



# Aquaculture & Coastal Occupation Charges

*A view from the Mainland*



# Introduction

- ü Priority for Aquaculture: reducing uncertainty
- ü Canterbury approach to Coastal Occupation Charges
- ü Applying in practice – Gross revenue: an alternative to adjacent land value.

# Priority for Aquaculture: reducing uncertainty

## Ü Where is aquaculture not suitable:

- prohibited areas
- primary responsibility: regional councils.

## Ü Economic viability of sites:

- Off-shore sites: are they viable?
- Primary responsibility: Industry

## Ü Coastal Occupation Charges

- Primary responsibility regional councils
- Need to work together: industry, Government, other RC's.

# Principles

Ü s64A discusses private gain, public loss & public benefit

- all three are relevant when determining COC

Ü Private gain

- May be financial if commercial enterprise or has re-sale value
- May be non-financial if for personal or recreational use

# The Canterbury Approach

Step 1: Estimate private gain

Step 2: Fair return to owner (Regional Council on behalf of Crown)

Step 3: Is there any additional public loss? If yes, increase charge to reflect it.

Step 4: Is there public gain? If yes, decrease charge, possibly to zero.

# Estimating Private Gain

Method depends on nature of occupation

ü Examples:

Boat shed: adjacent land value.

Must have relationship to land value or similar

Commercial enterprise: gross revenue

ü Determine fair return to public

# Gross Revenue Approach

- ü A rental approach: not compensation for effects or cost recovery.
- ü Reflects private benefit
- ü Could use profit but profit is easily manipulated
- ü Requires access to audited accounts
- ü % return to RC depends on cost structure of industry (Eg High capital investment, lower percentage return to Crown).

# Advantages of Gross Revenue Approach

- Well established for use of public assets in both NZ & overseas.
- Relationship between fortunes of industry and return to owner.
- More robust than land value approach.



# Conclusion

- ü Coastal Occupation Charges are a key area of uncertainty for Councils and industry.
- ü Method for setting charges should reflect circumstances of occupation.
- ü Gross revenue provides a real alternative (to adjacent land value) for commercial occupations.