

5. REVIEW OF INSPECTION FEES

RR 8319

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Corporate Plan Output: Building Control	

The purpose of this report is to recommend to Council, the increase of Compliance Inspection fees from \$45.00 to \$51.50 and the set fee for minor works from \$155.00 to \$168.00.

Because of the budget shortfall in the Compliance Inspection Section of the Environmental Services Unit during the 1997/98 year, it has been necessary to review the operation of the Inspection Section.

The demand for inspections has been affected by two major causes. The Inspection Section has been working to raise efficiency by training staff so that they are cross-skilled in both Building, and Plumbing and drainage. This has meant we have been able to reduce the number of inspections for the client. Where in the past two separate inspections have taken place, now both are combined and undertaken by the one person. The second cause has been the slowing of the economy and the reduction in the demand for inspections.

The numbers of inspections carried out in each of the last three years is as follows: 1995/96 (36,599), 1996/97 (35,529), and 1997/98 (32,237).

In light of the reduction in demand, the number of inspectors has now been reduced by 2 from 17 to 15. This reduction in numbers will result in a workload per person similar to that in 1995/96. As reported to the Environment Committee in September 1997, an Audit New Zealand national survey on Building Control and inspection concluded that their analysis suggested that Christchurch's use of staff resources was more efficient than that of comparable authorities. The reduction in numbers will maintain our efficiency level.

The reduction in staff numbers will not be sufficient to recover our budgetary shortfall. The inspection fee was set in 1992, and has not been changed since then. The budget shortfall in income in 1997/98 was \$219,000. In 1998/99, the net reduction in costs due to the reduction in staff numbers will be \$33,000 after taking redundancy costs into account. This will mean the shortfall for 1998/99 could be \$186,000. Based on a volume of 32,000 inspections, an increase in inspection fee of \$5.80, which when GST is added, would amount to \$6.50, is required.

The current inspection fee is \$45.00 including GST and is based on an hourly rate of \$60 per hour. The suggested new fee is \$51.50 per inspection, based on an hourly rate of \$68.00 per hour. An increase of \$6.50 in the inspection fee would also result in an increase in the prepaid fee for minor works. The set charge for certain minor works is \$155.00. This level allows for two inspections for \$30 each. At these levels, the consents for minor works are being subsidised and it would be reasonable to recover some of the deficit by increasing the cost for the minor works consents by \$13.50.

The subsidisation of minor works is at the expense of our charges for larger consents and affects our competitiveness in relation to the Private Certifiers with whom we compete for the work related to larger consents.

Even with reduced staff numbers and a proposed fee increase, the resultant financial benefits will not be realised until the following financial year. In addition to reduced staff levels and a fee increase, the ES Unit is reviewing its current processes to seek further efficiencies.

- Recommendation:** 1. That pursuant to Section 690A of the Local Government Act 1974, the Council adopt the following amended fees:

*BUILDING CONSENTS FOR MINOR RESIDENTIAL WORKS
(Includes Project Information Memorandum)
Charge payable on application*

*Detached accessory building
Single detached garages
Minor Alterations (not including plumbing
and/or drainage work)
Conservatories
Residential Demolition*

*With an estimated value of
less than \$5,000* *\$168.00*

*Building Consents
Charges for inspections
Standard inspection* *\$51.50*
When time taken is in excess of 1 hour *\$68 per hour*

2. That following Council adoption, the building charges be publicly notified.