

COMPETITIVE NEUTRALITY & COMMUNITY SERVICE OBLIGATION POLICY (2022)

(COUNCIL POLICY)

1. PURPOSE

The purpose of the policy is to ensure that council's assessed significant business activities are operating in accordance with the requirements of the Tasmanian Government's Competition Principles Agreement and associated Application Statements applicable to Local Government in Tasmania, subject to any Community Service Obligation arrangements approved by Council in accordance with this policy.

2. SCOPE

This policy applies to all commercial activities undertaken by council as part of an assessed significant business activity, including services undertaken on behalf of contractors where those products and/or services are provided at a discount to the community. This policy is to be applied with reference to, and consistent with, council's Leased Facilities Pricing and Term of Lease Policy 2006 (or any successor to that policy).

This policy does not apply to:

- costs incurred in meeting regulatory requirements that are also incurred by private sector enterprises;
- market segmentation initiatives to maximise profit; and
- community activities, such as community development, arts and culture programs.

3. DEFINITIONS

The following definitions apply to this policy:

Competition Principles Agreement

means the Competition Principles Agreement – 11 April 1995 (as amended to 13 April 2007), between the



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Clarence City Council

	Commonwealth of Australia and the Tasmanian Government.
Community Service Obligation	means a service, function or concession provided by council to achieve a policy objective that is not pursued on a purely commercial basis.
Council	means the Clarence City Council.
Application Statements	means the following documents: <ul style="list-style-type: none">• National Competition Policy: Applying the Principles to Local Government in Tasmania, December 2013 (Dept of Treasury and Finance)• Identification and Management of Significant Business Activities by Local Government in Tasmania to comply with National Competition Policy, December 2013 (Dept of Treasury and Finance)• Corporatisation Principles for Local Government Business Activities, December 1998 (Dept of Treasury and Finance)• Full Cost Attribution Principles for Local Government Business Activities, June 1997 (Dept of Treasury and Finance)• Community Service Obligation Policy and Guidelines for Local Government in Tasmania, November 2000 (Department of Premier and Cabinet, Local Government Division)
Policy	means this policy.
Significant Business Activity	means a Council business activity determined to be significant in accordance with relevant Application Statements.



4. POLICY STATEMENT

Council is committed to ensuring that identified Significant Business Activities comply with the Competition Principles Agreement requirements, subject to any assessed Community Service Obligation approved in accordance with this policy.

This policy provides the framework for council to:

- identify Significant Business Activities in accordance with the Competition Principles Agreement
- identify and cost any Community Service Obligations arising in respect to a Significant Business Activity
- ensure identified Community Service Obligations are included in council's budget and financial reporting by:
 - ensuring that Community Service Obligations are identified and considered in councils strategic and operational planning processes
 - have clear community service objectives
 - ensuring that each Community Service Obligation is an appropriate and effective method of meeting council's social objectives and priorities,
- identify if the Community Service Obligation is most appropriately delivered by the Significant Business Activity, or by an alternative service provider.

WHAT IS A CSO?

A Community Service Obligation is created when Council requires a Significant Business Activity to undertake a commercial function or activity at a subsidised rate, in order to achieve a council policy directive for the benefit of the community.

Community Service Obligations should be used to achieve a specific community outcome for a well-defined target group and should not be used to provide generic operating subsidies via a Significant Business Activity.

For a Community Service Obligation to exist there must be:



- an assessed Significant Business Activity or a contract between council and a third party for provision of a subsidised service in a competitive market
- a function, service or concession imposed on the Significant Business Activity which would not be performed as part of its normal commercial activities.
- a specific policy directive from council in respect to provision of a subsidised service or project for community benefit
- an assessed net cost to the Significant Business Activity from providing the discounted function, service or concession

WHAT IS NOT A COMMUNITY SERVICE OBLIGATION

The following activities are not Community Service Obligations:

- costs incurred in meeting regulatory requirements (e.g. environmental standards) as they are also incurred by private sector enterprises
- implementation of a legislative requirement
- corporate social responsibility activities (e.g. hardship programs)
- demand management (e.g. encouraging use of off peak services), and
- governance and corporate functions.

5. RELATIONSHIP TO COUNCIL STRATEGIC PLAN

The following strategies are identified in Council's Strategic Plan 2021 – 2031:

Governance and Leadership

5.7 Providing equitable access to programs and services

Council's assets and resources

6.11 Effectively administering compliance with statutory obligations, legal responsibilities and governance standards



6. RELATED DOCUMENTS

The legislation and documents listed below form the framework to give effect to this policy:

LEGISLATIVE (ACTS, REGULATIONS AND STANDARDS)

- *Economic Regulator Act 2009* (Tas)
- *Local Government Act 1993* (Tas)
- Competition Principles Agreement
- National Competition Policy Application Statements
- Leased Facilities Pricing and Terms of Lease Policy (2006)
- Waste Management Strategy (1996)

7. POLICY REQUIREMENTS

The purpose of this policy will be achieved through implementation of the Community Service Obligation Assessment Procedure.

8. IMPLEMENTATION AND COMMUNICATION

The Chief Financial Officer is responsible for the implementation of this policy.

This policy will be communicated via:

- advice in writing to The Economic Regulator and Department of Treasury and Finance; and
- Council's Audit Panel
- council's website (in accordance with S.70G of *the Local Government Act 1993*), and
- Internal communication to staff



9. REPORTING

This policy requires that there be an on-going identification and monitoring of Significant Business Activities to ensure that competitive neutrality principles are upheld and activities continue to be appropriately defined, managed and delivered. Community Service Obligations will be reviewed annually as part of council's budget preparation process and reported as part of council's Annual Report.

10. ADMINISTRATIVE ARRANGEMENTS

TABLE OF AMENDMENTS

No.	Date	Brief Details

APPROVAL

COUNCIL APPROVAL DATE	14 June 2022
REVIEW	Every 5 years
RESPONSIBLE POSITION	Chief Financial Officer
ECM REFERENCE	5039019