents being granted for groundwater our investigations show that demands on this resource is increasing. As a consequence some groundwater zones now attract a SOE charge (previously they did not). In addition, we propose to change some of the thresholds for stressed groundwater zones which have been allocated at a higher level. These zones have become the focus of more of our work. Accordingly, we propose to charge a greater percentage of the costs that we meet for these zones in which the resource is taken up fully. However, overall the proposed SOE charge provides for a minimal increase because the cost has been spread over a larger number of resource users.

## **6.8 SOE charges for discharges to land**

In addition, we propose to redefine groundwater quality as those “unconfined aquifers identified as having an elevated nitrate level in the Technical Reports prepared for the State of the Environment report, *Measuring up 2005*”.

The presence of nitrates in groundwater acts as an indicator of quality because they reflect how a particular land use has had an effect on the groundwater resource. Where the groundwater quality exceeds the prescribed trigger levels, discharges to land are likely to be making a small contribution towards the condition of the resource. Only where the cumulative discharges of all

consents within a groundwater zone exceed 100 m<sup>3</sup>/day is a zone considered under stress. The SOE charge reflects this relationship. This, we consider, more accurately reflects the actual pressure on the resource from discharges to land.

## **6.9 SOE charges for other activities**

A review of SOE charges for other activities is progressing for discharges to water, land use (gravel extraction) and discharges to air. As we intend to update our Resource Management Charging Policy annually this aspect will be covered in our next update of the policy.

## **6.10 Environmental incident inspection charges**

On 9 March 2000, the Council set and adopted a policy for *Charges for Council Responses to Environmental Incidents*. We propose to expand and include such charges in the revised Resource Management Charging Policy 2007. In general, this covers the recovery of costs that arise from inspecting non-consented activities.

This change helps ensure that all environment related charges are covered in the same policy.

Expressly, this covers instances where a person (or persons) or organisation carries out an activity that contravenes the provisions of Section 9, 12, 13, 14, 15, 327, or 329 of the Resource Management Act 1991. The Council may charge that person (or persons) or organisation for the cost of any inspection it undertakes in relation to that activity.

This cost covers the recovery of the actual and reasonable costs caused by those responsible for the activity to which the charge relates and may include:

- The time spent by officers identifying and confirming that the activity is taking or has taken place;
- The time spent by officers identifying and confirming the person(s) or organisation responsible for causing or allowing the activity to take place or have taken place;
- The time spent by officers alerting and informing the person(s) or organisation responsible of their responsibilities in relation to the activity, including any suggestions or advice relating to how any adverse effects might be avoided, remedied, or mitigated;
- Any travel time from the Council's nearest relevant office;
- Any disbursements (e.g. laboratory analysis costs). The Council will only charge for time spent which exceeds 30 minutes. Travel time will be included in the calculation of this time.

## 7. Communication

At this stage there is no need for any specific communication on the matter. When the Policy and Finance Committee releases the Proposed Policy for consultation we will send a letter to all consent holders to advise them of the review and of their right to submit. The review of the Policy will also be advertised in the daily newspapers.

## 8. Recommendations

*That the Committee:*

1. **Receive** the report and Draft Resource Management Charging Policy;
2. **Note** that the Draft Resource Management Charging Policy is a draft document only and will be subject to a Special Consultative Procedure; and
3. **Recommend** to the Policy and Finance Committee the Draft Resource Management Charging Policy be considered and appoint a Subcommittee to hear public submissions and make recommendations to the Council.

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**Attachment 1:** Resource Management Charging Policy