

## **Statement of Proposal**

# **AMENDMENTS TO THE FEES AND CHARGES under the BUILDING ACT 2004 and the Local Government Official Information and Meetings Act 1987**

**Commencing 1 July 2021**

## 1. Nelson City Council's proposed amendments to fees and charges under the Building Act 2004 and the Local Government Official Information and Meetings Act 1987

Nelson City Council (**Council**) would like to know what you think of the proposed amendments to the fees and charges relating to building consent applications, inspections and other services provided by the Building Unit.

The current fees and charges for building activities came into effect on 1 July 2020. The charges for Land Information Memorandum (LIM) reports have not changed since 2016. The fees and charges were set to ensure those who benefit from the services pay a fair and reasonable share of the costs of these services.

Council has reviewed these fees and is proposing some changes as described below. We want to know what you think of the proposed changes. In making decisions on this proposal, Council will be taking account of all submissions made.

**The proposed fees and charges are attached to this Statement of Proposal as Attachment 1 along with the current fees and charges. Paper copies of this document are available at the Council's Customer Service Centre and in Nelson libraries.**

## 2. The Proposal

The analysis of the issues and options is set out in section 4 of this proposal. The fees and charges schedule with proposed changes are included in Attachment 1. A summary of the proposed amendments is outlined below:

- a) Increase the hourly charge out rate for Building Unit staff from \$160 per hour to \$164 per hour on all residential consents;
- b) Increase the hourly charge out rate for commercial technical officers from \$160 per hour to \$200 per hour;
- c) Incorporate the system fee into the deposit and apply the higher system fee per consent from \$600,000 estimated value of works, instead of \$800,000 currently;
- d) Increase the quality assurance levy from \$2.50 to \$3.00 per \$1,000 of the estimated value of work (applies when the value of work is \$20,000 and over);
- e) Raise the deposit amounts to better reflect actual costs and consequently minimise larger invoices at Code Compliance Issue;
- f) The swimming pool fencing consent deposit (minor works) is proposed increase from \$325 to \$450;
- g) Identify that the express service for commercial marquees is for all applications received within the 20 working day statutory time frame;
- h) Increase the Certificate of Acceptance application fee from \$800 to \$1,000;
- i) Reduce fees for the notification of exempt works from \$315 to \$250;
- j) Remove the Electronic File Management charge;
- k) Increase LIM application fees from \$285 to \$300 for residential properties and commercial LIM applications from \$440 to \$460; and
- l) Introduce an hourly rate for multiple property title LIM applications.

The objective of the proposal is to review current fees relating to building consent applications, inspections and other services provided by the Building Unit, to make any necessary changes to better reflect the actual cost to Council in providing this service and to ensure reasonable cost recovery goals can be met.

## **Consideration under the relevant legislation**

This Statement of Proposal to amend the fees and charges has been prepared in accordance with the following legislation:

- Building Act 2004, sections 219 and 281A
- Local Government Official Information and Meetings Act 1986, section 44A
- Local Government Act 2002 (LGA), sections 83 and 101(3)

Section 101(3) of the Local Government Act 2002 provides that charges for regulatory functions are to be cost-effective, with the purpose of recovering the reasonable costs incurred by the Council in respect of the activity to which the charge relates, with those gaining the benefit from the regulatory service paying the reasonable cost for that service.

Section 219 of the Building Act enables a territorial authority to impose fees or charges in relation to a building consent and for the performance of any other function or service under the Building Act. Section 281A of the Building Act 2004 gives a territorial authority discretion as to how fees or charges are charged or set and how they may be paid or collected.

Public consultation in the form of a special consultative procedure is not a requirement under the Building Act before fees and charges can be imposed. However, Council is running a special consultative procedure in this instance given it is also consulting on a number of other fees and charges at the same time and some of the proposed increases are higher than the December 2020 Consumer Price Index increase at 1.4%. When used section 83 of the LGA provides that the special consultative procedure must include:

- A statement of proposal (and a summary of it if required) being made as widely available as practicable as a basis for consultation (section 83(1)(c)). The statement of proposal must include a statement of the reasons for the proposal, an analysis of the reasonably practicable options and any other information the local authority identifies as relevant (section 87(3)).
- An identified consultation period of at least one month during which feedback on the proposal may be provided to Council (section 83(b)(iii)).
- An opportunity for people to present their views to the Council (section 83(d)) and a description of how Council will provide persons interested in the proposal with an opportunity to present their views (section 83(b)(ii)).

### **Special Consultative Procedure**

Outcomes of this special consultative procedure could include:

- Retaining the existing fees and charges
- Adopting the proposed amendments outlined in this Statement of Proposal, or a variation of these, based on community feedback
- Increasing the fees and charges at a lower level than the proposed increases

### **3. The Approach to Fees and Charges**

Council's current charging structure for building consent applications and other services is based on applicants lodging an initial sum of money determined by the nature or the estimated value of the works. This is credited to the applicant's account. As the application is processed those processing costs are debited against the applicant's account.

The cost of the processing is based on:

- a) The time spent by Council staff and any specialist advisers assessing the application; and
- b) The hourly charge out rate or the consultant charges (if external expertise is required); and
- c) Administrative costs; and
- d) Various levies if relevant.

When the processing is completed, the costs are calculated, and further payment is sent if the costs exceed the amount of the initial fixed charge. Inspections are charged at the hourly charge out rate based on each required inspection taking one hour. If additional time or additional inspections are required these will be charged separately.

LIM charges are fixed charges based on the average time it takes officers to produce the report at the hourly charge out rate.

### **4. Issues and Options**

Council's Building Unit is responsible for carrying out many of Council's functions as a Building Consent Authority (BCA) including issuing building consents, inspecting building work and issuing property information (e.g. project information memoranda). Costs to recruit and retain qualified and experienced officers are increasing as are costs to engage external consultants or specialists.

The proposal is to raise the hourly charge out rates and fees to better cover the costs of providing the building and LIM services. Some of Council's current fees and charges are lower than those imposed by other territorial authorities of similar size for the same work. For example, Council's technical charge out rate (currently \$160) is below that of Hastings (\$205 residential, \$225 commercial), New Plymouth (\$172 residential, \$193 Commercial) and Palmerston North (\$190 residential, \$208 commercial) despite staff having the same levels of qualifications.

The proposed deposits have had the current system fee incorporated into the initial charge to help minimise customer confusion. The level of deposits have increased to better reflect actual costs of the service.

The swimming pool fencing consent deposit (minor works) is proposed to increase from \$325 to \$450. This increase better covers the actual cost of vetting, processing and inspection of the property.

It is proposed to increase the quality assurance levy from \$2.50 to \$3.00 per \$1,000 of the estimated value of work which applies when the value of work is \$20,000 and over. The proposed levy better covers the costs of training and maintaining the higher levels of competencies officers require.

The Certificate of Acceptance application fee is proposed to increase from \$800 to \$1,000. This application fee aligns with Tasman District Council and will now cover the system fee introduced for this activity.

A reduction in fees for the notification of exempt works from \$315 to \$250 is proposed to better reflect the average actual costs involved with providing this service. Removing the Electronic File Management charge is also proposed as this has been incorporated within the hourly charge out rate.

LIM application fees are proposed to rise from \$285 to \$300 for residential properties and commercial applications increase from \$440 to \$460. LIM application fees have not changed since 2016 and have increased to better reflect the time taken to produce a LIM report. Addition hours spent undertaking checks for multiple titles are proposed to be charged at the hourly rate. LIM charges for other Councils of similar size to Nelson City Council range between \$272 and \$455 for residential properties and between \$380 and \$557 for commercial properties.

**Assessment**

In exercising its discretion about what fees and charges to impose, Council should ensure charges are cost-effective, with the purpose of recovering the reasonable costs incurred by the Council in respect of the activity to which the charge relates, and with those gaining the benefit from the regulatory service paying the reasonable cost for that service.

Council considers that the proposed amendments that it is seeking your feedback on achieves this balance.

**Options Analysis**

**Option 1** — No change to current fees

Customers will not face increased fees and charges but the current fees will not reflect the increasing costs of providing the services. Council will likely need to impose a larger increase to fees in the future and an increase in funding from rates is required to meet the increasing costs.

**Option 2** — Increase the fees by CPI at 1.4%

While customers would not face the larger proposed increased fees and charges, this level of fees and charges will not reflect the anticipated increase in costs to provide the services. If this level of increase is made to fees and charges now, Council may need to impose a larger increase in the future. In addition, there will need to be an increase in funding from rates to meet the increase in actual costs.

**Option 3** — Increase the fees and charges as proposed

This will better ensure the cost recovery level of the Building Unit are met compared to option 2, and provide less dependence on rates. The increase could potentially cause dissatisfaction to customers.

**Preferred Option**

**Option 3** — Amend fees as proposed in Attachment 1 and outlined in sections 2 and 4 above.

**Reasons**

The reasons for this option are outlined in section 4 above. In summary:

- Higher costs are anticipated to recruit and retain qualified and experienced officers;
- Changes are proposed to better reflect the actual cost of providing the service; and
- Proposed changes better align with other territorial authorities of similar sizes for the same work.

## Submissions

Anyone may make a submission about any aspect of the proposed amendments to the Building Unit fees and any other options that have been considered. Council, in making its decision, will take account of all submissions made.

All submissions, including the name and contact details of the submitter, will be made available to the public and media on Council's website, unless you specifically request that your contact details be kept private and explain why it is necessary to protect your privacy. Council will not accept any anonymous submissions.

Submissions can be made:

- online at [nelson.govt.nz/council/consultations](https://nelson.govt.nz/council/consultations)
- by post to Building Unit Fees and Charges Amendments, PO Box 645, Nelson 7010
- by delivering your submission to Civic House, 110 Trafalgar Street, Nelson.

**Submissions must be received no later than 16 April 2021.**

Any person who wishes to speak in support of their submission will be given the opportunity to address the Council at a hearing on **11 May 2021**.



## Proposed Building Unit Fees and Charges commencing 1 July 2021

**Yellow** highlight are the current charges, **Green** highlight and far right column are the proposed changes.

**All applications are subject to the following fees:**

- **Deposit** as listed below – **to be paid upon application** (now includes System Fee)
- **Upon Granting of building consent** - all additional costs will be invoiced and must be paid prior to Issue of Building Consent. These include: Specialist fees, Staff time at hourly charge out rate in excess of deposit, plus estimated inspections fees, all levies and Development/Financial contributions as applicable.
- **Before CCC Issue** - Any further time will be invoiced at hourly charge out rates.

**Development and financial contributions:** Building consents may also incur development and/or financial contributions - see [website information](http://www.nelson.govt.nz/building-and-property/property-land-use/development-and-financial-contributions/) - <http://www.nelson.govt.nz/building-and-property/property-land-use/development-and-financial-contributions/>

**Table 1 below, applies to all applications:** Commercial, Residential, New or Alteration & Additions. Costs exceeding the deposit are invoiced at hourly charge out rate prior to issue.

| Deposit now includes the application fee and is chargeable upon application: | <b>Current Deposit</b>   | <b>Proposed Deposit</b> |
|--|--------------------------|-------------------------|
| <b>Amendment to Issued Building Consent - deposit plus hourly rate.</b>      | <b>Hourly rate</b>       | <b>\$125.00</b>         |
| <b>Value of Work</b> - up to \$5,000   | \$665.00                 | \$750.00                |
| - \$5,001 to \$10,000  | \$910.00                 | \$1000.00               |
| - \$10,001 to \$20,000   | \$1,520.00               | \$1,670.00              |
| - \$20,001 to \$50,000   | \$2,275.00               | \$2,430.00              |
| - \$50,001 to \$100,000  | \$2,500.00               | \$2,660.00              |
| - \$100,001 to \$200,000   | \$2,772.00               | \$3,100.00              |
| - \$200,001 to \$400,000   | - \$200,001 to \$450,000 | \$3,352.00              |
| - \$400,001 to \$600,000 – New category to even out the spread of costs.     |                          | \$4,000.00              |
| - \$600,001 to \$800,000   | - \$450,001 to \$800,000 | \$4,137.00              |
| - \$800,001 to \$1,200,000   | \$4,260.00               | \$7,000.00              |
| - \$1,200,001 to \$4,000,000   | \$5,575.00               | \$7,500.00              |
| - \$4,000,001 or more  | \$9,000.00               | \$9,500.00              |

**Levies - fixed and required under Building Act 2004 - fee based on value of work.** Note: an Amendment that adds value to the original consent may cause it to incur (additional) Levies.

|  |                       |                      |
|--|-----------------------|----------------------|
| <b>BRANZ Levy - Building Research Association New Zealand Levy</b><br>- where estimated value is \$20,000 and over | \$1.00 per<br>\$1,000 | <i>No change</i>     |
| <b>MBIE Levy - Ministry of Business, Innovation and Employment Levy</b> where estimated value is \$20,444 and over | \$1.75 per<br>\$1,000 | <i>No change</i>     |
| <b>Insurance Levy</b> - where estimated value is \$20,000 and over and capped at \$10,000,000                      | \$1.50 per<br>\$1,000 | <i>No change</i>     |
| <b>QA Levy - Quality Assurance/Building Consent Authority Levy</b> - where estimated value is \$20,000 and over.   | \$2.50 per<br>\$1,000 | \$3.0 per<br>\$1,000 |

| <b>Hourly charge out rates for staff, meetings and external contractors</b>                                       | <b>Current Per Hour</b> | <b>Proposed Per Hour</b> |
|---|-------------------------|--------------------------|
| Building Control Administrators & Residential Building (Technical) Officers                                       | \$160.00                | \$164.00                 |
| Commercial Building (Technical) Officers<br>(Includes any commercial meeting with customer/project managers etc.) | \$160.00                | \$200.00                 |
| Any other meeting with Building Unit Staff or Duty Building Officer - <b>chargeable after first 30 minutes.</b>   | \$160.00                | \$164.00                 |

|  |  |  |
|--|--|--|
| External contractors or specialists engaged by Council   | At cost  | At Cost  |
| <b>Minor Works</b> –.includes system fee and deposit - payable upon application. Costs exceeding deposit are charged at hourly charge out rate   | <b>Current Deposit</b>   | <b>Proposed Deposit</b>  |
| <b>Swimming pool fencing application</b>   | \$325  | \$450.00   |
| <b>Solid fuel burner/Space heater</b>  | \$350  | \$430.00   |
| <b>Inbuilt burner/heater requiring extra cavity inspection</b>   | Hourly rate  | \$595.00   |
| <b>Demolition work</b>   | \$500  | \$630.00   |
| <b>Marquee – Private/Residential &gt; 100m2</b>  | \$300  | \$380.00   |
| <b>Marquee</b> any size in place for more than one month, commercial/ private  | \$500  | \$630.00   |
| <b>Express Service For Commercial Marquees</b> (less than 20 working days notice)  | \$1,175.00   | \$1,320.00   |
| <b>Swimming Pool Application</b>   | \$910.00   | \$1,050.00   |
| <b>Bathroom Alterations</b> including wet area shower  | \$910.00   | \$1,195.00   |
| <b>Proprietary Garage &gt;\$20k</b> - Non-refundable deposit plus hourly charge out rate   | \$1,520.00   | \$1,665.00   |
| <b>Any Relocated dwelling</b>  | \$2,175.00   | \$2,330.00   |
| <b>Works for which a Building Consent is Not Required</b>  | <b>Current Deposit</b>   | <b>Proposed Deposit</b>  |
| <b>Notification of Exempt Work - Schedule 1 (except clause 2)</b><br>– no assessment by Territorial Authority, application placed on Property File, one-off fixed fee.   | \$315.00   | \$255.00   |
| <b>Application for Discretionary Exemption – Schedule 1 (2) only</b><br>– Requires Territorial Authority assessment and decision. Costs exceeding the deposit are charged at the hourly charge out rate  | \$315.00 +   | \$320.00 +   |
| <b>Unauthorised building works report</b> ( <i>works prior to 1991</i> ) to file   | \$315.00   | \$255.00   |
| <b>Certificate of Acceptance (COA)</b>   | <b>Current Deposit</b>   | <b>Proposed Deposit</b>  |
| Applicants will be charged a <b>\$1,000.00</b> application fee<br><b>PLUS:</b> all applicable consent fees (including processing & inspection fees) and levies that would have been required and payable, had building consent been applied for BEFORE carrying out the work.<br>Any specialist input, where applicable, will be charged out at cost. The hourly charge out rate will be charged for all staff time. All building work completed without a Building Consent or Exemption Application, will require a COA. If a COA is not applied for, a Notice to Fix will be issued. | <b>\$800</b> plus all fees that would have been payable for processing & inspecting BC | <b>\$1,000</b> plus all fees that would have been payable for processing & inspecting BC |
| <b>Notice to Fix (NTF) and Other Enforcement</b><br>Costs exceeding the deposit are charged at the hourly charge out rate  | <b>Current Deposit</b>   | <b>Proposed Deposit</b>  |
| Notice to fix (each) issue   | \$370.00   | \$520.00   |
| Other notices (each) issued under Building Act 2004  | \$160.00   | \$175.00   |
| Section 124 notices for Dangerous or Insanitary Buildings (except where issued as a result of a natural disaster)  | \$370.00   | \$520.00   |
| Building Officer time and monitoring of notices issued   | Hourly rate  | Hourly charge out rate   |
| <b>Registration of Documents with Land Information New Zealand</b><br>Costs exceeding the deposit are charged at the hourly charge out rate  | <b>Current Deposit</b>   | <b>Proposed Deposit</b>  |
| Section 73 Building Act 2004   | \$450.00   | \$455.00   |

|  |                           |                            |
|--|---------------------------|----------------------------|
| Section 75 Building Act 2004   | \$450.00                  | \$455.00                   |
| Removal of section 73 or 75 (or equivalent under the Building Act '91)   | \$450.00                  | \$455.00                   |
| <b>Other Services Provided by the Building Unit</b>  | <b>Current Deposit</b>    | <b>Proposed Deposit</b>    |
| Costs exceeding the deposit are charged at the hourly charge out rate  |                           |                            |
| <b>Project Information Memorandum (PIM)</b> – charged at \$164 per hour for all staff. The deposit is only required if the PIM application is not part of a building consent application   | \$300.00                  | \$305.00                   |
| <b>Compliance schedule</b> - New   | \$200.00                  | \$400.00                   |
| <b>Compliance schedule</b> - Amendment   | \$160.00                  | \$250.00                   |
| <b>Building Warrant of Fitness (BWoF)</b> each renewal   | \$175.00                  | \$180.00                   |
| <b>BWoF back flow preventer only</b> - plus any additional time to review 12A forms at hourly charge out rate  | \$50.00                   | \$50.00                    |
| <b>BWoF Audit</b> of commercial premises plus additional time if necessary   | \$175.00                  | \$180.00                   |
| <b>Swimming pool barrier audit</b> plus additional time if necessary   | \$150.00                  | \$180.00                   |
| <b>Determinations; Lapsed consents; Extension of time</b> under section 52; and Section 93 decisions   | Hourly rate               | Hourly charge out rate     |
| <b>Certificate for public use (CPU)</b> fee - public buildings only  | \$400.00                  | \$405.00                   |
| <b>CPU extension of time</b> will be invoiced for \$610 plus staff time at hourly charge out rate  | \$600.00<br>+hourly rates | \$610.00 +<br>hourly rates |
| <b>Code Compliance Certificate</b>   | Hourly rate               | Hourly rate                |
| <del>Electronic file management charge – under \$20,000 no charge.</del>   | \$50.00                   |                            |
| Application for Exemption, for an Earthquake Prone Building  | \$610.00                  | \$620.00                   |
| Application for Extension of time for Heritage Earthquake Prone Building   | \$610.00                  | \$620.00                   |
| Assessment of information related to a Building's EQP status   | \$610.00                  | \$620.00                   |
| <b>Minor Variations</b> deposit plus hourly charge out rate  | Hourly rate               | \$80.00                    |
| <b>Amendment to Issued Building Consent</b> - deposit plus hourly rate.  | Not identified            | \$125 +                    |
| <del>Building Code Clause modification or waivers – e.g. B2 Mod. - Durability</del><br><del>Amendment to modify building code clause (e.g. B2 – Durability)</del>  | \$185.00                  | \$190.00                   |
| <b>Certificate of compliance (District Licensing Agency)</b><br>Building code compliance assessment for fire safety and sanitary facilities in a building, prior to an alcohol license application   | \$150.00                  | \$160.00                   |
| Commercial report of Monthly Building Consents Issued - Annual Fee   | \$250.00<br>per annum     | \$260.00<br>per annum      |
| Commercial report of Monthly & Mid-monthly Building Consents Issued - Annual Fee   | \$500.00<br>per annum     | \$550.00<br>per annum      |
| <b>Debt recovery</b> - Applicant shall be liable for all costs incurred by Council as a result of debt recovery. In making an application to Council you agree to abide by the Council Debtor Terms and Conditions:<br><a href="http://www.nelson.govt.nz/assets/Our-council/Downloads/working-with-council/customer-accounts/Debtor-Terms-Conditions.pdf">http://www.nelson.govt.nz/assets/Our-council/Downloads/working-with-council/customer-accounts/Debtor-Terms-Conditions.pdf</a> | Hourly charge out rate    | Hourly charge out rate     |
| <b>LIMS</b>  | <b>Current</b>            | <b>Proposed</b>            |
| Residential  | \$285                     | \$300                      |
| Commercial   | \$440                     | \$460                      |
| Multiple titles  |                           | Hourly rate                |

