

Fees and Charges Procedure

Policy Author	General Manager – Strategy & Corporate
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1. Purpose

This procedure explains how Council determines and administers fees and charges.

The Local Government Act 1999 allows Council to impose fees and charges for:

- The use of any property or facility owned, controlled, managed or maintained by Council
- Services supplied at a person's request
- Carrying out work at a person's request
- Providing information or materials, or copies of, or extracts from, Council records
- Any application to Council
- Any authorisation, license or permit granted by Council
- Any matter for which another Act provides that a fee is to be payable
- Any other prescribed matter.

Fees and charges will be reviewed and updated annually at a minimum, however changes can be made at other times during the year if required.

Any waiver (in part or in full) of fees and charges must be applied in line with S44(j) and S188 of the Local Government Act 1999 as well the appropriate delegations in the Delegations register. A decision to waive a fee or charge must be made in consideration of the desired outcomes of the City of Playford and also taking into consideration the user pays principle.

The Local Government Act 1999 requires Council to keep a schedule 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.

GST will be applied where appropriate in the schedule of fees and charges.

2. References and Supporting Documentation

This Fees and Charges Procedure should be read in conjunction with the Fees and Charges Policy

- *A New Tax System (Goods and Services Tax) Act 1999 (Commonwealth)*
- *Local Government Act 1999*
 - S44 - Delegations
 - S188 - Fees and charges
 - Chapter 12, Part 1 - By-Laws

- *Local Government (General) Regulations 2013*
 - S19 - Certificates of liabilities—fee
 - S20 - Fees and charges
- Government of South Australia Policy on Competitive Neutrality
- City of Playford Global Glossary
- Delegations and Sub-Delegation Registers

3. Application

Council	Annually, consider Fees and Charges schedule for approval
Chief Executive Officer	Ensure accurate and accessible information is available regarding all fees and charges
General Managers	Responsible for approving the appropriate pricing methodology as set out below, to be used to set discretionary fees and charges in their business unit.
Managers	Responsible for notifying Finance of any new or changes to existing fees and charges as they occur.
Finance	Responsible for assisting Managers with the calculation and review of fees and charges.

4. Procedure

4.1 Categories

Fees and Charges are categorised into two (2) key components:

Statutory Fees and Charges are those that are set and regulated under the provisions of the legislation to Council business. These fees are non-discretionary and must align with the relevant statute or current Ministerial advice. They are not included in the Schedule of Fees and Charges but may be found in the respective legislation.

Discretionary Fees and Charges are not regulated by legislative statute and are at Council's discretion to determine. These are listed in the Schedule of Fees and Charges.

4.2 Pricing Principles

In determining Discretionary Fees and Charges, the following factors are to be taken into account:

- legislative requirements as outlined in 4.4 below
- the cost of providing the goods or service.
- the collective users' ability to pay for the service.
- the demand for the goods or service by the community.
- comparative market pricing with other like enterprises performing similar services, including Competitive Neutrality principles if they are relevant to the good or service being provided. (as defined in section 4.11 below).
- the environmental and social benefit of the goods or services provided.

4.3 Pricing Methodology

The following methodology will be adopted when determining fees and charges:

- the principle consideration when determining a fee or charge is the cost of providing the goods or service.
- This determination will only apply when the cost of service provision and the ability of users to pay for that service can be accurately established.

- if neither of these factors can be accurately and efficiently established, the following methodologies are to be used to determine a suitable price level for goods or services provided for approval by the appropriate General Manager.
- the General Manager is responsible for approving the appropriate pricing methodology as set out below, to be used to set discretionary fees and charges within their business unit.
- where none of these methodologies are considered appropriate, then Council approval is to be sought in regard to a different methodology for setting that specific fee or charge.
- the table below assists the determination process in which a fee or charge is set in each case, according to the seven methodologies outlined.

	PRICING METHODOLOGY	GUIDELINES
1	Full Cost Recovery	(a) the service 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 and; (b) Council has a monopoly over the provision of the service and there are no community service or equity obligations. The fee or charge is calculated on the full recovery of annual and maintenance costs, on-costs and overheads and debt servicing, if applicable.
2	Partial Cost Recovery	(a) the benefits from provision of the service accrue to the community as a whole, groups within the community or to individual users; (b) charging prices to recover full cost may result in widespread hardship or evasion; (c) the service targets low income users or a differential service fee is charged according to the classification of users to maximise access to the service and/or; (d) the service promotes or encourages local economic activity.
3	Comparative	(a) 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 and/or; (b) the service is a profit-making activity and the price paid by users should recover an amount greater than the full cost of providing that service.
4	Statutory	(a) the service is a regulatory or statutory service and the fee is determined by Council in accordance with a pricing principle prescribed in regulations (e.g. a maximum price). (b) the amount of the fees is prescribed in regulations, legislation or Council By-Laws. 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.
5	Demand Management	The fee or charge is determined at a level greater than the direct cost of the service to provide a disincentive for use, or to recognise indirect costs associated with the provision of the service.
6	No Charge	Where the cost to provide the service are considered negligible, the ability to impose the fee is not practical or where a specific reason has been identified and approved by the Chief Executive. Where no specific fee is charged the overall cost to council is recovered via rates.
7	Security Deposit	Refundable deposit against possible loss or damage to Council property

4.4 Legislative Requirements

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

Fee Type	Pricing Methodology	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 the cost to Council. One or more of the pricing methodologies outlined in 4.3 above may be employed.	Yes
Services supplied to a person's request (s188(1)(b))	Need not be fixed by reference to the cost to Council. One or more of the pricing methodologies outlined in 4.3 above may be employed.	Yes
Carrying out work at a person's request (s188(1)(c))	Need not be fixed by reference to the cost to Council. One or more of the pricing methodologies outlined in 4.3 above may be employed.	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 One or more of the pricing methodologies outlined in 4.3 above may be employed.	No*
Any application to Council (s188(1)(e))	One or more of the pricing methodologies outlined in 4.3 above may be employed.	No*
Any authorisation, license or permit granted by Council (s188(1)(f))	Statutory pricing methodology should be used.	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. Statutory pricing methodology should be used.	No*
Any other prescribed matter (s188(1)(h))	One or more of the pricing methodologies outlined in 4.3 above may be employed.	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). Fees and charges set under Section 188(1)(d) must not exceed a reasonable estimate of the direct cost to the Council in providing the information.*

The provisions of Section 188 of the Act, also state a council may provide for:

- specific fees and charges;
- maximum fees and charges and minimum fees and charges;
- annual fees and charges;
- the imposition of fees or charges according to specified conditions or circumstances;
- the variation of fees or charges according to specified factors;

- the reduction, waiver or refund, in whole or in part, of fees and charges.

The setting of fees and charges should take into account Council's pricing methodology outlined in 4.3 above.

4.5 Annual Review of Fees and Charges

Fees and charges are required to be endorsed at least annually by Council prior to the 1st 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 the pricing principles and methodology set out above. Any statutory fees or charges covered by a separate Act or Regulation will be updated when released by the appropriate government body.

Fees and charges often reflect the on charging of costs relating to both time and materials. Council may elect to increase fees and charges to adequately cover inflationary costs associated with the delivery of goods and services to the Community.

4.6 New or Varied Fees and Charges

- Under the provisions of the Act, Council is to take reasonable steps to bring all fees and charges, or the variation of a fee or charge, to the notice of persons who may be affected.
- A new fee, or the methodology for setting a fee, may be approved by Council outside of the normal annual fees and charges review cycle.
- Once approved these additions or variations should be added to the Fees and Charges Schedule for the attention of users.
- Council may also approve the variation of a current fee, or the methodology underpinning the fee, if it sees fit.
- Once approved by Council, the Fees and Charges Schedule should be amended to reflect any variation.
- The Fees and Charges Schedule will be placed on the Council website and will also be available at Council's customer service counters.
- 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 1st July each year.

4.7 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 for use of such buildings 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 Council's community infrastructure licence pricing model. This pricing model allows the licensee a discount of up to 95% of the base community rate.

4.8 Discount Fees and Charges

Waste Collection Fees and charges may be discounted in the following instances:

(a) Charity and Not for-profit organisations:

Registered charities and incorporated not for profit organisations may apply for a 25% discount on the first additional bin and collection of each type (red, yellow or green lidded). Any further bin collections are charged at the standard price.

(b) Medical conditions:

Eligible residents may apply for a 25% discount on the first additional red lidded bin and collection, to assist with the removal of additional items due to a medical condition. Any further bin collections are charged at the standard price. Discounts based on medical conditions must be applied for annually.

4.9 Waiving of Fees and Charges

Under 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 legislation or regulations and delegations in the Delegations Register. A decision to waive (in full or in part) must be made in consideration of the desired outcomes of City of Playford and the principles discussed in section 4.3 of this Procedure.

4.10 Goods and Services Tax (GST)

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 the legislation. Those goods and/or services excluded from GST are indicated in the schedule of fees and charges.

4.11 Competitive Neutrality

The South Australian Government Policy on Competitive Neutrality (The Policy) 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, where:
 - 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:

- (c) The activity falls within the Australian Bureau of Statistics classification of “Public Trading Enterprise” and “Public Financial Enterprise” *or*
- (d) 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*
- (e) 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 activity's 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 Council through cost reflective pricing. Section 5.3 of The Policy sets out a two stage process to achieve this:

- 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

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Version history

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1	25 May 2021	Council Resolution No. 4618	New document. Procedure content moved out of policy into the new procedure document.
2	26 April 2022	Council Resolution No. 4968	Reviewed document. New review schedule of three years and additional clarity of when to set no charge.
