

Report 15.34
Date 4 February 2015
File CMM/01/16/03

Committee Council
Authors Stephen Thawley, Project Leader, Environmental Regulation

Review of the Resource Management Charging Policy

1. Purpose

To seek approval to release for consultation proposed amendments to the Resource Management Charging Policy.

2. Background

The Resource Management Charging Policy 2013 (the Policy) for Greater Wellington Regional Council (GWRC) contains our regime of resource management charges for the region. The current structure of the Policy and its overall approach 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 2013.

Charges are required to be fixed using the special consultative procedure as set out in the Local Government Act 2002. This procedure involves issuing a statement of proposal which must be adopted by the Council.

3. Outcomes of review of the Policy

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

3.1 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 GWRC's original policy in 1997. We receive very few informal or formal objections to resource management charges made under the Policy by comparison with other regional councils.

3.2 Consent processing charges

3.2.1 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. The following changes to the rates are proposed:

	Current rates	Proposed rates
Administration services including consent registration, database entry, and notified consent processing support	\$100 per hour	\$105 per hour
Consent processing and compliance monitoring services including assessment of consent applications, decision recommendations, monitoring of consent conditions	\$115 per hour	\$120 per hour
Technical or science expert services for technical and/or science expert advice on consent applications or compliance monitoring	\$130 per hour	\$135 per hour

All rates above are exclusive GST

The proposed \$120 / hour rate for consent processing services is approximately at the mid-point of other regional council charge out rates for similar services.

3.2.2 Fixed application fees

Minor adjustments have been made for the majority of our fixed non-notified application fees. Some significant increases are proposed for non-notified application fees for discharge to land and water consents. Also, significant increases are proposed for notified application fees. Both increases are based on the median costs for processing consents of those types and therefore set more realistic expectations of potential costs when an application is lodged. It is noted that we always recover actual and reasonable costs, resulting in some applicants receiving a refund, and others receiving an additional charge.

3.3 Consent monitoring charges

At present, all consents receive a 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 fixed or variable charge for staff time spent monitoring consents)

- State of the environment monitoring charge (a fixed or variable charge covering a proportion of costs incurred for environmental monitoring and investigations)

3.3.1 Customer service charge

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

3.3.2 Compliance monitoring charges

A review of our compliance monitoring programme has recently been undertaken, based on the concept of *strategic compliance*. Our existing programme focusses on monitoring every consent issued. However, a strategic compliance approach focuses compliance programmes around monitoring more important consents, and less or no monitoring on less important consents. The level of importance for various consents has been determined through a risk based assessment of a number of factors such as the scale of activity and associated environment effects, and previous environmental performance, as well as regional planning and GWRC science monitoring priorities.

Overall, the amount of staff time spent on our compliance monitoring programme will be similar to that currently undertaken. However, some activities of greater importance are likely to receive more monitoring (and associated cost), whilst activities of lesser importance are likely to receive less monitoring. Below are some examples:

Reduced monitoring and costs	Increased monitoring and costs
Majority of <i>river works, coastal works, and boatsheds</i> will not be inspected. A lesser one-off charge of \$60 will be incorporated into the consent processing charges.	High risk <i>industrial, non-municipal, and winery discharges</i> will now be inspected each year. At present they may only be inspected once every three years.
Majority of <i>water takes</i> will not be inspected. Charges for consent holders who provide suitable electronic water use data to GWRC will be reduced.	More staff time will be allocated to monitoring our most important consents such as <i>municipal wastewater discharges and water supplies, RoNS and earthworks projects, and urban stormwater</i> . These consents will receive variable charges based on actual and reasonable costs.

In order to achieve our *strategic compliance* outcomes, changes to compliance monitoring charging schedules are required. This would result in a number of activities now receiving *variable monitoring charges*, based on actual and reasonable cost. This means those consent holders would receive charges based on the actual and reasonable costs of monitoring their consents. In practice this confirms our current charging approach in many cases, as a many consent holders currently receive non-standard charges (particularly for larger activities). Under the proposed policy there will still be many consent holders that will receive a *fixed monitoring charge* for their consents which provides consistency and certainty of compliance monitoring charges where appropriate.

3.3.3 State of the environment (SOE) monitoring charges

There are no changes proposed to state of the environment monitoring (SOE) charges for each charge category. Significant changes were made in 2013, which resulted in the charges being phased in over a five year period through to 2018.

Whilst the charges for each category will not change, a small number of groundwater zones and catchments may be in different charge categories. This is because the level of stress on groundwater zones and catchments changes over time as consents are granted and surrendered. This will result in some minor changes to consent holders SOE charges in some instances.

Special SOE charges are now proposed for Roads of National Significance projects as the nature and scale of this activity is far greater than normal similar consent types. This is consistent with a couple of other activities where the special SOE charges apply e.g. Wellington Water take from Hutt aquifer and GWRC Flood Protection scheme maintenance consents.

3.4 Other changes

3.4.1 Charges associated with wetland restoration and community good

GWRC assists and supports wetland restoration with methods in the Regional Policy Statement (RPS). In the draft Natural Resources Plan, consents will be required for undertaking wetland restoration. As GWRC encourages wetland restoration, it is considered appropriate to waive consent fees for these activities.

In recent years, there have been instances where minor activities undertaken by consent holders who provide a community good or service incur consent monitoring charges that represent a reasonable proportion of a consent holder's operating costs. These activities are often managed by not-for-profit organisations funded by donations and grants. If requested in writing, it is considered appropriate to rebate a proportion of these charges for not-for-profit organisations given the funding source of these consent holders.

3.4.2 Minor changes

A number of other minor inconsequential changes are proposed.

4. Communication and engagement activities

The special consultative procedure on the proposed amendments to the Resource Management Charging Policy will be run over the same period as that applying to the consultation on the Long Term Plan (LTP) 2015-25. The consultation period where views and submissions will be invited runs from 16 March – 20 April 2015. Submitters will have the opportunity to speak to their submissions when the Long Term Plan 2015-2025 Hearing Committee meets to consider submissions. Consultation and engagement will involve:

- Placing the proposed amendments to the Resource Management Charging Policy (Statement of Proposal), **Attachment 1** on our website www.gw.govt.nz/fees along with the full Policy

- Placing an advertisement in printed media (newspaper and/or Our Region)
- Notifying all consent holders who presently incur consent monitoring charges of the proposed amendments to the Resource Management Charging Policy

People can either make a written submission on the proposed amendments to the Policy or alternatively express their views with verbal submissions to specified officers. To enable this to occur it is recommended that specified officers be delegated the authority to hear and transcribe these verbal submissions if requested.

The proposed Terms of Reference for the Long Term Plan 2015-2025 Hearing Committee which will be established at this Council meeting (see Report 15.18) set out that the Committee will be responsible for considering submissions received on the proposed amendments.

5. The decision-making process and significance

The subject matter of this report is part of a decision-making process that will lead to the Council making a decision of medium significance within the meaning of the Local Government Act 2002. The decision-making process is explicitly prescribed for by the special consultative procedure under section 83 of the Local Government Act 2002.

5.1 Engagement

In accordance with the significance and engagement policy, officers have determined that the appropriate level of engagement is informing and consulting. The consultation and engagement activities identified in section 4 of this report are consistent with the significance and engagement policy.

6. Recommendations

That the Council:

1. ***Receives the report.***
2. ***Notes the content of the report.***
3. ***Approves the Statement of Proposal (Attachment 1) for the proposed amendments to the Resource Management Charging Policy.***
4. ***Notes the submission period from 16 March to 20 April 2015 and the proposed consultation and engagement activities.***
5. ***Delegates to the following officers the authority to receive verbal submissions on the proposed amendments to the Resource Management Charging Policy: Alistair Cross, Manager Environmental Regulation; Stephen Thawley, Project Leader Environmental Regulation.***

Report prepared by:

Stephen Thawley
Project Leader, Environmental
Regulation

Report approved by:

Al Cross
Manager, Environmental
Regulation department

Report approved by:

Nigel Corry
General Manager,
Environmental Management
group

Attachment 1: Draft Statement of Proposal