



# Fees and Charges Guidelines

*This guideline template can be used to support Council policy or administration policy*

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## 1. Purpose

The purpose of these Guidelines are to;

- Establish clear guidelines for the setting, waiving or amending of all fees and charges
- Ensure a consistent and equitable approach to setting of fees and charges as required under relevant legislation
- Ensure a transparent and accountable approach is taken advising the public of the fees and charges
- Recognise the ability of residents, ratepayers and the general public to pay the fees and charges set by Council

## 2. Scope

This Guideline and the associated Policy applies to any employee within the Organisation who is responsible for charging a fee or charge, whether this is internal or external.

## 3. Legislation and References

- *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*
- Building Upgrade Finance Policy
- Government of South Australia Policy on Competitive Neutrality
- Instrument of Delegation under the *Fines Enforcement and Debt Recovery Act 2017*
- Instrument of Sub-Delegation Register
- *Local Government Act 1999* By-Law Section
- *Local Government (General) Regulations 2013* of the Local Government (Certificate of Liabilities - Fee)
- *South Australia Road Traffic (Miscellaneous) Regulations 2014*
- *South Australia Development Regulations 2008*
- *South Australia Dog and Cat Management Act 1995*
- *South Australia Environment Protection Act 1993*
- *South Australia Expiation of Offences Regulations 2011*
- *South Australia Fire and Emergency Services Act 2005*
- *South Australia Food Act 2001*
- *South Australia Freedom of Information Act 1991*
- *South Australia Land and Business (Sales and Conveyancing Regulations) 2010*
- *South Australia Local Government Act 1999* (as amended)
- *South Australia Local Nuisance & Litter Control Act 2016*
- *South Australia Public Health (Wastewater) Regulations 2013*
- *South Australia Public Health (Legionella) Regulations 2013*
- South Australia Road Rules
- *South Australia Private Parking Areas Act 1986*

#### 4. Definitions

**Average Weekly Earnings (AWE)** represents the average gross weekly wages for an employee for a 52 week period.

**Charge** is a recovery of a cost or expense incurred.

**Competitive Neutrality** is where significant government businesses compete with, or there is potential competition with the private sector.

**Consumer Price Index (CPI)** is a measure that examines the weighted average prices of consumer goods and services.

**Employee** a person employed by the Organisation on an ongoing or fixed term full-time or part-time basis, or employed on a casual basis.

**Fee** is a payment for supply of a requested commodity or article.

**Fee Type** is a category of fees or charges that fall under a similar category, for example Development Fees.

**General Index (GI)** is the average of the Consumer Price Index (CPI) and Average Weekly Earnings (AWE) issued by the Australian Bureau of Statistics.

**Organisation** is the body corporate known as the City of Playford which includes the Employing Authority.

**Statutory Fees** are fees from regulatory services.

**User Pays Principle** describes the method Council uses to determine what level of fees and charges should be subsidised by Council.

## 5. Guidelines

### 5.1 Fee Types

Section 188 (1) of the *Local Government Act 1999* allows Council to impose fees and charges for the following;

Fee Type	Basis for setting of the Fee	Delegation permitted
The use of any property or facility owned, controlled, managed or maintained by Council (s188(1)(a))	Need not be fixed by reference to cost to Council	Yes
Services supplied to a person's request (s188(1)(b))	Need not be fixed by reference to cost to Council	Yes
Carrying out work at a person's request (s188(1)(c))	Need not be fixed by reference to cost to Council	Yes
Providing information or materials, or copies of, or extracts from, Council records (s188(1)(d))	Must not exceed a reasonable estimate of direct costs to the Council in providing information, materials, copies or extracts	No*
Any application to Council (s188(1)(e))		No*
Any authorisation, license or permit granted by Council (s188(1)(f))		No*
Any matter for which another Act provides that a fee under this Act is to be payable (s188(1)(g))	Clause (4) stipulates that Council cannot set fees and charges when set by another Act or when an Act specifies that no fee or charge can be set.	No*
Any other prescribed matter (s188(1)(h))		No*

\*The *Local Government Act 1999* s44(j) states that Council cannot delegate the power to fix, vary or revoke a fee that is set under Sections 188(1)(d) to (h).

### 5.2 Annual Review of Fees and Charges

Fees and charges are required to be endorsed at least annually by Council prior to the 1<sup>st</sup> of July each year. Fees and charges can be amended, added or revoked at any time during the year by Council.

Fees and charges will be reviewed by the responsible manager of the service in conjunction with Finance, taking into consideration factors including;

- User pays principle where total operating costs and the end user can be identified
- The total operating cost of providing the goods and/or service
- Prices fixed by other relevant industry bodies and organisations
- Requirements specified in the *Local Government Act 1999*
- Fees and Charges set by Government Regulations and Acts other than the *Local Government Act 1999*
- Councils financial and customer service objectives including
  - the extent to which the community benefits from the goods and/or services and the extent to which they will be subsidised

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- the extent to which the person benefiting from the goods and/or service will be asked to contribute either fully or in part to the cost of its provision
- whether there is a community obligation to provide the goods and/or service
- Competitive Neutrality
- Market conditions and prices
- The impact of GST
- General Index Increase

Any statutory fees or charges covered by a separate Act or Regulation will be updated when released by the appropriate government body.

Once the Council has endorsed the fees and charges for the financial year, the associated systems and or external bodies (such as Dogs and Cats Online) will need to be updated in order to charge the appropriate fees from 1<sup>st</sup> July each year.

Section 188(6) of the *Local Government Act 1999* requires Council to keep a list of its fees and charges on public display during ordinary office hours at the principal office. Council is also required to take reasonable steps to bring the fee or charge, or the variation of the fee or charge, to the notice of people who may be affected. To satisfy these provisions of the *Local Government Act 1999* the complete fees and charges schedule, once approved, will be placed on the Council website and will also be available at Council's customer service counters.

### 5.3 User Charge Recovery Range (User Pays Principle)

The user pays principle uses the following criteria to determine at what level the fee or charge should be and the subsidy to be provided. Council may choose to recover only the part or full cost incurred in providing the goods or services in recognition of the community's interest in having those goods or services subsidised to enable access by most of the community. The methods range from zero cost recovery to more than 100% cost recovery (profit):-

User Charge Recovery Range	User Pays Principle
<25%	<ul style="list-style-type: none"> <li>(a) Goods/Services are provided at no or little cost. Costs are entirely subsidised from operating revenue</li> <li>(b) Benefits accrue to the community as a whole as well as individual users</li> <li>(c) Costs to collect fees outweigh revenue received</li> <li>(d) Targeted to low income earners</li> </ul>
<50%	<ul style="list-style-type: none"> <li>(a) Price of goods/services is set to make a small (less than 50%) contribution towards total operating costs. The remainder of costs are subsidised from operating revenue</li> <li>(b) Benefits accrue to the community as a whole as well as individual users</li> </ul>
<75%	<ul style="list-style-type: none"> <li>(a) Price of goods/services is set to make a small (less than 75%) contribution towards total operating costs. The remainder of costs are subsidised from operating revenue</li> <li>(b) Benefits accrue to the community as a whole as well as individual users</li> </ul>
<100%	<ul style="list-style-type: none"> <li>(a) Price of goods/services is set to recover up to 100% of operating costs</li> <li>(b) Benefits particular users, making a contribution to their individual income, welfare or profits or a private benefit being provided without any broader benefits to the community</li> <li>(c) Council has a monopoly (eg planning assessment, dog and parking control, libraries and rate collection) over the provision of the service and there are no community service or equity obligations</li> </ul>
100%>	<ul style="list-style-type: none"> <li>(a) Price of goods/services is set to recover more than 100% of total operating</li> </ul>

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	<p>costs</p> <p>(b) The service provided is in competition with that provided by another Council or agency (private or public) and there is pressure to set a price which will attract adequate usage of the service</p> <p>(c) The service is a profit making activity and the price paid by users should recover an amount greater than the full cost of providing the services</p> <p>(d) Council has a monopoly over the provision of the service and there are no community service or equity obligations</p>
(S) Statutory Cost recovery per Legislation	<p>(a) Price of goods/services is a regulatory or statutory charge set by government legislation</p> <p>(b) Council has no discretion to determine the amount of the fee for a service when the amount is fixed by regulation or by another authority however, total operating costs will be established to monitor the charge set</p>

#### 5.4 User Charges – Council Buildings

Council owned buildings that are available for lease have an attributed commercial rate value (GST inclusive) that is based on a square meterage rates that incorporates the asset valuation as well as the service, quality and functionality of the building. This stays fixed until the next valuation, usually a period of 5 years. The base community rate is 50% of the commercial rate value.

Sporting Clubs and Community Groups that meet the ATO definition as not for profit and are incorporated (or operating under the auspice of an incorporated body) are eligible for Councils community infrastructure licence pricing model. This pricing model allows the licensee a discount of up to 95% of the base community rate.

#### 5.5 Waiving of Fee and Charges

Under s44(j) of the *Local Government Act 1999*, Council cannot delegate the power to fix, vary or revoke a fee under s188(1)(d) to (h).

For fees and/or charges set under s188(1)(a)-(c), the *Local Government Act 1999* (s188(3)(f)) states that Council may provide for a reduction, waiver or refund, in whole or in part, of fees or charges. For fees and charges not set under s188 of the *Local Government Act 1999*, the Legislation or Regulations that are relevant may allow for fees and charges to be waived, reduced or withdrawn.

Any waiver (in part or in full) of fees and charges must be applied per the appropriate delegations in the Delegations Register. A decision to waiver (in full or in part) must be made in consideration of the desired outcomes of City of Playford and the factors discussed in section 5.2 of these Guidelines.

#### 5.6 Goods and Services Tax (GST)

From 1st July 2000 a goods and service tax (GST) applies to a number of goods and/or services supplied by Council. Those goods and/or services that are subject to GST have been identified in the schedule of fees and charges. In accordance with the tax legislation the final prices shown for those goods and/or services are the GST inclusive price.

Some goods and/or services supplied by Council have been declared “GST free” or are excluded under Division 81 of the legislation. Those goods and/or services excluded from GST are indicated in the schedule of fees and charges.

Where necessary rounding has been implemented for ease of implementation and administration.

### **5.7 General Index (GI)**

The General Index is the average of the Consumer Price Index (CPI) and Average Weekly Earnings (AWE) issued by the Australian Bureau of Statistics. CPI is the increase in the cost of materials whereas AWE is the increase in the cost of labour. Fees and charges are generally oncharging costs relating to both time and materials therefore using the General Index is the best reflection of the increase in providing goods and services to the Community.

### **5.8 Competitive Neutrality**

The SA Government Policy (The Policy) on Competitive Neutrality states that Competitive Neutrality ensures that government businesses should not enjoy any net competitive advantages over private businesses operating in the same market simply as a result of their public sector ownership.

Competitive Neutrality applies to two categories of business activities (s5.2 of the Policy)

- Category 1 – revenue greater than \$2 million and assets more than \$20 million
- Category 2 – all other significant business activities
  - It possesses market power to create a competitive impact in the market that is more than nominal or trivial *and*
  - Its size relative to the size of the market as a whole is more than nominal or trivial

To be considered a business activity s5.1 of The Policy provides that

- (a) The activity falls within the Australian Bureau of Statistics classification of “Public Trading Enterprise” and “Public Financial Enterprise” *or*
- (b) Where
  - a. The activity is primarily involved in producing goods or services for sale in the market *and*
  - b. The activity has a commercial or profit making focus *and*
  - c. There is user charging for goods and/or services *or*
- (c) Where a Government agency submits a tender as part of a tendering process in competition with the private sector

An activity is not a business activity if;

- (a) It provides goods or services to government, and, for reasons of policy or law, there is no competition with alternate suppliers *or*
- (b) It is clear that the intention of government is that the activitys predominant role is regulatory or policy-making, or where the achievement of public policy outcomes is the main priority of the activity

Competitive Neutrality can be achieved by the City of Playford through cost reflective pricing. Section 3.3 of the Policy sets out a two stage process to achieve this:

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- Calculation of the competitively neutral cost accounting or various cost advantages and disadvantages arising from government ownership, to determine the net competitive advantage
- From that cost basis, determine appropriate market price, which must be equal to the competitively neutral cost

## 6. Responsibilities

Finance are responsible for the annual review of Fees and Charges. Managers are responsible for notifying Finance of any new or changes to existing fees and charges as they occur.

## 7. Accessibility

The Fees and Charges Policy, associated Fees and Charges Guidelines and the Fees and Charges Schedule will be available on the City of Playford website as well as on Click.

## 8. Approval and Change History

Version	Approval Date	Approval by	Change
1	25 June 2019	Council	New Guidelines

*\*Minor administrative changes made on 04/07/2019*