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Central Coast Council

Fees and Charges Policy

MAY 2021

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PURPOSE

The Council provides a wide range of services to its community. In undertaking this role Council assesses community needs through its annual planning processes and determines which services Council will support. Of those identified services, Council can advocate, facilitate, or actively participate in the delivery of the service/s.

Some services are provided due to statutory or legislative requirements, while others are provided at the discretion of Council.

When determining to provide a service, Council must decide whether it will be delivered on a full cost recovery basis or alternatively whether part of the cost of delivery will be funded/subsidised through consolidated revenue (i.e. rates).

The setting of Council's fees and charges will be undertaken in a consistent manner using a methodology which ensures there is clear accountability and transparency in the decision making process.

The Council in setting its fees and charges will ensure compliance with GST requirements and National Competition Policy.

SCOPE

This Policy applies to all fees and charges set by the Council in accordance with s.205 of the *Local Government Act 1993*.

The Council must consider the application of this policy when:

- Setting fees and charges (excluding rates); and
- Reviewing fees and charges.

DEFINITIONS

Cost recovery – is the level of costs to be recovered from users of a service. To achieve this the full cost of delivering a service will be calculated including both direct and indirect costs, and the application of an overhead allocation for those services which are deemed to be a significant business activity. The target rate contribution and any other revenue, such as grants, will be subtracted from this amount. The balance amount will be recovered from fees and charges.

Competitive Neutrality Policy (CNP) – competitive neutrality is the policy that a public sector business, or agency, should not have a competitive advantage (or disadvantage) over the private sector solely due to their government ownership.

Direct costs – are those costs, captured at an activity level, which can be attributed to the service because they are incurred exclusively for that service.

Indirect costs – are departmental costs which support the service (e.g. management and department administration costs).

National Competition Policy (NCP) – means application to the significant business activities of publicly owned entities, and not to the non-business, non-profit activities of those entities.

Overhead costs – are those costs which support the service at an organisational level such as payroll, risk management, information technology, payables, receivables, and insurance.

Rate contribution – means the dollar amount identified in the annual budget to be contributed to the cost of service delivery from properties (Council rates).

Service – means a collection of tangible and intangible benefits that can be offered and consumed. Service provision requires work to be done by one or more people for the benefit of others.

Significant Business Activity (SBA) – means service which is defined as commercial and competes against other providers.

COUNCIL POLICY

Fees and charges are a component of Council's revenue raising strategy and represent around 11% of total budgeted recurrent revenue.

Fees and charges are imposed:

- (a) to increase the revenue available to Council to support the cost of service delivery;
- (b) to support the Council's medium to long term service delivery objectives; and
- (c) to help users of the Council services to understand the value and benefits they obtain when accessing those services.

In setting Fees and Charges, the Council is committed to:

- (a) ensuring resources are used efficiently and effectively to finance the service delivery objectives outlined in its Strategic Plan;
- (b) identifying the level of rate contribution provided to individual services to ensure transparency in decision making; and

- (c) ensuring Council's long term financial sustainability by considering user pays principles as part of determining the most appropriate way to fund service delivery.

4.1. FEES AND CHARGES FRAMEWORK

4.1.1 The Council's Fees and Charges Policy is underpinned by the User Fee Decision Matrix which provides a standard approach in determining the target rate contribution to be provided for a service.

4.1.2 The Council will provide transparency to the community in the decision making process by demonstrating the level of rate contribution, cost recovery and fee setting criteria as shown in the table below:

	Target Rate Contribution (% Rate Contribution)	Cost Recovery	Fees and Charge Setting Criteria
Category 1 Statutory Fee			Statutory charge set by regulation or by-law
Category 2 Market Price	0% Rate contribution	Market Driven (must be Full Cost Recovery plus Margin)	Fee set by Council (Discretionary)
Category 3 Full Cost Price	0% Rate contribution	Recovery of full cost of providing the service	Fee set by Council (Discretionary)
Category 4 Direct Cost Price	Rate Contribution only for overheads	Recovery of direct costs of providing the service	Fee set by Council (Discretionary)
Category 5 Subsidised Price	Partial Rate Contribution between 20-90%	Partial Cost recovery	Fee set by Council (Discretionary)
Category 6 Fully Subsidised Service	100% Rate contribution	No Cost recovery	No Fee or Charge Levied

4.1.3. All Council services will be subject to the User Fee Decision matrix.

4.1.4. The Council will review and endorse the User Fee Decision Matrix as part of the budget process.

4.2. USER FEE DECISION MATRIX

The Council’s User Fee Decision Matrix is based on the following:

- 4.2.1. Identification of services which the Council provides.
- 4.2.2 Classification of the services between external services (those which have a direct interface with external customers and internal services (activities which support the provision of the external services). Fees and charges will only apply to external services.
- 4.2.3 Determining if the service has general or specific users. Generally services which are provided for the broader community, such as public open space, will not attract fees and charges.
- 4.2.4 Understanding the fee setting criteria. The type of fees and/or charges for a service may be subject to statute, by-law, schedule of fees or at the discretion of Council. The type of and/or charges will determine any restrictions on setting the amount.
- 4.2.5 Determining Determining if the service is a Significant Business Activity. Under National Competition Policy competitive neutrality adjustments, to ensure full cost reflective pricing, are required if the service is considered a significant business. To comply with National Competition Policy, Council needs to identify its Significant Business Activities and adjust its prices, where relevant, to neutralise any competitive advantage when competing with the private sector. Cost reflective pricing includes recognition of private sector equivalent costs such as the rate of return, regulatory costs not incurred by Council and taxes.

Business activities will be assessed against the following scoring matrix to determine whether they are an SBA.

Score	Relevant Market	Competitive Impact	Relevant Market	Competitive Impact
0	No Competition	0–10% Share of Relevant Market	No Impact	Competitors Unlikely
1	Potential Competition	10–30% Share of Relevant Market	Minor Player	Competitors Possible

2	State Competition	30–50% Share of Relevant Market	Moderate Player	Competitors Likely
3	Regional Competition	50–75% Share of Relevant Market	Major Player	Competitors Highly Likely
4	Local Competition	75–100% Share of Relevant Market	Dominant Player	Significant Business Activity

A score of:

- 0–7 indicates it is unlikely to be an SBA, therefore CNP will not apply.
- 8–10 indicates it is possible that the business activity may be significant, and a further assessment should be undertaken to ascertain whether NCP principles may apply.
- 11–15 indicates it is highly likely to be an SBA and NCP should apply.

4.2.6 Classification of the cost recovery for the service will determine the total revenue from fees and charges. Individual fees and charges will then be set based on the fee and charge setting criteria.

4.2.7 Target rate contribution will be determined by Council based on community needs and policy objectives. Services likely to attract a rate contribution are those which provide a broader community benefit as well as benefits to the individual users. The target set will be endorsed by Council and used to calculate required total fees and charges revenue. Each service will initially be assessed under the six categories in the User Fee Decision Matrix.

4.2.8 Uniform pricing services which are provided at a similar level or standard will have the same fees across the municipal area.

4.3 *COSTS EXCLUDED IN SETTING FEES AND CHARGES*

4.3.1 Costs which are incurred for the benefit of the Council, (i.e., the General Manager, Senior Department Managers and Governance Department) will be excluded. These costs are not considered indirect costs but a cost of being a Council.

4.4 CONCESSIONS

- 4.4.1 Concessions will be provided fairly to segments of the community and be identified in the fees and charges scheduled and disclosed as a benefit in the Annual Report in accordance with s77 of the Local Government Act.

Eligible concessions may include support for junior sport, local community groups, not for profit organisations, or youth activities.

To receive a concession community groups and organisations need to apply for a concession on the prescribed form (based on predetermined Council policy) as follows:

- Community groups and organisations can apply for a 50% concession on set fees and charges if meeting the following criteria:
 - Classified as a charitable organisation and either based or have strong Central Coast membership; or
 - Classified as a youth-based organisation working with children within the Central Coast area.
 - The concession may apply to the following fees and charges:
 - Civic Centre Hire
 - North Motton Hall Hire (for youth events for children under 15 years of age)
 - Turners Beach Hall Hire (for youth events for children under 15 years of age)
 - Place of Assembly – Special Event that is free to the public
- Affiliated sporting organisations will be provided a 50% for sporting and recreation hires fees for junior sport at the following venues:
 - Dial Park – Sporting Ovals
 - Forth Recreation Ground
 - Haywoods Recreation Ground
 - Heybridge Recreation Ground
 - North Motton Recreation Ground
 - Penguin Hockey Fields
 - Riana Recreation Ground
 - River Road Recreation Ground

- Turners Beach Recreation Ground
- Ulverstone Recreation Ground
- Ulverstone Show Ground
- West Ulverstone Recreation Ground
- Penguin Sports Centre
- Central Coast community groups involved in junior development in swimming will be provided with a 15% concession at the Ulverstone Learn to Swim Centre.
- Charitable organisations and service clubs that are based in Central Coast area will be provided with a 50% concession on fees towards cost of access to the Central Coast Resource Recovery Centre, limited at a maximum remission of \$350.
- Not for profit community groups will be provided a 100% remission for Food Shops Registration.
- A residential property owner whose residential premise has been destroyed by fire may apply for a remission of 50% of the following fees, associated with reinstatement:
 - Land use planning fees
 - Building fees
 - Plumbing fees

4.5 UNIFORM PRICING

- 4.5.1 In order for users of a service to be confident that the fee charged will provide them with a similar level of service regardless of their social equity or location, Council will endeavour to adopt uniform pricing for like services.

4.6 NATIONAL COMPETITION POLICY

- 4.6.1 The Council will apply the National Competition Policy to any business activity that has been deemed to be significant.
- 4.6.2 The Council will review all activity on a regular basis to determine which are business activities and then apply an NCP Test based on the relevant market, market share, competitive impact, and potential competitor.

This test will determine which business activities are likely to be significant.

4.6.3 The following activities are significant business activities:

- Long Day Childcare
- Outside School Hours Care

4.6.4 While not deemed a significant business activity, the following business activities are to be monitored on an annual basis:

- Aged Person Home Units
- Ganesway Aged Persons Housing Complex
- Cemetery
- RV Camping

4.6.5 The NCP reviews will be disclosed in the Annual Report each year.

4.7. TRANSITION PERIOD

4.7.1 The base level of rate contribution for each service will be recognised as the levels approved within the 2021–22 Budget.

4.7.2 Where there is a material difference between the required and base level of rate contribution, Council will consider phasing increases in over an extended period.

The phase-in period will be determined following consideration of the user's capacity to pay, commercial implications and the funding pressures on Council.

4.7.3 Where there is an increase applied by an external service provider related to the service provided by the Council, the full impact of the increase will be passed on to the consumer of the service.

4.8. POLICY REVIEW

4.8.1 The Fees and Charges Policy will be reviewed annually during budget development, with consideration given to service levels and productivity.

4.9. ACCESS

4.9.1 The community will be able to access information about fees and charges from Council's website and in the Annual Plan.

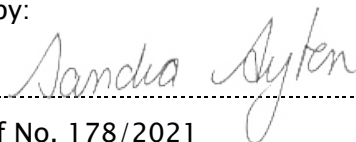
REFERENCES

- National Competition Policy (NCP).
- *The Local Government Act 1993.*

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Approved by:



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