

POLICY MANUAL

Policy title:	FEES AND CHARGES PRICING
Policy number:	1.5.9
Objective:	To disclose to all stakeholders the rationale behind the fees and charges for any Council product or service
Link to community vision/service:	Imagine Lismore Delivery Program, Leadership and participation – Our decisions and actions are open, transparent, effective and in the interests of all
Program Area:	Finance
Policy created: 20/07/99	Council reviewed: 20/06/06, 08/09/09, 10/06/14, 14/06/16 11/07/17, 17/07/18
Last reviewed by staff: 17/07/18	TRIM Ref: ED17/16084

Introduction:

The intent of the Fees and Charges Pricing Policy is to disclose to all stakeholders the rationale behind the fees and charges for any Council product or service including:

- the true cost of providing a product or service;
- the extent to which the general community benefits from the product or service, and therefore the extent that the cost of the product or service will be subsidised from rate revenue; i.e. the public-good component or community service obligation;
- the extent to which the user or person benefiting from the product or service, will be asked to contribute to the cost of its provision, i.e. the user contribution; and
- strategies for moving the current fee to the position determined by the policy, i.e. the target cost recovery.

The underlying principle is that the role of property rates and general purpose income will be to finance the public-good component of services and attendant community service obligations, and that users will be called upon to finance the cost of producing goods and services from which they derive a benefit. Generally where Council believes there is a public-good component to a service the full cost of the service will not be derived from the various users of the service. Rather a subsidy will be provided from Council general purpose revenues such as rates and financial assistance grants.

The Fees & Charges Pricing Policy details the above elements for every product or service supplied by Council which is included in the annual fees and charges. For each product or service, a nomination from the following Pricing Category has been applied:

Pricing Categories:

Council has classified each of the fees and charges in its fees and charges by the following categories:

(M) Minimal Cost Recovery

The price for this good / service is set to make a small (less than 50%) contribution towards the operating costs, both direct and indirect, of providing the good / service. The remainder of the costs are met from property rates and general-purpose income.

(P) Partial Cost Recovery

The price for this good / service is set to make a significant (more than 50%) contribution towards the operating costs, both direct and indirect, of providing the good / service. The remainder of the costs are met from property rates and general-purpose income.

(F) Full Cost Recovery

The price for this good / service is set to recover the total operating costs, both direct and indirect, of providing this good / service. Indirect costs are to include taxation equivalent payments, where applicable, in accordance with the principles of National Competition Policy.

(L) Regulatory

The price for this good / service is a statutory charge set by government regulation. These charges may change during the year as legislation is updated. The amounts in the Fees and Charges document are indicative of the legislation at the time of printing.

(R) Reference Price

The price for this good / service is set by reference to prices charged for similar goods / services by like councils or competitors.

(Z) Zero Cost Recovery

This good/service is provided at no cost. The costs are met entirely from property rates and general purpose income.

Commercial Advantage

- Items purchased from suppliers such as gifts and souvenirs, and to be resold by Council through its Visitors Information Centre or Art Gallery are not required to be listed in the annual Fees and Charges document.
- The fee and charge amounts for products or services produced or supplied by Council that are the same as others produced or supplied in the market place – e.g. Quarry, Lismore Memorial Baths and Goonellabah Sports & Aquatic Centre, are not required to be included in the annual Fees and Charges document if this could confer a commercial advantage on a competitor.

Program Objectives:

Program:	Customer Services
Pricing Objective:	The total revenue should recover the administration costs associated with delivering the documents
Means of Achievement:	Annual review of costs associated with providing this service is to be used in reviewing fees and charges
Program:	Financial Services
Pricing Objective:	Revenues are to recover only actual costs incurred
Means of Achievement:	Annual review of costs associated with providing this service is to be used in reviewing fees and charges
Program:	Information Services
Pricing Objective:	(i) Revenues are set to recover materials and direct costs only (ii) Prices are set to industry standards

Means of Achievement:	Annual review of costs associated with delivering service and industry prices
Program:	City Hall
Pricing Objective:	Fees are to be commercially competitive
Means of Achievement:	Prices determined by contractor subject to approval by Council
Program:	Goonellabah Community Centre
Pricing Objective:	Prices are to be competitive with similar facilities
Means of Achievement:	Movements in fees are to be based on prices charged by similar facilities, reviewed annually
Program:	Lismore Memorial Gardens
Pricing Objective:	(i) maximise the revenues generated to cover all operating expenses and generate reserve funding for future capital developments and bushland cemetery maintenance (ii) the revenues generated from the crematorium are to obtain a commercial return on the assets invested in the facility (iii) fees are to be commercially competitive
Means of Achievement:	Movements in fees are to be based on prices charged by similar service providers while at the same time ensuring that Council generates a satisfactory return on the crematorium
Program:	Water Supplies
Pricing Objective:	All fees charged are to be based on full cost recovery
Means of Achievement:	Fees are to be recalculated annually to update any movements in costs
Program:	Wastewater Services
Pricing Objective:	All fees charged are to be based on full cost recovery
Means of Achievement:	Fees are to be recalculated annually to update any movements in costs
Program:	Northern Rivers Quarry & Asphalt
Pricing Objective:	(i) prices are to be commercially competitive (ii) prices to generate a commercial return on the assets invested
Means of Achievement:	Fees are to be based on prices charged by similar service providers for similar materials in order to ensure that the quarries remain commercially viable
Program:	Northern Rivers Waste – Lismore Recycling & Recovery Centre
Pricing Objective:	(i) total revenues generated are to finance both operating expenses (excluding depreciation) and capital expenditure, resulting in a zero contribution from general purpose revenues (ii) prices to be competitive compared to other suppliers in the region (iii) the surplus on operations must be sufficient to cover all medium to long term plans for the facility
Means of Achievement:	Operating and capital costs, along with future capital works planned, are to be reviewed annually to ensure the total revenue generated covers those costs
Program:	Northern Rivers Waste - Nimbin Transfer Station
Pricing Objective:	Revenues generated are to fund all operating expenses (excluding depreciation), resulting in a zero contribution to operations from general-purpose revenues
Means of Achievement:	Operating costs are to be reviewed annually to ensure the total revenue generated covers those costs
Program:	Lismore Regional Airport

Pricing Objective:	(i) total revenues generated are to finance both operating expenses (excluding depreciation) and capital expenditure, resulting in a zero contribution from general purpose revenues (ii) prices to be commercially competitive
Means of Achievement:	Operating and capital costs, along with future capital works planned, are to be reviewed annually to ensure the total revenue generated covers those costs
Program:	Parks and Recreation
Pricing Objective:	The total revenue should recover part of the costs associated with providing the facilities, whilst not making the actual hire of those facilities cost prohibitive and not increasing the burden on general purpose revenues
Means of Achievement:	Operating costs are to be reviewed annually to be used in assessing potential increases in costs of providing those facilities
Program:	Private Works
Pricing Objective:	(i) prices are to be commercially competitive (ii) prices to generate a commercial return on the assets invested
Means of Achievement:	Fees are to be based on prices charged by similar service providers in order to ensure that these items remain commercially viable
Program:	Property Management
Pricing Objective:	(i) for facilities or hirers where there is a recognised community service obligation revenues generated are to finance operating expenses (excluding depreciation, support costs and capital expenditure) related to these facilities/hirers. These charges are set to minimise the impact on general purpose revenues (ii) prices are to be competitive with similar facilities
Means of Achievement:	For facilities/hirers where there is a community service obligation, operating costs are to be reviewed annually to ensure revenue generated covers those costs. For other facilities movements in fees are to be based on prices charged by similar facilities, reviewed annually
Program:	Roads
Pricing Objective:	To pass on the full cost of providing the service
Means of Achievement:	Prices are set to be equivalent to the quotation to provide the service from the contractor or council
Program:	Development & Compliance
Pricing Objective:	Those revenues collected that are not legislated are to recover part of the costs associated with providing the service to minimise any increase in general purpose revenue contributions
Means of Achievement:	Annual review of procedures and costs associated with providing the services to identify any trends that may lead to changes in prices
Program:	Enforcement – Rangers
Pricing Objective:	Fees other than those set by legislation are to be based on recovering a small amount of the related cost and to encourage parties to pay the charges so that a greater cost to Council is not incurred
Means of Achievement:	Review charges annually and monitor trends in actual payments of these charges
Program:	Events – Gordon Pavilion
Pricing Objective:	Prices are to be competitive with similar facilities

Means of Achievement:	Movements in fees are to be based on prices charged by similar facilities, reviewed annually
Program:	Art Gallery
Pricing Objective:	Prices are to be competitive with similar facilities
Means of Achievement:	Movements in fees are to be based on prices charged by similar facilities, reviewed annually
Program:	Quadrangle
Pricing Objective:	(i) for hirers where there is a recognised community service obligation revenues generated are to finance operating expenses (excluding depreciation, support costs and capital expenditure) related to these facilities/hirers. These charges are set to minimise the impact on general purpose revenues (ii) prices are to be competitive with similar facilities
Means of Achievement:	For facilities/hirers where there is a community service obligation, operating costs are to be reviewed annually to ensure revenue generated covers those costs. For other hirers movements in fees are to be based on prices charged by similar facilities, reviewed annually
Program:	Lismore Memorial Baths
Pricing Objective:	(i) prices are to be commercially competitive (ii) maximise the revenues generated in order to minimise the contribution from general purpose revenues
Means of Achievement:	Fees are to be based on prices charged by similar service providers in order to ensure that the pools remain commercially viable
Program:	Goonellabah Sports and Aquatic Centre - Aquatic Area
Pricing Objective:	(i) prices are to be commercially competitive (ii) maximise the revenues generated in order to minimise the contribution from general purpose revenues
Means of Achievement:	Fees are to be based on prices charged by similar service providers in order to ensure that the aquatic area remains commercially viable
Program:	Goonellabah Sports and Aquatic Centre - Other Areas (excluding Gym)
Pricing Objective:	The total revenue should recover part of the costs associated with providing the facilities, whilst not making the actual hire of those facilities cost prohibitive and not increasing the burden on general purpose revenues
Means of Achievement:	Operating costs are to be reviewed annually to be used in assessing potential increases in costs of providing those facilities
Program:	Integrated Planning
Pricing Objective:	Those revenues collected that are not legislated are to recover part of the costs associated with providing the service to minimise any increase in general purpose revenue contributions
Means of Achievement:	Annual review of procedures and costs associated with providing the services to identify any trends that may lead to changes in prices
Program:	Visitor Information Centres
Pricing Objective:	Revenues are to recover only actual costs incurred.
Means of Achievement:	Annual review of associated costs to be used in reviewing fees and charges

Program:	Richmond Tweed Regional Library
Pricing Objective:	Those revenues collected that are not legislated are to recover part of the costs associated with providing the service to minimise any increase in general purpose revenue contributions
Means of Achievement:	Annual review of procedures and costs associated with providing the services to identify any trends that may lead to changes in prices

Annual Pricing Review:

Management will review the current level of pricing for fees and charges, considering the factors outlined in this policy, as part of the annual Operational Plan.

Annual Review:

The policy will be reviewed by Council at least once during the term of the Council.