

17. PROPOSED DOG REGISTRATION FEES 2002/2003

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The purpose of this report is to facilitate discussion about dog registration fees for the 2002/2003 year.

TIMING

The Dog Control Act 1996 requires that all dogs over three months old be registered by 1 July each year and that the fees for dog registration set by the Council be publicly notified in the newspaper at least once in the month prior to the commencement of the registration year.

It is common practice for territorial authorities to send an application for dog registration to each known dog owner in their area. In Christchurch these forms are pre-printed with the dog and owner details, the dog registration fees and information required by the Dog Control Act. While the responsibility to register a dog rests with its owner and the Council is not required to post applications, it is considered an advantage to do so in an effort to have dogs registered by 1 July of each year.

In order for the application forms to be printed for processing and posting in mid-May, it is necessary for the Council to set the fees no later than its April meeting each year.

DOG CONTROL ACCOUNT

The net cost for Animal Control has increased by \$104,000 since last year (\$82,193 in 2001/02 to \$186,130 in 2002/03).

As at 1 July 2001 the Dog Control account had an opening balance of \$119,969 in deficit. If the 2001/02 budget comes in on target, the Dog Control account will be \$75,753 in deficit at the end of the current financial year. This assumes a best case scenario and includes the 5% rates subsidy. However, it is considered unlikely that the budget will come in on target because revenue is down.

The draft budget for 2002/03 shows an anticipated deficit of \$107,050 at the end of the financial year, including the 5% rate subsidy. In other words, the deficit in the Dog Control account is increasing. This scenario assumes that Responsible Dog Owner (RDO) fees will have risen from \$37 to \$40, as contained in the draft 2002/03 budget. As with the current financial year, the 2002/03 budget is based on a best possible scenario and realistically the revenue target may not be achieved.

The main reasons for the increase in budgeted costs for 2002/03 are as follows:

Phones/cell phones	up \$21,362
Vehicles	up \$21,000
Servicing calls from the Customer Centre	\$86,240

Capital expenditure for both the relocatable building which houses the Animal Control Team at Metro Place and the electronic job allocation system, together with a shortfall in budgeted dog registration revenue have all resulted in a deterioration of the Dog Control account.

Actual balances for the Dog Control account over the past six years are as follows:

1997	\$113,082	
1998	\$41,833	
1999	\$35,735	
2000	\$79,935	
2001	\$119,969	overdrawn

Budgeted balances for the current and next financial years are:

2002	\$75,753	overdrawn
2003	\$107,050	overdrawn

OPTIONS

There are 27,200 registered dogs in the city as follows:

- 15,800 Responsible Dog Owners (RDO)
 - 900 RDO second dog
- 5,300 Non-RDO
- 5,200 Non-RDO de-sexed

Fee Increases

1. Raise RDO fees by \$3 (incorporated already in draft 2002/03 budget).
2. Raise RDO fees by \$5 (from \$37 to \$42) = \$28,000 additional revenue.
3. Raise non-RDO fees by \$3 (from \$70 to \$73) = \$14,100
4. Raise non-RDO fees for de-sexed dogs by \$3 (from \$60 to \$63) = \$13,800
5. Raise all of the above categories by \$3 = \$30,400 additional revenue
6. Raise all of the above categories by \$5 = \$78,700 additional revenue

Rates Subsidy

Rates currently subsidise 5% of the total expenditure for Animal Control, which equates to \$78,906 for 2002/03.

7. If the rates subsidy was increased from 5% to 7.5%, this would provide an additional \$39,500.
8. If the rates subsidy was increased to 10%, this would provide an additional \$78,906.

DISCUSSION

The Dog Control account deficit is not a particularly significant issue in terms of the overall Council budget. Clearly, however, a plan for reducing the deficit needs to be put in place so that the deficit does not grow to unmanageable proportions. Raising fees is never a popular option, and staff believe that all of the current fees, apart from RDO, are at the threshold of affordability now. Although the RDO fee is affordable for most people, it is unfortunate that this revenue is used to control problem dogs rather than dogs who are owned by responsible owners. This situation is viewed by many to be unfair because it is the antithesis of the "user pays" philosophy. Another disadvantage with raising fees is that this discourages payment and increases the level of difficulty already experienced in collecting revenue. The amount of time spent by officers chasing up payments is expensive in itself and detracts from their core function of dog control.

Increasing the rates subsidy will obviously have an impact upon rates. There is wide variation around the country in regard to rates subsidies, some examples of which are listed below.

Local Authority	No of Dogs	Fees				Subsidy (rates)
		Standard	Reduced De-sexed	Reduced RDO	Reduced 2 nd RDO	
Auckland City	18,822	\$75.00	\$55.00	\$30.00	\$20.00	40%
Christchurch City	27,400	\$70.00	\$60.00	\$37.00	\$22.00	5%
Dunedin City	12,909	\$60.00	\$55.00	\$35.00	-	37%
Hamilton City	7,794	\$80.00	-	\$12.00	-	40%
Invercargill City	6,557	\$50.00	-	\$40.00	-	0%
Manukau City	18,500	\$80.00	-	\$40.00	-	25%
Wellington City	7,750	\$110.00	\$88.00	\$55.00	-	25%
Rotorua District	9,300	\$41.50	\$31.50	\$23.50	\$13.50	50%
Porirua City	3,700	\$105.00	\$70.00	\$50.00	-	

The new electronic job allocation system has resulted in a much more effective way of carrying out the dog ranging function and has resulted in much improved response times. An additional advantage the job allocation system has provided is information at the touch of a button regarding owners who registered dogs last year, but have not done so in the current year. This means that when officers are investigating a complaint, they can also go to any addresses targeted by the system for unregistered dogs while they are in that locality. Over time this should lead to much better revenue recovery than at present. In the short-term, however, it is more likely to result in revenue targets being achieved rather than resulting in a surplus.

CONCLUSION

None of the above options is particularly palatable. The Committee may wish to consider adopting Option 5, whereby all fees increase by \$3 (\$30,400 additional revenue) and the rates subsidy be increased to 7.5% (\$39,453) in order to reduce the deficit. If this option is chosen, it is suggested that the rates subsidy be reviewed after two years with a view to reducing it back to 5% if revenue recovery has improved.

Recommendation from Chair:

For discussion.