

# Pricing of Council Services and Products

## Our Objective

Council's objective is to create a framework within which transparent pricing and charging decisions can be made.

## What can we price?

Section 608 of the Local Government Act 1993 provides that Council may charge and recover an approved fee for any services it provides, including the following:

- supplying a service, product or commodity;
- giving information;
- providing a service in connection with the exercise of the Council's regulatory functions including receiving an application for approval, granting an approval, making an inspection and issuing a certificate; and
- allowing admission to any building or enclosure.

## How do we price?

The full costs of providing services/products are identified and used along with other factors to determine the pricing structure for any given service or product.

Pricing for Council's fees and charges are generally based on the "user pays" principle through the offsetting of some or all of the costs of the service provision, or in the case of commercial activities, to realise an appropriate rate of return.

The following factors have been taken into account in our pricing considerations:

- the cost of providing the service;
- community service obligations and the importance of the service to the community;
- the benefit to the community;
- the community's capacity to pay and other equity factors;

- whether the service or product is provided under commercial conditions;
- existing and potential markets; and
- prices determined by legislation.

## What is our Pricing Structure?

Council's fees and charges pricing can be classified into five categories as well as a "Not Applicable" (N/A) category.

### Statutory (Stat)

Council has no discretion in setting the prices for these services. The prices charged are prescribed by State or Federal Government regulations.

### Minimal Cost Recovery (Min)

The pricing for these services is set below the financial cost of providing the service. The fees received are expected to make a minimal contribution towards the cost provision, with the balance being met from general revenues. This balance will be greater than 50% of the overall cost to provide the service.

The principles associated with this pricing category may include the following:

- expected to benefit the community as a whole;
- benefit of service may be spread across a large number of users including unrelated third parties; and
- objective is to enable maximum access to the service, particularly keeping lower income users in mind.

## Substantial Cost Recovery (Sub)

The pricing for these services is set below the financial cost of providing the service. The fees received are expected to make a significant contribution towards the cost provision, with the balance being met from general revenues. This balance will be less than 50% of the overall cost to provide the service.

The principles associated with this pricing category will be similar to the ones identified for the Minimal Cost Recovery category, but to a lesser extent.

## Full Cost Recovery (Full)

The pricing for these services is expected to recover the full cost of providing the service, including all direct, indirect and any capital costs.

The principles associated with this pricing category may include the following:

- the user of the service obtains the full service benefit; and
- the service is not provided under commercial conditions.

## Market Pricing (Mkt)

The pricing for these services is expected to recover the full cost of providing the service along with generating an appropriate rate of return.

The principles associated with this pricing category may include the following:

- the service is provided under commercial conditions; and
- prices will be set to compete with other market competitors, but not to unfairly price others out of the market.

## Other Considerations

### Goods and Services Tax

Where a particular fee or charge is taxable, the full 10% Goods & Services Tax will be applied.

### Rates Pricing

Rates are levied on all rateable property within the Local Government area in accordance with the Act.

Section 509 of the Act limits the amount by which Council may increase total rate income in a new financial year to that percentage specified in accordance with Section 506. The only exception to this applies to a Special Variation under Section 508 or 508A.

Section 497 of the Act specifies that each category of rate may either have two components, a base amount and an ad valorem amount or it may be totally ad valorem based.

Individual property rates are set based on the land value of the property and the base rate component. Each year Council specifies two things: the percentage of total rate income to be raised by application of a base amount and the categories to which it applies, and the rate in the dollar amount to be applied to different rating categories for calculating the ad valorem amount.

## Waste Management Pricing

### Domestic Waste Management

The levying of an annual charge for a domestic waste management service is provided for by Section 496 of the Act. The charge is to be levied on all parcels of rateable land where the service is available. Where the rateable land is vacant, under development or is a multi-unit dwelling that has chosen not to utilise the Council waste service, an availability service charge will be levied in lieu of the full annual charge.

The annual charge is set to meet the full costs to Council of providing the service, including the costs of collecting the waste, the costs to dispose, process or recycle the waste and the costs to administer the service.

The annual charges also cover the cost of future major works at the Dunmore Recycling & Waste Disposal Depot and the cost of rehabilitating and maintaining the site after closure of the landfill. Income received from the annual charge is calculated so as not to exceed the reasonable cost to Council of providing the service.

Council provides the following domestic waste management collection services:

- A 80 litre mobile garbage (red lid) bin collected fortnightly;
- A 140 litre mobile garbage (red lid) bin collected fortnightly;
- A 240 litre mobile garbage (red lid) bin collected fortnightly;
- A 140 litre mobile recycling (yellow lid) bin collected fortnightly;
- A 240 litre mobile recycling (yellow lid) bin collected fortnightly;
- A 140 litre mobile FOGO (green lid) bin collected on a weekly cycle. FOGO bins collect kerbside food and garden organics;
- A 240 litre mobile FOGO (green lid) bin collected on a weekly cycle. FOGO bins collect kerbside food and garden organics.
- Multi-Share Service for multi-unit dwellings
- Weekly Service for Special Needs Households (conditions apply)

Service adjustments will alter the pricing of the service up or down depending on the mobile bin volume chosen. A changeover fee will apply for upsizing of mobile bins. Residents that currently have two 140 litre mobile garbage (red lid) bins will be transitioned to a single 240 litre mobile garbage (red lid) bin with no changeover fee applied. For properties with outstanding rates bins will not be upsized until the amount owing is paid.

### **Waste Management Services – Disputed Domestic Waste Management Charges**

The annual rate notice that is issued each year in July includes details of the Domestic Waste Management charge attributed to each property, including any additional bins or services. Where the property owner believes they are being incorrectly charged and advises Council prior to the due date for payment of the first instalment, Council will verify the rate and bin size and the charge will be amended back to 1 July for the current financial year.

Where a property owner advises Council subsequent to the first instalment due date, the charge will be amended from the date that advice was received by Council. If the error relates to multiple years the adjustment will be processed to a maximum of one previous rating year. All adjustments will be limited to the date of property ownership.

Residents must pay their rates instalment as issued, and any amendments agreed to will be adjusted on the next instalment notice.

### **Non Domestic Waste Collection Services**

Councils may provide waste collection services to commercial premises and set an annual charge for such a service under Section 501 of the Act and may also levy a user pays charge under Section 502.

Shellharbour City Council offers a commercial waste management service to business and commercial premises wishing to dispose of waste. The pricing of this collection service is based upon cost recovery including operating costs, administrative overheads and provision towards the costs of major future works at the Dunmore Recycling & Waste Disposal Depot. A profit margin may be included into the pricing of non domestic waste collection services.

### **Dunmore Recycling & Waste Disposal Depot**

Charges for disposal of waste at the Dunmore Recycling & Waste Disposal Depot are set out in Council's Fees and Charges. Fees are prepared on the basis of market competitiveness and includes the NSW State Government Waste & Environment Levy where applicable.

## **Stormwater Management Pricing**

### **Stormwater Management Service Charge**

The levying of an annual charge for a stormwater management service charge is provided for by Section 496A of the Act. This charge will be used to partially fund the quantity and quality of stormwater that flows off land, and includes a service to manage the re-use of stormwater for any purpose.

Land eligible for the making of a charge will be all land that is rated in the residential and business categories for rating purposes, except vacant land.

Funds raised by the charge must be used to recover some or all of the costs of providing new or additional stormwater management services to eligible land. These services may include maintenance and capital works in areas such as drainage systems, stormwater treatment measures, stormwater harvesting, and stormwater re-use projects. Funding may also be allocated to flood and water quality studies and community and industry stormwater pollution education campaigns.

This charge is not subject to rate pegging.

Residential and business assessments will each pay a charge as is determined in the Council's Fees and Charges document.

# Community Facilities

## Swimming Pools

Entry fees are charged to all users of the heated and cold water pools except where lane/s have been booked and paid for, such as Swimming Club activities, Council's Learn to Swim lessons, Department of Education Intensive Learn to Swim program, School Swimming Carnival and Birthday parties.

A scaled recreation fee per registered Swimming Club member, per season, has been included to assist in providing equity for all users.

## Sportsfields

### • Playing Fields

Council provides a scaled recreation fee per registered player per season agreed as being the most equitable for all users.

A recreation fee applies to all regular users of sportsfields excluding schools. This charge covers the seasonal use of the playing fields, with the fee discounted depending on the number of players per club. This is to assist smaller clubs.

Casual users of sportsfields are charged an hourly fee which covers both the use of the playing surface and amenities where provided.

Schools are charged an application fee for school carnivals and gala days.

The fees are used to assist with the costs of maintaining Council's sportsfield assets. Council will continue to heavily subsidise the sportsfield maintenance costs through general revenue.

### • Lighting

Floodlights and training lights are provided to users of sportsfields on a subsidised basis.

Prices are set to partly recover some costs associated with electricity and minor repairs. Prices are not set to recover the cost of major maintenance, replacement or the original capital cost. Council subsidises the use of the floodlights and training lights out of its general revenue.

Council have undertaken to work with the Clubs to assist Council with prioritising upgrade and renewal works associated with sportsfield lighting.

### • Canteens

Canteens are provided at a number of sportsfields across the City. Revenue received will contribute partly towards the direct operating costs of the buildings, including water and electricity, the partial cost of any maintenance and structural repairs to the exterior of the building. The fee is subsidised by Council out of general revenue.

## Links Shell Cove Golf and Shell Cove Tavern Facility

Council operates the Links Shell Cove Golf facility. The management strategy for this facility necessarily includes a marketing strategy and budget. This budget, comprising both revenues and expenditures, is incorporated into Council's annual budget.

The Links Shell Cove Marketing Strategy and budget, includes non-cash components commonly incorporated in budgets for this type of facility. Specifically, this program allows for marketing incentives, prizes, inducements and goodwill generation through the use of complimentary invitations to use facilities. Complimentary golf rounds, use of carts and club facilities may be included as part of Council's strategy for building the business.

For the purposes of section 356 of the Local Government Act 1993, Council will account for all complimentary use of facilities, so that a value can be placed upon this form of promotion.

As the Shell Cove Tavern operates under a hoteliers licence (LIQH400108656) its marketing activities relating to liquor and gaming are governed by the Liquor Act 2007

## Neighbourhood Centres & Community Halls

Different pricing structures exist for the use of Neighbourhood Centres and Community Halls. This reflects Council's community service obligation and the role played by many community groups in assisting Council to meet its community objectives within our Community Strategic Plan.

### **The Imaginarium (Shellharbour Village Exhibition Space)**

The cost of providing the use of these facilities is subsidised by Council, reflecting Council's cultural development priorities and the important role artists and creative groups play in our City. Subsidised groups are charged under the community function "Non Profit" category as listed within the fees and charges document. All groups within this category are Non Profit community organisations. The use is reviewed annually. Council may limit or cap the time usage at the subsidised rates. See definition of Non Profit Organisations later in this document.

### **Senior Citizens Centres**

These facilities are licensed to senior citizen groups. The licence provides that the groups will undertake minor repairs and cleaning at their own expense.

Council meets the cost for major structural repairs out of its general revenue.

### **Youth Centres**

These facilities are provided for the young people living in the local government area. The facilities are provided free of charge and the operating costs including staffing costs are subsidised.

### **Non Profit Organisations**

A Non Profit Organisation is defined as an organisation that is not carried on for the profit or gain of individual members. A Non Profit Organisation can still make a profit but these must be used to carry out the organisation's purposes, and profits must not be distributed to an individual owner or owners, members or private persons.

If further clarification as to the non profit status of an organisation is needed to ascertain the applicable pricing category within this policy, the Australian Tax Office definition will be used.

Lower pricing structures can apply to Non Profit Organisations for the hire and use of Community Centres and Halls. The use by these organisations is reviewed annually and the organisations may also have individual agreements or licences. Council may also limit or cap the time usage at the lower rates.