

FEES AND CHARGES (NON-RATES) POLICY

1. PURPOSE

This policy provides direction on setting consistent, fair and equitable fees and charges for goods and services provided by council other than those subject to council rating decisions.

2. POLICY STATEMENT

Fees and charges are a component of council's revenue strategy and represent up to 10% of council's budgeted recurrent income.

This Policy:

- Provides the principles and methodologies for setting fees and charges other than those amounts subject to council rate decisions; and
- Provides the process for reviewing, deleting and adding fees and charges to the List of Fees and Charges approved by council each year.

3. SCOPE

This policy:

- Applies to all fees and charges included in the List of Fees and Charges that is submitted to Council for approval as part of the annual Budget Estimates process; and
- Applies to any adjustment, addition or removal of fees or charges submitted to Council for approval outside the annual Budget Estimates process.

4. CLARENCE CITY COUNCIL STRATEGIC PLAN OUTCOME

The following Strategic Plan goals are relevant and apply to this policy:

Governance: Formulate and maintain a suite of policies to provide a framework for the establishment and implementation of Council's plans, strategies, programs and services.

Council's assets and resources: Make affordable, fair and equitable fees and charges by ensuring consistency in their application and reflecting the true cost of providing services to the community.

5. LEGISLATIVE REQUIREMENTS

This policy is to be applied in accordance with the *Local Government Act 1993*, Division 7 (Fees and Charges).

In addition to the *Local Government Act 1993*, Council also has obligations including, but not limited to:

- Section 81.5 of the *A New Tax System (Goods and Services Tax) Act 1999* (Cth); and
- *Competition and Consumer Act 2010* (Cth) and associated Guidelines for Local Government.

6. DEFINITIONS

The following definitions apply to this policy:

Cost recovery is the amount of costs to be recovered from users of the good or service, calculated by determining the true cost of delivering a good or service (including direct costs, indirect costs and any overhead allocation for those services).

Direct costs are those costs, captured at an activity level, which can be readily attributed to the good or service because they are incurred exclusively for the good or service.

Discretionary Fees mean fees set at council's discretion.

Goods and Services means any good or service that is offered by council and consumed by a person.

GST means Goods and Services Tax, levied in accordance with relevant legislation.

Indirect costs are departmental costs which support the delivery of the good or service (e.g. administration costs, insurance and other overheads).

Legislation means all relevant State and Federal legislation, associated regulations, subsidiary legislation and council by-laws.

Rate contribution means the dollar amount identified in the annual budget to be contributed to the cost of good or service delivery to/from properties (council rates).

Statutory Fees means fees set in accordance with applicable legislation.

7. PRICING PRINCIPLES

When considering a fee for a good or service, council will determine the direct and indirect cost of providing the good or service to establish the value at which costs are recovered.

The extent of cost recovery for some services may take into consideration the benefit provided by that good or service to the individual and the community.

In some instances, concessional fees may be required in order to meet community expectations and deliver appropriate community outcomes.

When setting fees and charges, the following factors are to be taken into consideration:

- The cost of providing the good or service and the recovery of those costs;
- The community benefit of the good or service;
- The capacity of users to pay for the good or service;
- The importance of the good or service to the community;
- Utilisation of the good or service;
- Comparative market pricing with other like enterprises performing similar services;
- Community service obligations that council considers relevant in the discharge of the good or service to the community; and/or
- Whether the good or service will assist in advancing the objectives of council's strategic and subsidiary plans.

8. PRICING METHODOLOGIES

When determining the price of a good or service to be included in council's List of Fees and Charges, the following pricing methodologies are to be assessed and applied in addition to the pricing principles above.

PRICING METHODOLOGY	GUIDELINES
Market Pricing	Fees within this category are set in accordance with the principles of the Competitive Neutrality Policy, National Competition Policy and the <i>Competition and Consumer Act 2010</i> .
Full Cost Recovery	Full cost recovery pricing is to be applied to services that benefit individual customers, rather than the community as whole.
Partial Cost Recovery	Goods or services provided by council as part of a policy objective are often priced using a partial council subsidy. In this case, the price charged is lower than the full cost recovery or market pricing of the good or service.

	<p>The subsidy is funded from council's rate revenue and in some cases from external sources, such as government grant funding.</p> <p>Situations where this methodology may be used include:</p> <ul style="list-style-type: none"> a) where the good or service benefits the community as whole as well as the individual customer; b) where council has an identifiable community service obligation; c) charging prices to recover full cost may result in widespread evasion; d) the service targets low income users, or a differential service fee is charged according to the classification of users to maximise access to the service; and/or e) the good or service promotes or encourages local economic activity.
Statutory	<ul style="list-style-type: none"> a) the good or service is a regulatory or statutory activity and the fee is determined by council in accordance with a pricing principle prescribed in regulations (e.g. up to a maximum price). b) the amount of the fee is prescribed in legislation, regulation or council by-laws.
No Charge	The good or service is provided at no charge or has been specifically excluded from any cost recovery.
Council Policy	Where Council has set pricing directives in a Council policy.

9. FEES AND CHARGES REVIEW

Fees and charges are reviewed annually to coincide with council's annual budget estimates cycle.

The review is the responsibility of the Program Manager that charges the fee, in consultation with the relevant Executive Manager. The List of Fees and Charges, and the annual review of fees and charges is overseen by the Chief Financial Officer and the General Manager.

The Council has discretion to add, remove or adjust fees and charges during the financial year. Changes to fees and charges require a decision of Council.

The List of Fees and Charges, upon approval and adoption by the Council, is made publicly available on council's website. Any amendments throughout the financial year, once adopted by Council, must also be updated on council's website.