

9. NATIONAL DEFAULT DISCOUNT POLICY FOR RESOURCE CONSENTS



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PURPOSE OF REPORT

1. The purpose of this report is to update the Regulatory and Planning Committee on the national default discount policy for resource consents following a recent announcement from the Minister for the Environment. The report also seeks to inform the Committee on what measures are being taken to ensure compliance with statutory processing timeframes and to estimate the financial impact of the regulations.

EXECUTIVE SUMMARY

2. The Government has now released the national default discount policy for resource consents. The Press statement from Hon Dr Nick Smith on 21 April 2010, is attached (**Appendix 1**). It was released to coincide with the Conference of the Planning Institute, held in Christchurch recently.
3. The policy sets a one per cent reduction in the processing costs for each day over the prescribed statutory processing timeframe, up to a maximum 50 per cent of the processing cost. This level of discount is less than the originally envisaged in a discussion document put out earlier this year by the Ministry for the Environment (MfE).
4. The policy is likely to have a financial impact up to a maximum of \$50,000. However, with a number of initiatives being implemented to improve compliance and lower than expected penalties, the financial impact may be less.
5. The Resource Management Act (RMA) Discount Regulations have not yet been promulgated but they are expected to be in place prior to 1 July 2010 when they will become effective.

FINANCIAL IMPLICATIONS

6. Up to \$50,000 has been budgeted for in the 2010/11 resource consents budget. This figure was based on current levels of meeting statutory timeframes but anticipated a high level of discount. It is felt prudent to retain the original budgeted figure until the actual impact is actually known.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

7. Yes. A discounting regime was anticipated.

LEGAL CONSIDERATIONS

8. The tracking of consents and calculation of discounts will need to strictly accord with the content of the regulations.

Have you considered the legal implications of the issue under consideration?

9. Yes.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

10. Yes.

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

11. Yes.

ALIGNMENT WITH STRATEGIES

12. Yes.

Do the recommendations align with the Council's strategies?

13. Yes.

CONSULTATION FULFILMENT

14. Once the exact content of the Discount Regulations is known information will be provided to applicants on the Discount Regulations.

STAFF RECOMMENDATION

It is recommended that the Regulatory and Planning Committee:

- (a) Receive this report.
- (b) Note that process changes have been initiated or are proposed to meet statutory timeframes.

BACKGROUND

National Default Discount Policy for Resource Consents

15. The Government passed the Resource Management (Simplifying and Streamlining) Amendment Act in September 2009, which included a requirement to prepare regulations to provide for a national default discount policy for late resource consents by 1 July 2010. Councils can still prepare their own discount policy but the penalties cannot be less than the national policy.
16. Specifically Section 360(1)(hj) of the Act allowed the Minister for the Environment to make regulations for discounts on administrative charges in circumstances where local authorities are responsible for applications for resource consents and applications to change or cancel resource consent conditions not being processed within time limits set out in the Resource Management Act. Section 36AA made the development of these regulations mandatory by 1 July 2010.
17. The Ministry for the Environment released an issues and options paper in mid January which formed part of the regulation development process and Council prepared a submission at that time. The discussion document at that time proposed a greater level of discount which was of concern to Local Government.
18. At this stage the Cabinet has considered and confirmed the recommendations from the Cabinet Legislation Committee and the regulations are to be 'made' at the Executive Council and notified in the Gazette. The regulations take effect 28 days after the Gazette notice.
19. The policy was announced on 21 April 2010. Where the processing of a resource consent exceeds the timeframes in the Act, the regulation will now provide that where a Council is responsible for the delay a Council must apply a discount of one per cent per working day, up to a maximum of 50 per cent. Originally, higher penalties were proposed.
20. The Ministry for the Environment is producing guidance material to assist Councils in applying the regulations. The Ministry will also hold presentations on the regulations with local authorities in early July.
21. On release of the policy, the Hon. Dr Nick Smith said:

"Decision making processes under the RMA must become more efficient. These regulations will provide welcome support to businesses and households and add strength to other government measures to stimulate the economy. Slow consent processes come at a cost to both the economy and the environment.

"I want Councils to work harder to improve their processes and meet the timeframes in the RMA. I also want the public and businesses to feel confident that consents will be processed within timeframes and, when they're not, that costs to the applicant are recognised."
22. We have known that the regulation would be in effect on 1 July 2010, so we have been focused on initiatives to improve compliance. Some of these initiatives have already been undertaken and are contributing to improved compliance.

Changes that have been implemented

- Electronic processing of applications - All resource and subdivisions consents are now processed electronically. This enables easy transfer of applications to Officers and allows for resource consent decisions to be communicated quicker and easier to applicants.
- Improving productivity - We have analysed process flows as outlined in **Appendix 2** and have managed to increase productivity because of simpler systems being introduced. As can be seen from the process flowchart all key steps are supported by Standard Operating Procedures and business rules related to timeframes.

- Improvement in awareness, monitoring and reporting on working days count - Managers and Team Leaders get daily reports outlining the status of consent in relation to the time clock.
- Development of training guidance, practice notes and operational procedures - all information necessary to support Planners in processing consent is included on our Intranet including training guidance, practice notes and operational procedures.
- Introduction of a fast track service - Where there is urgency applicants can apply to have their consents processed within a shortened timeframe. This service incurs additional charges.
- Introduction of a streamline programme for approved consultants - Approved consultants can pre-prepare planners reports using our standard templates which means they can be put to a Officer or Hearing Panel within a few days of receipt.

Changes to be implemented

- Centralisation of processing staff - it is anticipated that there will be a quicker turnaround of consent applications once Linwood and Sockburn regulatory services staff are located in the new Civic building. There will be daily hearings to consider Resource Consents.
 - Development of service level agreements with internal departments - There have been presentations to other Groups of Council which provide information necessary for the processing of resource consents in anticipation of the Discount Regulations. They are aware of the financial implications of delays and have agreed that service level agreements with them will clearly identify acceptable timeframes for the receipt of their information.
 - Development of contracts with external providers - Purchase orders with external providers of information ie surveyors, planning consultants will clearly identify acceptable timeframes for the receipt of their information.
 - Improvement and promotion of the pre-application process - The pre-application process is critical to meeting timeframes for more complex applications i.e. large subdivisions. We expect that applications will be fully "complete" before accepting them for processing and will undertake a thorough vetting process at the time of their acceptance. The pre-application process is important in outlining the exact information that will be required. It is anticipated that the guidance material from the Ministry for the Environment (MfE) will have a focus of pre application meeting.
 - Simplification of "minor works" reports - We are working with other Groups to get written material so that Planners can make decisions about minor works without having to involve other Officers from other Groups.
23. As we work through these changes and receive the guidance material from MfE there are other initiatives which we will incorporate. The process diagram attached as **Appendix 2** outlines the key process steps and the interdependencies necessary to process consents within timeframes.
24. The Cabinet report proposing the changes recognised that Councils will need to have sufficient time to develop internal procedures, delegations and staff training to meet the new regulations. Fortunately, as outlined above, we already have a number of initiatives in place to address these issues. The Cabinet paper also identified that local authority resource consent tracking and financial database systems will need to be reviewed and possibly amended to effectively track, and where applicable, to apply discounts. We already have a GEMs system which allows us to track consents. However further process modifications will be necessary to allow us to apply discounts within our invoicing system. In the meantime we will apply such discounts manually, when and if required.

Current performance

25. In the 2009/10 year, the Christchurch City Council is achieving 94% compliance with the statutory timeframe for non-notified applications and 58% compliance for notified applications. For the previous financial year, 83% compliance was achieved for non-notified applications and 47% for notified applications. Clearly, the slowing down of the economy and some of the initiatives already implemented are having an affect with the improved performance. We are anticipating making further gains prior to 1 July and then again, further efficiency gains linked to our shifting in August to the new Civic building.

Budget Provision

26. There has been \$50,000 provided for in the 2010/11 Annual Plan for RMA discounts. The estimated financial impact of the policy could be up to \$50,000 however this may be lower given the ongoing initiatives being implemented. The exact figure could depend on the economic situation and outlook.
27. This area will remain a significant challenge for the business especially when processing complex resource consents. It will be important that whatever processes and business improvements are put in place that they recognise the need for strict compliance with statutory timeframes. It will also be important to achieve an appropriate balance between outcomes, robust process and speed.