



**CORANGAMITE
SHIRE**

Fees and Charges Policy

Corangamite Shire

April 2019

Council Policy



Fees and Charges Policy

Introduction

Council is empowered under the *Local Government Act 1989* (the *Local Government Act*) to raise revenue in the form of rates, borrowings, grants and to impose equitable fees and charges for its services.

Purpose

The purpose of this policy is to give Corangamite Shire Council guidance as to the approach to take when setting their fees and charges. The policy has been designed to ensure fees and charges are:

- easy to administer
- equitable
- easily understood
- affordable; and
- provide value for money.

Scope

This policy applies to all fees and charges that are listed in the Fees and Charges Schedule which is published annually. This policy also applies to any new fee and charge that Council is eligible to charge under the *Local Government Act*, but has not previously been included in the Fees and Charges Schedule. It is considered that this Policy does not impact negatively on any rights identified in the *Charter of Human Rights and Responsibilities Act (2006)*.

References

Legislative Requirement

Section 3C of the *Local Government Act* provides some guidance on the pricing of Council services and facilities. In addressing its primary objective of endeavouring to achieve the best outcomes for the local community, Council must ensure that resources are used effectively and efficiently and that services and facilities provided by the Council are accessible and equitable. In other words, Council must minimise the burden on customers or ratepayers by pricing services at a level which maximises return but also recognises their service user's ability to pay.

All fees and charges are to be set and raised in accordance with the provisions of the *Competition and Consumer Act 2010*.

Competitive Neutrality Policy

Competitive neutrality requires that government business activities should not enjoy net competitive advantages over their private sector competitors simply by virtue of public sector ownership.

Guidance on the pricing of Council services where there are significant competitors in the market place is also provided by the State Government's Competitive Neutrality Policy. Council must consider and justify any subsidy in the case of significant services which compete with the private sector.

Policy Detail

Pricing Categories

Statutory

Fees or charges falling within this category are set by legislation or regulation. The statutory pricing will be applied, except where it is varied in order to provide an enhanced service.

Example: Fees charged for planning permits.

Non-Statutory

In determining fees and charges not regulated by statute, Council will consider the following factors in selecting the pricing method to meet its objectives for the service:

- Balancing individual and community benefit
- Users' ability to pay
- Environmental factors
- Competitive Neutrality (where relevant)
- Budget implications

Pricing Methods

Four pricing methods are available to assist Council in meeting its objectives for an individual service. These are:

Full Cost plus Margin Pricing

Fees and charges are set to recover all direct and indirect costs of the service (including oncosts, overheads and depreciation of assets used to provide the service) plus a margin deemed to be an appropriate return to Council. Fees would be compared to market prices.

Example: Private Works

Full Cost Pricing

Fees and charges are set to recover all direct and indirect costs of the service (including oncosts, overheads and depreciation of assets used to provide the service).

Example: Corporate entities hiring Council owned facilities.

Partial Cost Pricing

Fees and charges are subsidised following the calculation of the Full Cost (as defined above).

Partial Cost Pricing may be used where there are benefits to the community, including making a service accessible to low-income or disadvantaged users.

Example: Community transport service for the community.

Incentive Pricing

Fees and charges are set at a level to deter or encourage certain behaviours following calculation of the Full Cost (as defined above). This will generally involve subsidising the desirable behaviour in the public interest.

Example: Differential pricing for the registration of micro chipped or non-micro chipped dogs or cats.

Final review

All prices are subject to a final review to ensure that the prices determined according to the factors and pricing method above are practical. Where a price determined is considered impractical, Council may amend that price subject to regulatory requirements.

Annual review

Non-statutory fees and charges will be reviewed as part of the annual Budget development process. The process is outlined in the flowchart provided as Appendix A.

Good and Services Tax

The Finance Department will perform an annual review of the fee or charge in line with *A New Tax System (Goods and Services Tax) Act 1999* and *A New Tax System (Goods and Services Tax) Regulations 1999*. The review will determine whether the fee or charge attracts GST, is input taxed, GST-free or exempt from the GST system.

Responsibilities

Position	Responsibility
Councillors	To take into account the policy when considering fees and charges set by Council.
Directors	Ensure that the Fees and Charges Policy is used as part of the Budget development process to review fees and charges within their Division.
Managers	Undertaking an annual review of all fees and charges they are responsible for, in accordance with the Fees and Charges Policy To identify any new fees and charges that should apply and seek approval from the Senior Officer Group.
Manager Finance	Ensure that the non-statutory fees and charges are identified during the Budget development process and to ensure implementation of this policy. To advise and support Managers in the application of Competitive Neutrality and the determination of the full cost of services. To review fees and charges for any GST applicable
Employees	Administering the fees and charges as contained in the Fees and Charges Schedule Providing accurate information to facilitate an annual review of all fees and charges in accordance with the Fees and Charges Policy.

Review Date

The next review of this document is scheduled for completion by the Manager Finance on or before 30 April 2021.

Appendix A

Review of Non Statutory Fees and Charges

Remember:
 Ensure the reason for the subsidy or return is quite clear, as it will assist in determining the method of pricing to select.

Example - Is the fee to:
 - Create a return to Council (Full cost plus Margin pricing) or
 - Subsidise access by certain customers (Partial Cost pricing) or
 - To provide an incentive for certain desired behaviours? (Incentive pricing)

Remember:
 Consider the following factors when deciding the pricing method to use:

- Balancing individual and community benefit
- User's ability to pay
- Environmental factors
- Competitive Neutrality (where relevant)
- Budget implications

