

Fees and Charges Policy

Corangamite Shire
August 2024



**CORANGAMITE
SHIRE**

Council Policy



Fees and Charges Policy

Introduction

Council provides a wide range of services, to the community, often for a fee or charge. The nature of these fees and charges generally depends on whether they relate to compulsory or discretionary services

Purpose

The purpose of this policy is to give officers 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 as an appendix to the budget. This policy also applies to any new fee and charge that Council is eligible to charge.

References

Legislative Requirement

The *Local Government Act 2020* gives Council the power to set fees and charges at a level that recovers the full cost of providing the services, unless there is an overriding policy or imperative in favour of subsidisation.

Section 102 of the Local Government Act 2020 (the Act) requires Council to prepare and adopt financial policies that give effect to the financial management principles (section 101) of the Act. Section 101 also requires Council's financial risks be monitored and managed prudently having regard to economic circumstances. The Section 101 defines financial risks as, inter alia, any risk relating to the financial viability of the Council. This Policy will ensure Council meets its obligations under the Act.

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.

Gender Equity

When undertaking a review of any Council's fees and charges, Council will assess the equity of those charges. The *Gender Equality Act 2020* requires councils and other organisations to consider and promote gender equality in their policies, programs and services

Policy Detail

Pricing Methods

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

When choosing between pricing methods for fees and charges not regulated by statute Council will consider the following to ensure our fees are inclusive and equitable for all community members:

- Balancing individual and community benefit
- Users' ability to pay
- Environmental factors
- Competitive Neutrality (where relevant)
- Budget implications
- Consider gender impact: Ensure fees are fair and do not disadvantage any gender.
- Promote equitable access: Use tiered pricing where relevant or subsidies to make services affordable..

Regularly review: assess and adjust fees with an annual review during the budget process to uphold equity.

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: Reduced facility hire fee for community groups and members of 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.

Incentive pricing also includes the option for Bundle pricing.

Example :

Ed Gym Fees		Fee
1 child	per session	\$7
2 children	per session	\$12
3 children	per session	\$15

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.

Review Date

The next review of this document is scheduled for completion by the Manager Finance on or before 31 August 2028.

It is considered that this Policy does not impact negatively on any rights identified in the *Charter of Human Rights and Responsibilities Act 2006*.