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USER FEES AND CHARGES

Strategic Outcome:	Good government
Policy type	Strategic
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Date for Review:	15 July 2026
Responsible Officer:	Deputy Chief Executive Officer
Document Control:	Replaces User Fees and Charges Policy adopted 17 August 2016
Delivery Program Link:	2.1.3 Council operations and financial management support ethical, transparent and accountable corporate governance.

1. POLICY STATEMENT

Berrigan Shire Council offers a range of services for which it is entitled to charge a fee or charge. This policy provides guidance to Council and its staff regarding the setting of those user fees and charges – inside the statutory restrictions of the *Local Government Act 1993* and other legislation.

The setting of user fees and charges is the only major revenue source over which the Council generally has full and free influence, inside legislation. As such, while user fees and charges may only be a small part of the Council's overall revenue, the setting of those fees and charges play an important part in the Council's budget, long term planning and financial sustainability.

2. PURPOSE

The purpose of this policy is to:

- develop a framework for setting user fees and charges in a systematic, transparent, consistent and justifiable manner, based on relevant, reliable and robust costing information; and
- provide guidance to Council staff on:
 - principles for fee and charge setting and their relationship to service delivery objectives;
 - appropriate fee and charge setting methods, including factors to be considered in determining the required level of cost recovery;
 - procedures for assuring compliance with competitive neutrality requirements; and
 - procedures for monitoring service costs and fees and charges.



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3. SCOPE

This policy applies to all user fees and charges set by the Council with the exception of the rates and annual charges set under Chapter 15, Part 1 of the *Local Government Act 1993*.

4. OBJECTIVE

This policy is developed to assist the Council with the Delivery Program Objective 2.1.3:

Council operations and financial management support ethical, transparent and accountable corporate governance.

5. DEFINITIONS

Competitive Neutrality: the aim of eliminating any net competitive advantages accruing to government businesses as a result of their public sector ownership. Such action removes potential market distortions and promotes an efficient allocation of resources between public and private businesses;

Full Cost: the value of all the resources used or consumed in the provision of a service. In addition to the costs directly associated with the service, full cost includes an appropriate allocation of indirect cost, including capital costs

6. POLICY IMPLEMENTATION

6.1 General principle

Where legally possible, the Council intends to charge users for the provision of **all** goods and services it provides.

As a general rule the Council will set its fees and charges at a rate to generate the maximum amount of revenue possible to offset the cost burden of the provision of services borne by other sources of revenue such as rates and untied grants.

Therefore, the Council will at a minimum seek to recover the full cost of service provision from its customers and clients. This general principle will only be modified where the other specific fee and charge setting principles apply,

6.2 Specific principles

The following principles will be considered by the Council when setting their fees and charges:

- **Efficiency:** the fees are simple and not cumbersome to administer.
- **Legality:** the fees are set in line with legislation and/or other legal restrictions.



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- **Transparency:** the nature and use of the service is understood by users.
- **Effectiveness:** the fees provide value for money for users.
- **Clarity:** users are clear about when and how fees apply.
- **Equity:** the fees are fairly applied across a range of users.
- **Ethics:** users with special service needs are not charged exorbitant fees directly in accord with the cost of higher servicing requirements.

6.3 Costing and recovery

The Council will review and where necessary, enhance its current cost allocation practices by developing a costing model and related processes to allocate indirect cost. Recognising and reporting the full cost of their services will form part of Council's development of its costing model and the basis for Council's communications strategy regarding these matters

While full cost recovery represents the optimum pricing outcome, it is important to note there will be situations where it is appropriate for the Council to recover less than the full cost, or not to recover costs through fees and charges at all.

For example, where:

- users receive only some of the benefits of the service, with the balance going to external, unrelated third parties; and /or
- social policy or access considerations outweigh the objectives of full cost recovery.

Fee setting decisions must be evidence based and demonstrate consideration of:

- both the direct and indirect cost of goods and services to establish the full cost recovery; and
- "Best Value" principles including:
 - accessibility;
 - affordability; and
 - the efficient cost of services.
 - The level of commercial risk, if any, borne by the Council.

The Council must also consider the requirements of [s610D of the Local Government Act 1993](#)



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(1) A council, if it determines the amount of a fee for a service, must take into consideration the following factors—

- (a) the cost to the council of providing the service,
- (b) the price suggested for that service by any relevant industry body or in any schedule of charges published, from time to time, by the Department,
- (c) the importance of the service to the community,
- (d) any factors specified in the regulations.

(2) The cost to the council of providing a service in connection with the exercise of a regulatory function need not be the only basis for determining the approved fee for that service.

(3) A higher fee or an additional fee may be charged for an expedited service provided, for example, in a case of urgency.

6.4 Rationales

Every fee or charge set by the Council will be based on a clear fee setting rationale. This rationale will be shown for each fee in the Fees and Charges Register.

The rationales applicable include:

- **Statute Limited** – Priced at the figure stipulated by law as applicable to this activity.
- **Cost Recovery** – Priced to return full cost recovery for the activities provided.
- **Commercial Basis** – Priced to cover the cost of the item plus a commercial mark-up.
- **Community Service Obligation** – Priced at below the cost of providing this activity as provision of the activity meets a social or economic objective of the Council.

The Council will also identify those fees where the maximum amount charged does not cover the cost to the Council of providing the service.

6.5 Price setting model

Taking into account the above, the Council will use the following price setting model when setting its fees and charges.



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$$P = C - G + M - S - D$$

Where:

P – The price ultimately charged by the Council to the user

C – The full cost (direct and indirect) of providing the goods or service

G – Any grants provided by third parties to fund the provision of the goods or service

M – A commercial margin (may be zero)

S – Any subsidy provided by the Council to meet a social or economic objective.

D – A mandatory discount applied to reduce the fee to an amount mandated by law

6.6 Goods and Services Tax

The Council will use its best endeavours to determine the Goods and Services Tax (GST) status for each user fee and charge it sets. However, there may be fees and charges for which the Council is unable to confirm the GST status.

Accordingly, if a fee is shown as being subject to GST is subsequently found not to be subject to GST, then that fee will be amended by reducing the GST to nil.

Conversely, if the Council is advised a fee which is shown as being not subject to GST becomes subject to GST, then the fee will be increased but only to the extent of the GST.

6.7 Competitive neutrality

When setting fees, the Council will ensure that it observes the principle of competitive neutrality to ensure a level playing field between persons in the marketplace, particularly between private and public sector competitors.

Essentially, the Council will work to ensure that it does not use its inherent advantages as a government organisation (exemption from taxes, access to low-cost borrowings) etc. to obtain a market advantage against private competitors, unless there is an overriding social impact.

6.8 Council services provided by delegated authorities



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The Council has delegated care, control and management of some of its facilities such as Recreation Reserves, Swimming Pools and Public Halls to volunteer committees of management established under the provisions of s355 of the *Local Government Act 1993*.

Where committees setting fees for use of their facilities (such as entry fees for a swimming pool or hourly rates to hire a public hall) then those committees are expected to follow the fee setting model established in this policy, including being guided by the general principle of full cost recovery where possible and the other specific fee setting principles where appropriate. Fees for activities such as camping that may be subject to relevant legislation must also be negotiated with Council staff prior to implementation.

Delegating the authority to set fees and charges to a volunteer committee does not abrogate the Council's obligation to provide public notice of these fees and consider public submissions as per [s610F of the *Local Government Act 1993*](#). Council will work with its committees of management to ensure all fees and charges set by its volunteer committees meet this statutory obligation.

The setting of charges associated with leases or licences for use of a facility (as opposed to temporary use or hire) are not included in the delegation to the volunteer committee of management.

7. RELATED LEGISLATION, POLICIES AND STRATEGIES

7.1 Legislation

- *Local Government Act 1993*
- *Local Government (General) Regulation 2021*
- *Environmental Planning and Assessment Act 1979*
- *Roads Act 1993*
- *Companion Animals Act 1998*
- *Government Information (Public Access) Act 2009*
- *A New Tax System (Goods and Services Tax) Act (Cwth) 1999*
- National Competition Policy guidelines
- Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality (NSW Department of Local Government 1997)
- Guidelines for Pricing of User Charge (NSW Treasury 2001)

7.2 Council policies and guidelines

- Governance Policy
- Code of Conduct
- Long Term Financial Plan
- Financial Strategy 2021



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- Social Justice Framework
- Commercial Credit Policy
- A Guide to Developer Contributions for Water and Sewer.

8. RECORDS MANAGEMENT

All Records must be kept in accordance with Council's Records Management Policy (currently under development) and destroyed as per the General Retention and Disposal Authority: Local Government Records (GA39).

9. REVIEW AND EVALUATION

This policy (procedure) will be evaluated and reviewed at least once every four (4) years as per Council's Governance Policy (currently under development) or as required.

10. DOCUMENT AVAILABILITY

A number of legislative instruments require Councils to have the policy available for inspection at Council's principal office (i.e. Policies made under Part 3, of the Local Government Act 1993). Each document should therefore state the ways in which the policy is available including any relevant fees and charges for access to such policy. An example of the required statement is provided below:

This policy will be available for inspection at Council's principal office during ordinary business hours as per the requirements of section 18 (c) of the *Government Information (Public Access) Act 2009* and section 167 of the *Local Government Act 1993*.

Access to the policy in digital format is free and is available on Council's website <https://www.berriganshire.nsw.gov.au/>

Printed copies of the document are available at Council's principal office (address noted below) and are subject to Council's Fees and Charges.

Berrigan Shire Council
56 Chanter Street
BERRIGAN NSW 2712

Ph: 03 5888 5100

Email: mail@berriganshire.nsw.gov.au



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11. VERSION CONTROL

Version Number	Date	Summary	Responsible Officer
1.0	08/2016	New document	Director Corporate Services
1.1	20.07.2022	Minor review	Deputy Chief Executive Officer

APPENDICES

Nil