



Report 13.55
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Committee Council
Authors Stephen Thawley, Project Leader, Environmental Regulation
Graham Sevicke-Jones, Manager, Environmental Science

Review of the Resource Management Charging Policy

1. Purpose

To seek approval to release the Proposed Resource Management Charging Policy (2013) and the Summary of Information for public consultation in accordance with the special consultative procedure under the Local Government Act 2002.

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. It is noted that when setting charges under the Resource Management Act 1991, the special consultative procedure set in section 83 of the Local Government Act 2002 is followed.

3. Background

The Resource Management Charging Policy (2011) “the Policy” for Greater Wellington Regional Council (GWRC) contains our regime of resource management charges for the region. The current structure of the Policy has been in place since 1997.

Reviews of the Policy are completed every year. Last year when the Policy was reviewed, there were no changes required to be made. Hence the most recent review resulting in changes was made in 2011.

4. Outcomes of review of the Policy

The review of the Policy this year has resulted in some changes to the Policy.

4.1 Principles of charging unaltered

The Policy sets out a number of underlying principles for determining charges. These remain unaltered as they have stood the test of time since the adoption of Greater Wellington’s original policy in 1997. We receive very few informal or

formal objections to charges made under the Policy by comparison with other Regional Councils.

4.2 Charge out rate

For some years we have made small incremental increases to the hourly charge out rate to fairly reflect inflation and costs of running our regulation services, without imposing significant one off costs increases to applicants and consent holders. Typically these increases have been at a rate of an additional \$5 per hour.

A key proposed change is to follow this pattern, and to also change the structure of our hourly charge-out rate for Greater Wellington staff. At present, all staff time is charged at a standard rate of \$110/hour (excl. GST). This rate has been in place since July 2011. It is proposed to change the charge out rate structure to reflect the cost of services provided by GWRC staff as follows:

Administration services including consent registration, database entry, and notified consent processing support	\$100 per hour (excl. GST)
Consent processing services including assessment of consent applications, decision recommendations	\$115 per hour (excl. GST)
Technical or science expert services for technical and/or science expert advice on consent applications	\$130 per hour (excl. GST)

A tiered system of charging has been proposed to reflect the fact we are endeavouring to undertake an increasing amount of science work 'in house'. This can be done at a much cheaper rate for applicants than is often associated with engaging independent external science input and peer reviews. The rate proposed for administration services is also intended to provide an equitable charging regime for the support that the administration functions of council provide, particularly for notified consent applications. It is again anticipated that this will provide a more cost effective service for applicant.

In summary, there will be an increase in the charge-out rate for consent processing services from \$110/hour to \$115/hour, and an increase for technical or science expert services from \$110/hour to \$130/hour. There will be a decrease in the charge-out rate for administration services from \$110/hour to \$100/hour. These differences in charge-out rates were determined based on reviewing remuneration data for each level of service.

The proposed \$115/hour rate for consent processing services is approximately at the mid-point of other Regional Council charge out rates for similar services.

4.3 Consent monitoring charges

Every consent receives either a one-off or annual Consent Monitoring Charge. This charge is made up of three components:

- Customer service charge (a fixed charge covering costs incurred for keeping up to date consent records, providing information and advice to consent holders, and other administration costs for maintaining consents)

- Compliance monitoring charge (a variable charge for staff time spent monitoring consents)
- State of the environment (SOE) monitoring charge (a variable charge covering a proportion of costs incurred for environmental monitoring and investigations)

4.3.1 Customer service charge

The **customer service charge** for every consent will not change and will remain at \$40/year.

4.3.2 Compliance monitoring charges

Minor changes are proposed to **compliance monitoring charges** for various consent types to reflect the level of monitoring required to be undertaken by staff. For example, with the introduction of new Resource Management (Water Measuring and Reporting) Regulations 2010 that are now operative for existing water takes, additional monitoring of water take consents is now required. In some cases compliance monitoring charges could drop if consent holders have reliable water meters and telemetry systems in place. For other cases compliance monitoring charges will increase for instance if a consent holder submits manual water use records which require staff to input this into our water use data management system.

4.3.3 State of the environment (SOE) monitoring charges

There are significant changes proposed to **state of the environment monitoring (SOE) charges** for all consent types. The last change to SOE charges was in 2009.

GWRC has a state of the environment (SOE) monitoring programme that monitors our water, land, and air resources. This programme includes operating a network of monitoring sites that measure and monitor aquatic ecosystems, water quality, water quantity, air quality, and terrestrial ecosystems. Monitoring data collected is managed on databases and our website. Monitoring data is also analysed and reported by our scientists.

Consent holders benefits from GWRC's SOE monitoring programme in various ways. Information can be used by consent holders to:

- Help them implement conditions on their resource consents (e.g. river and stream flows are displayed on our website which consent holders can monitor and implement any water restrictions)
- Assist with the preparation of annual monitoring reports
- Assist with the preparation of any future consent applications e.g. to change conditions on an existing consent or replace an existing consent

GWRC only recovers a small proportion of the cost of our SOE monitoring programme. Currently, GWRC recovers just over \$260,000 from consent holders. At present our budget for our SOE monitoring programme is just over

\$4 million. Therefore consent holder contributes approximately 6.5% to our SOE monitoring programme.

Analysis of the funding of other Regional Council's SOE monitoring programmes shows that GWRC proportionally collects significantly less from consent holders than other regions as shown in the comparison table below:

Regional Council	Are SOE charges recovered?	Total \$ recovered	Proportion of SOE charges recovered
Northland	Yes	\$140,000	Split 30% consent holders, 70% general rates
Waikato	Yes	\$1,500,000	Split 25% consent holders (with increase to 34% in coming years), 75% general rates
Bay of Plenty	Yes	\$794,000	Split 20% consent holders, 80% general rates
Taranaki	No	N/A	N/A
Hawkes Bay	Yes	\$1,180,000	Split 35% consent holders, 65% general rates
Horizons	Yes	\$994,057	Split 30% consent holders, 70% general rates for most consent types
Wellington	Yes	\$260,000	Split 6.5% consent holders, 93.5% general rates
West Coast	No	N/A	N/A
Canterbury	Yes	\$2,092,000	Split 30% consent holders, 70% general rates
Otago	No	N/A	N/A
Southland	Yes	\$417,000	Average 21.5% to consent holders, 78.5% general rates

Notes:

1. Data collated by Hawkes Bay Regional Council June 2012.
2. No data available for Auckland Council, Gisborne District Council, Marlborough District Council, Nelson City Council, and Tasman District Council

In other regions where SOE charges are directly charged, consent holders therefore pay between 20%-35% of the SOE monitoring programmes in that region.

All SOE monitoring programmes undertaken by GWRC have been costed and assessed in terms of their relevance to consent holders. Overall it is proposed to recover 23% (\$1,051,103) of the total cost of our SOE monitoring programme. At present GWRC recovers just \$260,000. The most significant increases will occur for discharge to land and discharge to water consent types. In particular consent holders with discharges that have potentially significant effects on the environment (ie municipal wastewater discharges) will experience the greatest increase. Smaller increases are expected for water take consent types.

If the proposed changes to SOE charges are implemented immediately in some cases this will result in large one-off increases, particularly for larger consents and discharge to water and land consents as highlighted above. The increases associated with these types of consents are typically attributable to the fact that

the scientific assessments associated with discharge consents, and often those larger consents with a greater range of environmental effects, are over an above that of smaller less complex consent processes.

To ensure that any increases are managed in a fair and transparent manner, it is therefore it is recommended that the proposed SOE charges are phased in over a five year period in the following way:

- For discharge to land and discharge to water consents, 40% of the total charge will be recovered in the first year, with additional increases of 15% increments until the fifth year.
- For water take and discharge to air consents, 60% of the total charge will be recovered in the first year, with additional increases of 10% increments until the fifth year.

The different recovery rates in the first year are simply designed to smooth the impact of increases for different consent types over the five year implementation phase. This phasing in approach, will ensure we can meet budgets for 2013/14 and continue to fund the SoE programme into the future without an ongoing need to draw from the general rate demand.

5. Communication

The special consultative procedure on the review of the Resource Management Charging Policy 2013 will be run in conjunction with consultation on the Proposed Annual Plan 2013/14.

- The Proposed Resource Management Charging Policy 2013 (Statement of Proposal), **Attachment 1** will be available on our website www.gw.govt.nz/Consent-fees.
- A Summary of Information (**Attachment 2**) will be included in the summary of the Proposed Annual Plan 2013/14, which is distributed to all households in the region.
- The submission period will run concurrently with the Proposed Annual Plan 2013/14 between 25 March and 26 April 2013.

It is intended that all consent holder will be separately advised of the Proposed Resource Management Charging Policy (2013) at the commencement of the submissions period.

6. Recommendations

That the Council:

1. **Receives the report.**
2. **Approves the Proposed Resource Management Charging Policy 2013 (Statement of Proposal) and the Summary of Information.**

Report prepared by:



Stephen Thawley
Project Leader, Environmental
Regulation

Report prepared by:

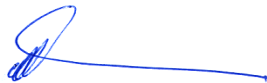
Graham Sevicke-Jones
Manager, Environmental
Science

Report approved by:



Al Cross
Manager, Environmental
Regulation

Report approved by:



Nigel Corry
Group Manager, Environment
Management

Attachment 1: Statement of Proposal

Attachment 2: Summary of Information – Proposed Resource Management Charging Policy 2011