



Burwood Council

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USER FEES FOR COUNCIL SERVICES POLICY

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Purpose

To provide advice on the principles that Council follows to determine its fees and charges, under Section 608 of the *Local Government Act 1993* (the Act) and other relevant legislation, to ensure a consistent application across Council's services.

This policy should be read in conjunction with the Schedule of Fees and Charges adopted as part of Council's Annual Operational Plan.

Scope

This Policy applies to all Council Officers who set and/or administer fees and charges and to members of the public who purchase and/or use Council's services.

Legislation

Under Section 608 of the Act, Council may charge and recover an approved fee for any service it provides, other than a service proposed or provided on an annual basis which is covered by an annual charge (Sections 496 or 501).

Services for which Council may charge a fee include:

- supply of services and products
- giving information
- providing a service in connection with the exercise of Council's regulatory functions (eg applications, inspections, certificates)
- allowing admission to buildings
- in certain circumstances, inspecting premises in the exercise of the Council's functions

If a fee for service is determined under another Act, the Council may neither determine an amount that is inconsistent with that determined under the other Act nor charge an additional fee.

Policy Statement

Fees made under Section 608 of the Act are classified according to the following pricing basis consistent with the Office of Local Government (OLG) Competitive Neutrality Guidelines, 1997:

- **Full Cost Pricing (FC)** - Council recovers all direct and indirect costs of the service (including depreciation of assets employed).
- **Partial Cost Pricing (PC)** - Council recovers less than the Full Cost (as defined above) (the reasons for this may include community service obligation, priorities or legislative limits on charging).
- **Legislative Requirements (LR)** - Price of the service is determined by Legislation and dependent on price may or may not recover the Full Cost.
- **Market Pricing (MP)** - The price of the service is determined by examining alternative prices of surrounding service providers (this also may or may not recover the full cost of the service) eg. Children's Services.
- **Free (Zero Priced) (Z)** - Some services may be provided free of charge and the whole cost determined as a community service obligation and or may fall within the class of a public good.

- **Rate of Return Pricing (RR)** - This would include Full Cost Pricing as defined above in addition to a profit margin to factor in a return to Council for assets employed.

Factors considered when determining the amount of the fee for service

In applying the above pricing basis to fees made under Section 608 of the Act, Council considers the following factors as outlined in Section 610D of the Act:

- a. The cost to Council of providing the service – the full cost pricing method is used as a benchmark in this instance. This includes any debt and servicing costs associated with the provision of the service.
- b. The price suggested for that service by any relevant industry body or in a schedule of charges published, from time-to-time by the Office of Local Government.
- c. The importance of the service to the community – this is considered in determining any potential community service obligation or community benefit under a Partial Cost Pricing or Zero Cost Pricing method, however is also able to be applied to services where other pricing methods are used.
- d. Any factors specified in the *Local Government (General) Regulation 2005* (the Regulation) – this is applicable to the Legislative Pricing method and may also affect other pricing arrangements.

Other factors not specifically mentioned under Section 610D of the Act that may also be considered include:

- If services are being supplied on a commercial basis as part of a defined Council business a Rate of Return Pricing Policy would be applied subject to market constraints and a compensation factor to mitigate Council exposure to market risk.
- The capacity of the user to pay – in this regard services of a commercial nature may be priced using the Rate of Return Pricing Method.
- Market prices

Review of Council Fees and Charges

The Financial Management Accountant (Finance and Resource Management Team) conducts a review of Council's Fees and Charges, not subject to statutory control, on an annual basis prior to finalisation of Council's Annual Budget. The review forms part of Council's Annual Operational Plan.

In accordance with Section 610F of the Act a Council must not determine a fee until it has given public notice of the fee and must consider any submission made prior to adoption of the fee.

Policy Review

This Policy will be reviewed every four years.

Related Information

- *Local Government Act 1993*
- *Local Government (General) Regulation 2005*
- Office of Local Government Competitive Neutrality Guidelines - 1997

Contact

Procedural Matters – Financial Management Accountant on 9911 9812
Fee Determinations – Relevant Staff associated with fee on 9911 9911