

## **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 2022**

## **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 2021. 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 \$164 per hour to \$172 per hour on all residential consents;
- b) Increase the hourly charge out rate for commercial technical officers from \$200 per hour to \$210 per hour;
- c) Fix the fee for the solid fuel burners at \$450 and \$625 if an extra cavity inspection is required (the existing deposits are \$430 and \$595, with additional charges invoiced at the hourly rate);
- d) Introduce a deposit of \$250 for historic consents (consents where over 5 years has lapsed since granting and no Code Compliance Certificate has been issued);
- e) Generally raise the deposit amounts by CPI to better reflect actual costs and consequently minimise larger invoices at Code Compliance Issue;
- f) Raise the deposit for amendments to Building Consents from \$125 to \$450 to better reflect the actual final cost, minimising larger invoices at the time of issuing the amendment;
- g) Increase LIM application fees from \$300 to \$315 for residential properties and commercial LIM applications from \$460 to \$483; and
- h) Increase the hourly rate for multiple property title LIM applications from \$164 to \$172.

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 changes are new or higher than the September 2021 Consumer Price Index (CPI) increase at 4.9%. 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 higher 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 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. Costs to provide the service to meet audit standards are also escalating.

The proposal is to raise the hourly charge out rates and fees generally by CPI 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 residential charge out rate (currently \$164) is below that of Hastings (\$209 residential, \$230 commercial), New Plymouth (\$176 residential, \$197 Commercial) and Palmerston North (\$194 residential, \$212 commercial) despite staff having the same levels of qualifications.

It is proposed to fix the fee for the solid fuel burners at \$450 or \$625 if an extra cavity inspection is required. The existing deposits are \$430 or \$595 with additional charges invoiced based on the time to process the application at the hourly charge out rate. The officer time to process these applications does not vary greatly. A fixed fee based on average costs for this activity is more efficient than invoicing for small amounts above the deposit.

A deposit of \$250 is proposed to be introduced for the historic consents. A historic consent is one that five years or more has elapsed since the consent was issued or since the last inspection and no Code Compliance Certificate has been issued. These consents are higher risk, there's a separate process involved, and a file review is mandatory. This deposit will generally cover the cost of the file review. In the event this is completed, and the owner decides not to continue with the process, Council has recovered its costs by introducing this deposit.

The deposit for Building Consent amendments is proposed to increase from \$125 to \$450. As most amendment costs are greater than \$450 it is appropriate to require a deposit that better reflects the actual final cost. The level of deposit has increased to better reflect actual costs of the service, reducing the need for larger invoices at the issuing of the amendment.

LIM application fees are proposed to increase by CPI from \$300 to \$315 for residential properties and commercial applications increase from \$460 to \$483. The increase better reflects the time taken to produce a LIM report. The hourly rate for undertaking checks for multiple titles is also proposed to increase by CPI from \$164 to \$172 per hour. LIM charges for other Councils of similar size to Nelson City Council range between \$279 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 as proposed**

This will better ensure the cost recovery level of the Building Unit are met compared to option 1 and provide less dependence on rates. The increase could potentially cause dissatisfaction to customers given the economic climate.

### **Option 3 — Increase the fees and charges by 14%**

This will ensure the cost recovery level of the Building Unit are met while the costs of providing the service are escalating. There is less dependence on rates. The significant increase however could potentially cause dissatisfaction to customers.

## **Preferred Option**

**Option 2** — 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 being experienced to recruit and retain qualified and experienced officers and to train new staff;
- 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 <https://shape.nelson.govt.nz/special-consultative-procedure-change-regulatory-fees-and-charges>
- 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 14 May 2022.**

Any person who wishes to speak in support of their submission will be given the opportunity to address the Council at a hearing on **26 May 2022**.



## Proposed Building Unit Fees and Charges commencing 1 July 2022

The following changes are proposed in addition to the CPI increases:

- The fees for Residential solid fuel burners are proposed to be fixed at \$450 for freestanding and \$625 for inbuilt burners including CPI increase as reflected below.**  
Customers were previously invoiced for all staff time spent on these consents however the result was overwhelming feedback that most invoices were too expensive for home heating. We wish to retain the right to charge additional time where applications are particularly poor or require excessive staff input.
- The **Amendment to Issued Building Consent deposit is proposed to be raised to \$450**, to cover system fee, one hour processing & one hour admin.
- One new building activity fee is proposed to be introduced: **Historic Building Consent File Review Deposit - \$250 plus current hourly rate**. The deposit will help cover the costs of staff time taken to review these historic consents after the owners agree to start this process. Occasionally, owners fail to complete the process leaving Council unable to recover costs incurred.

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

- Non-Refundable Deposit** as listed the following tables – to be paid upon application (now includes System Fee, for ease of use)
- Upon Granting of building consent** - 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 above deposit, plus estimated inspections fees, all Levies and Development/Financial Contributions as applicable.
- Before CCC Issue** – All time will be re-calculated and offset against staff time already paid & the difference will be invoiced, to be paid prior to Code Compliance Certificate issue.

**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/)

**The table below applies to all applications:** Commercial, Residential, New or Alteration & Additions. Costs exceeding the deposit (minus system fee) are invoiced at current hourly charge out rates, prior to issue of legal documentation.

**Rounded up or down to nearest \$1**

**All Deposits throughout this document are non-refundable** and now include the application fee and are chargeable upon application.

**2021 Deposit**

**2022 Non-Refundable Deposit**

**Amendment to Issued Building Consent – non-refundable deposit plus hourly charge out rate**

**\$125.00**

**\$450.00**

**Value of Work - up to \$5,000**

\$750.00

\$787.00

**System fee \$75 for up to \$10,000 - \$5,001 to \$10,000**

\$1,000.00

\$1,049.00

**System fee \$125 for \$10,001 to \$600,000 - \$10,001 to \$20,000**

\$1,670.00

\$1,752.00

**- \$20,001 to \$50,000**

\$2,430.00

\$2,549.00

**- \$50,001 to \$100,000**

\$2,660.00

\$2,790.00

**- \$100,001 to \$200,000**

\$3,100.00

\$3,252.00

**- \$200,001 to \$400,000**

\$4,000.00

\$4,196.00

**- \$400,001 to \$600,000**

\$5,000.00

\$5,245.00

**System fee \$250 for over \$600,000 - 600,001 to \$800,000**

\$6,000.00

\$6,294.00

**- \$800,001 to \$1,200,000**

\$7,000.00

\$7,343.00

**- \$1,200,001 to \$4,000,000**

\$7,500.00

\$7,868.00

**- \$4,000,001 or more**

\$9,500.00

\$9,966.00

<b>Levies - fixed and required under Building Act 2004 - fee based on value of work.</b> 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> where estimated value is \$20,000 and over	\$1.00 per \$1,000	\$1.00 per \$1,000
<b>MBIE Levy - Ministry of Business, Innovation and Employment Levy</b> where estimated value is \$20,444 and over	\$1.75 per \$1,000	\$1.75 per \$1,000
<b>Insurance Levy</b> - where estimated value is \$20,000 and over and capped at \$10,000,000. <b>\$.## per \$1,000</b>	\$1.50	\$1.60
<b>QA Levy - Quality Assurance/Building Consent Authority Levy</b> - where estimated value is \$20,000 and over. <b>\$.## per \$1,000</b>	\$3.00	\$3.15

<b>Hourly charge out rates for staff, meetings, and external contractors</b>	<b>Per Hour</b>	<b>Per Hour</b>
Building Control Administrators and Residential Building (Technical) Officers	\$164.00	\$172.00
Commercial Building (Technical) Officers (includes any commercial meeting with customer/project managers etc.)	\$200.00	\$210.00
Any other meeting with Building Unit Staff or Duty Building Officer - <b>chargeable after first 30 minutes.</b>	\$164.00	\$172.00
External contractors or specialists engaged by Council	At Cost	At Cost

<b>Minor Works</b> – includes system fee and non-refundable deposit - payable upon application. Costs exceeding deposit (minus system fee) are charged at hourly charge out rate	<b>2021 Deposit</b>	<b>2022 Non-Refundable Deposit</b>
<b>Swimming pool fencing application</b>	\$450.00	\$472.00
<b>Solid fuel burner/Space heater</b>	<b>\$430.00</b>	<b>\$450.00</b>
<b>Inbuilt burner/heater requiring extra cavity inspection</b>	<b>\$595.00</b>	<b>\$625.00</b>
<b>Demolition work</b>	\$630.00	\$661.00
<b>Marquee – Private/Residential &gt; 100m<sup>2</sup></b>	\$380.00	\$399.00
<b>Marquee</b> any size in place for more than one month, commercial/private	\$630.00	\$661.00
<b>Express Service For Commercial Marquees</b> (less than 20 working days' notice)	\$1,320.00	\$1,385.00
<b>Swimming Pool Application</b>	\$1,050.00	\$1,101.00
<b>Bathroom Alterations</b> including wet area shower	\$1,195.00	\$1,254.00
<b>Proprietary Garage &gt;\$20k</b> – Non-refundable deposit plus hourly charge out rate	\$1,665.00	\$1,747.00
<b>Any Relocated dwelling</b>	\$2,330.00	\$2,444.00

<b>Works for which a Building Consent is Not Required</b>	<b>2021 Deposit</b>	<b>2022 Deposit</b>
<b>Notification of Exempt Work - Schedule 1 (except clause 2)</b> <ul style="list-style-type: none"> <li>No assessment by Territorial Authority, application placed on Property File, one-off fixed fee.</li> </ul>	\$255.00	\$267.00
<b>Application for Discretionary Exemption – Schedule 1 (2) only</b> <ul style="list-style-type: none"> <li>Requires Territorial Authority assessment and decision. <b>Costs exceeding the deposit are charged at the hourly charge out rate</b></li> </ul>	\$320.00	\$336.00
<b>Unauthorised building works report</b> ( <i>works prior to 1991</i> ) to file	\$255.00	\$267.00



<b>Certificate of Acceptance (COA)</b>	<b>2021 Deposit</b>	<b>2022 Deposit</b>
Applicants will be charged a <b>\$1,050.00</b> application fee	\$1,000	\$1,050.00
<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.	<b>\$1,000</b> plus all fees that would have been payable for BC inc. processing, admin & inspections	<b>\$1,050</b> plus all fees at current rates, that would be payable if BC had been applied for, inc. processing, admin & inspections
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>Notice to Fix (NTF) and Other Enforcement</b>	<b>2021 Deposit</b>	<b>2022 Deposit</b>
Costs exceeding the deposit are charged at the hourly charge out rate		
Notice to fix (each) issue	\$520.00	\$545.00
Other notices (each) issued under Building Act 2004	\$175.00	\$184.00
Section 124 notices for Dangerous or Insanitary Buildings (Except where issued as a result of a natural disaster)	\$520.00	\$545.00
Building Officer time and monitoring of notices issued	Hourly charge out rate	Hourly charge out rate

<b>Registration of Documents with Land Information New Zealand</b>	<b>2021 Deposit</b>	<b>2022 Deposit</b>
Costs exceeding the deposit are charged at the hourly charge out rate		
Section 73 Building Act 2004	\$455.00	\$477.00
Section 75 Building Act 2004	\$455.00	\$477.00
Removal of section 73 or 75 (or equivalent under Building Act '91)	\$455.00	\$477.00

<b>Other Services Provided by the Building Unit</b>	<b>2021 Deposit</b>	<b>2022 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	\$305.00	\$320.00
<b>Compliance schedule</b> - New	\$400.00	\$420.00
<b>Compliance schedule</b> - Amendment	\$250.00	\$262.00
<b>Building Warrant of Fitness (BWof)</b> each renewal	\$180.00	\$189.00
<b>BWof back flow preventer only</b> - plus any additional time to review 12A forms at hourly charge out rate	\$50.00	\$52.00
<b>BWof Audit</b> of commercial premises plus additional time if necessary	\$180.00	\$189.00
<b>Swimming pool barrier audit</b> plus additional time if necessary	\$180.00	\$189.00
<b>Determinations; Lapsed consents; Extension of time</b> under section 52; and Section 93 decisions	Hourly charge out rate	Hourly charge out rate
<b>Certificate for public use (CPU)</b> fee - public buildings only	\$405.00	\$425.00
<b>CPU extension of time</b> will be invoiced for \$610 <b>plus staff time at hourly charge out rate</b>	\$610.00	\$640.00
<b>Code Compliance Certificate</b>	Hourly rate	Hourly rate

Application for Exemption, for an Earthquake Prone (EQP) Building	\$620.00	\$650.00
Application for Extension of time for Heritage Earthquake Prone Building	\$620.00	\$650.00
Assessment of information related to a Building's EQP status	\$620.00	\$650.00
<b>Minor Variations</b> deposit plus hourly charge out rates	\$80.00	\$84.00
<b>Amendment to Issued Building Consent</b> - non-refundable deposit plus hourly charge out rate.	\$125	\$450.00
Building Code Clause modification or waivers – e.g. B2 Mod.- Durability	\$190.00	\$199.00
Historic Building Consent - file review - deposit plus current hourly rate	NEW in July 2022	\$250 +
<b>Certificate of compliance (District Licensing Agency)</b> Building code compliance assessment for fire safety and sanitary facilities in a building, prior to an alcohol license application	\$160.00	\$168.00
Commercial report of Monthly Building Consents Issued - <b>Annual Fee</b>	\$260.00	\$273.00
Commercial report of Monthly & Mid-monthly Building Consents Issued - <b>Annual Fee</b>	\$550.00	\$577.00
<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: <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>2021 Deposit</b>	<b>2022 Deposit</b>
Residential	\$300	\$315.00
Commercial	\$460	\$483.00
Multiple titles - at hourly charge out rate	Hourly charge out rate \$164	Hourly charge out rate \$172



**Public Information:** *All submissions (including the names and contact details of submitters) are public information and will be available to the public and media in various reports and formats including on the Nelson City Council website. Personal information will also be used for administration relating to the subject matter of submissions. Submitters have the right to access and correct any personal information included in any reports, information or submissions.*

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- Online at <https://shape.nelson.govt.nz/special-consultative-procedure-change-regulatory-fees-and-charges>
- By post to **Proposed amendments to the Building and LIM charges, PO Box 645, Nelson 7010**
- By dropping off to **Civic House, 110 Trafalgar Street, Nelson**