Principles and methodology for setting local government charges under the Building Act

An outline of the general principles for setting charges for local government monopoly functions under the Building Act 1975

Effective 1 November 2000
Foreword

This guideline recommends principles and a methodology for setting local government charges under the *Building Act 1975*.

The guideline applies to statutory functions under the Act, including making information available to the public, council decisions on prescribed matters such as boundary relaxations, and archiving approved plans. Fees for any contestable functions, such as application fees for assessing a development application for development are not considered.

The guideline was developed by a working group comprising representatives from local government, industry and Department of Infrastructure and Planning.

The group was established following industry concerns about the considerable variations in charges, and local government calls for guidance on calculating charges.

The guidelines provide a worked example for calculating a fee schedule. In doing this, they identify functions for which a reasonable fee may be charged, taking into account community service obligations of the council, and demonstrating a nexus between income anticipated from the fee, and the anticipated cost of administering the function. The guidelines also identify how local governments may subsidise costs, but be transparent in doing so, demonstrating compliance with *Trade Practices Act* and National Competition Policy requirements.

The worked example has been developed with the sole purpose of illustrating the recommended methodology. No inference should be made as to the appropriateness of the process and steps undertaken in providing the service.
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Introduction

Background

Under the Building Act 1975, local governments are entitled to apply fair and reasonable charges for statutory building services provided to building designers and private certifiers\(^1\). These include charges for providing information, making decisions under Schedule 6 of the Standard Building Regulation 1993 and archiving of permits.

The charges covered in this guideline relate to statutory functions under the Act\(^2\). Fees for any contestable functions, such as application fees for assessing a development application for development are not considered.

This guideline recommends principles and a methodology for setting charges for local government charges under the Building Act 1975.

Objectives

The guideline details general principles for setting charges for local government monopoly functions under the Building Act 1975 and recommends a methodology for setting these charges. In general, the principles and methodology:

- identifies local government monopoly functions under the Building Act 1975 for which reasonable fees may be charged having regard to the principles of fairness and equity
- demonstrates the nexus between income anticipated from the imposition of the various monopoly charges under the Building Act 1975 and the anticipated expenditure of administering the functions
- demonstrates compliance with Trade Practices Act (TPA) and National Competition Policy (NCP) requirements
- provides a worked example of how to determine a fee schedule applying the recommended methodology
- identifies how local governments may subsidise costs but be transparent in doing so
- is suitable for the range of size and operational arrangements within local governments in Queensland
- is suitable for administration of the various functions associated with providing statutory building services
- is compatible with the different forms of accrual accounting and full cost pricing typically used by local governments.

Structure of guideline

The guideline commences in section 2 by identifying the specific local government statutory functions under the Building Act 1975 and other legislation for which reasonable fees may be charged.

Section 3 examines the different cost approaches that need to be considered in developing a basis for pricing.

Pricing principles, criteria and options is the subject of section 4 and contains much of the underlying theory of pricing.
Section 5 covers some remaining issues such as the *Trade Practices Act* and National Competition Policy that affect the setting of statutory prices.

Section 6 contains the costing methodology and pricing alternatives that are recommended for use in Queensland. It provides a set of guidelines and procedures for local government to use in setting their building statutory prices.

In Section 7 the costing methodology has been applied to a model case study.

The building statutory services costed in the case studies are generalised services and illustrative only. The illustrations given in the case studies in no way represent any recommended processes or costs for the provision of building statutory services.

**Monopoly functions**

This section of the guideline details parts of relevant Queensland Acts and Regulations that govern the scope and boundaries of setting local government fees and charges and the interactions with private certifiers.

**Relevant legislation**

**Local Government Act 1993**

The *Local Government Act 1993*, under section 974 gives a local government the power to fix general charges for goods and services.

The High Court case of Marsh *v* Shire of Serpentine-Jarrahdale (1966) 120 CLR 572 is authority for the proposition that the purpose for which statutory authority to charge fees is ordinarily conferred is to recoup the cost of administering the scheme in relation to which the fee is charged, not the enhancement of the revenues of the fee charging authority.

A key factor therefore is that the general charging power is not a taxing power, therefore, the charges fixed should not exceed the cost of providing those services and facilities. In circumstances where the imposition of such a fee goes beyond the cost of providing the particular service or facility, the fee may be considered as constituting general revenue raising powers and therefore, beyond the council’s power.

**Building Act 1975**

Whilst most of the description of regulatory services is contained in the Standard Building Regulation 1993, sections 15 and 47 of the *Building Act 1975* relate to certain applications for which fees could be charged.

Section 15 permits an application to be made to local government to relax the requirement for swimming pools to be fenced.

Section 47 permits an application to be made to local government to assess, approve and set a security bond on the removal or relocation of a structure.

**Standard Building Regulation 1993**

The following sections of the Standard Building Regulation 1993 contain elements that a local government must deal with and for which charges can be set.

Section 19 concerns the requirement for local governments to keep certain information and make it available to the public for inspection. This information must be made readily available at the front counter or can be provided for a reasonable fee on application. Where a fee is charged efficient and timely provision of information should result.
Section 20 deals with the manner in which local government must consider matters detailed in Schedule 6. Schedule 6 details the building works that require local government approval or decision under section 20 for which fees can be charged, namely:

1. Compliance with performance provisions in a local planning instrument or a local law existing at the commencement of this schedule or performance criteria in the Queensland Residential Guidelines under section 46.
2. Approval, for an allotment, of the height of fences, screens, ornamental structures or similar things higher than the height permitted under section 47(1).
3. Nomination of the road frontage of a building or structure for which the road frontage is to be reduced under section 47(2).
4. Approval of the siting of a building or structure under section 48.
5. The amenity and aesthetic impact of building work for forms of building or localities the local government must assess under section 50.
6. Occupation of a building, other than a class 1, 2, 3 or 4 building, for residential purposes under section 97.

It should be noted that a council’s own certifier should be regarded as a building certifier and that the same conditions given in section 20 should apply.

Section 26 refers to the supply, or lodgement of information from a private certifier to the assessment manager. This requirement attracts a reasonable lodgement fee.

Section 28 relates to the requirement for local governments to keep and store development applications as well as provide access to development applications.

Section 56 relates to building work over existing sewers or water mains. These applications will generally require a technical assessment for which a fee may be charged.

Section 67 is concerned with a development application made to a private certifier where an exemption is required from swimming pool fencing (section 15 of the Building Act 1975) prior to the private certifier approving the application.

Section 87 requires private certifiers to submit to the assessment manager copies of all inspection documents. This is essentially a lodgement function and refers to approved and final documentation.

Section 103 deals with the issue and inspection of certificates and their storage requirements.

Section 109 covers the documentation requirements for a change of classification.

Section 130 refers to the fee fixing status of local governments for services that can not be provided by a private certifier.

**Integrated Planning Act 1997**

The Integrated Planning Act 1997 covers the operations of private certification in sections of Chapter 5 Part 3.

The main relevance of these sections are principally to ensure that adequate record keeping is maintained by private certifiers and local government. They interrelate with the provisions of the Standard Building Regulation 1993 and prescribe no additional statutory functions to those described above.

**Monopoly services to which this guideline applies**

The practical aspects of the services, detailed in the various Acts and Regulations above are the actual services that the pricing principles and methodology contained within this
These services are broadly (but not limited to):

- provision of development information for use in making and deciding development applications
- assessment of security bond required for removal of buildings
- application for exemption of swimming pool fencing
- inspection of building records by an authorised person other than the owner
- archiving of approval and inspection documentation including certificates of classification
- assessment of matters detailed in Schedule 6 that require local government approval or decision under section 20 of the Standard Building Regulation 1993, namely:
  1. Compliance with performance provisions in a local planning instrument or a local law existing at the commencement of this schedule or performance criteria in the Queensland Residential Guidelines under section 46.
  2. Approval, for an allotment, of the height of fences, screens, ornamental structures or similar things higher than the height permitted under section 47(1).
  3. Nomination of the road frontage of a building or structure for which the road frontage is to be reduced under section 47(2).
  4. Approval of the siting of a building or structure under section 48.
  5. The amenity and aesthetic impact of building work for forms of building or localities the local government must assess under section 50.
  6. Occupation of a building, other than a class 1, 2, 3 or 4 building, for residential purposes under section 97.

Costing approaches

This section considers approaches to costing in councils that need to be considered before any pricing principles can be applied. This section includes the following:

- an examination of various costing approaches
- identifying the costs and revenue measures including the identification and allocation of corporate overheads
- an analysis of factors that contribute to the costs of the provision of the services under consideration
- examining the range of different statutory services provided and disaggregating the various costs amongst them
- extolling the advantages of having an accurate costing system.

Costing approaches

Costing of building statutory services should reflect efficient costs associated with undertaking the services. There are several approaches to costing which can be considered. The most appropriate costing approach is that which contains the full economic cost of utilising all the resources required to provide the service.

Fully distributed costs

Fully distributed costs involve calculating the direct costs of providing the statutory service plus a share of the council’s corporate overheads. Corporate overheads are allocated to the various statutory services using cost drivers. This approach is used commonly because it is relatively simple to apply and the information tends to be available from councils’ information systems. Use of reflective cost drivers for the corporate overheads is fundamental in ensuring an accurate allocation.
Marginal costs

Marginal costs refer to the alteration in total costs of providing one more unit of service. In theory, this would be the additional cost of undertaking one more statutory service. In practice, the measurability of the impact on costs would be considered in choosing the additional unit of service to be analysed. Marginal costs are usually lower than fully distributed costs, because the latter include corporate overheads. Generally, setting prices purely on a marginal cost basis will not provide sufficient revenue for councils to recover full costs.

Avoidable costs

Avoidable costs are the changes in costs, which occur when an activity is added to a council, or when an activity expands or contracts over a more substantial output range.

Examples are the changes in costs when statutory services increase by say, 20 per cent, or the costs of serving a particular type of service. Thus, avoidable costs are the marginal costs of varying output over a range rather than by a single unit.

Table 3.1 below outlines how costs are treated under each of the three approaches.

Table 3.1 Treatment of costs under different allocation methods

<table>
<thead>
<tr>
<th>Cost category</th>
<th>Is the cost included in the cost base?</th>
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<tr>
<td></td>
<td>Fully distributed cost (FDC)</td>
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<tr>
<td>Direct costs</td>
<td>Yes</td>
</tr>
<tr>
<td>Executive costs</td>
<td>Yes</td>
</tr>
<tr>
<td>Rent</td>
<td>Yes</td>
</tr>
<tr>
<td>Other overhead costs</td>
<td>Yes</td>
</tr>
<tr>
<td>Capital costs exclusive to the activity</td>
<td>Yes</td>
</tr>
<tr>
<td>Joint capital costs</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Identification of costs

Any activity of a council has two types of cost, direct and indirect. Direct costs are the easily measurable labour and goods and services used in provision of the service. The indirect costs are those of services provided by other sections of council, such as records management, accommodation services, human resources, etc.

Direct costs

Labour costs

The labour costs of a council activity are the wages and salaries of staff and should also include all on-costs. Total labour costs may include:

- wages and salaries
- superannuation
- workers compensation
- other on-costs.
**Goods and services**

Goods and services relate to all inputs purchased by a council activity other than corporate overheads. Inputs purchased may include:

- raw materials
- electricity
- plant or equipment leases
- mail and freight charges
- office supplies (e.g. stationery, paper)
- repairs and maintenance
- equipment belonging to council that is used by the activity (e.g. plant hire).

Where possible, goods should be identified separately from services to allow for the calculation of sales tax (if applicable).

**Depreciation**

Where equipment or non-current assets are owned (as opposed to hired or leased) by the activity that is used in delivery of the service, an allowance for depreciation is to be included in the determination of the full cost of service delivery.

The depreciation on each asset is to be based on the assets deprival value allocated over its useful life.

**Taxes**

Council business activities are exempt from a range of commonwealth, state and local government taxes and charges. Councils may need to impute the taxes that they are exempted from if costing on a competitively neutral basis, however this is not required for services that are deemed not to be in competition. For completeness, the taxes are:

**Commonwealth taxes:**

- goods and services tax
- fringe benefits tax
- capital gains tax.

**State taxes:**

- payroll tax
- debits tax
- stamp duty
- land tax.

**Council charges:**

- council rate charges.

Because building statutory services are not in competition, the majority of these taxes should not be imputed and contained in the cost of supplying building statutory charges.

**Debt financing costs**

A council activity may carry a level of debt, therefore borrowing costs and payment of interest need to be included in costs.

**Indirect costs**

Corporate overheads are costs incurred by a council activity from its use of services provided by other areas in the council. Examples of corporate overheads are:
human resource services
IT services
information management
workplace, health and safety
purchasing services
accommodation services
asset management
cleaning services.

The cost of these services needs to be allocated by an appropriate method to the council activity. A list of corporate overhead items together with example cost drivers is given in Table 3.2.

Table 3.2 Example corporate overheads and cost drivers

<table>
<thead>
<tr>
<th>Corporate overheads</th>
<th>Cost drivers</th>
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<td>Human resources services</td>
<td>Number of full-time equivalent staff</td>
</tr>
<tr>
<td>Workplace, health and safety</td>
<td>Number of full-time equivalent staff</td>
</tr>
<tr>
<td>Communication services</td>
<td>Number of connections</td>
</tr>
<tr>
<td>Purchasing services</td>
<td>Number of purchase orders</td>
</tr>
<tr>
<td>Asset management</td>
<td>Value of assets</td>
</tr>
<tr>
<td>Accommodation services</td>
<td>Floor space occupied</td>
</tr>
<tr>
<td>Information management</td>
<td>Number of requests</td>
</tr>
<tr>
<td>Financial management</td>
<td>Proportion of programs budget</td>
</tr>
<tr>
<td>IT services</td>
<td>Number of computers</td>
</tr>
<tr>
<td>Cleaning services</td>
<td>Floor space occupied</td>
</tr>
<tr>
<td>Legal services</td>
<td>Fee for service</td>
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It is important to take into account the fact that corporate overhead expenditure to be allocated to council activities may require other overheads to be allocated to them first. For example, a corporate services program may contain the following sub-programs:

- directorate
- information systems
- public relations
- human resources
- records.

The expenditure of the directorate should be allocated to the respective service areas before their expenditure is allocated to activities.

Cost factors

A number of factors affect the cost of the statutory charges under review. These are:

- council policies and systems e.g. council must purchase services internally or differing use of technology
- delegation e.g. the degree to which managers can improve administrative efficiency through delegation of decision making
- level of community consultation in formulation of policies
- effectiveness of front end statutory instruments
- size and location of councils
- complexity of legislation/effectiveness of statutory instruments
- community/council attitude towards development.

These factors will have an impact on the fees that councils charge for various statutory
Disaggregation of costs

The preceding sections have detailed the direct and indirect costs that need to be taken into account for the council building activity which then need to be disaggregated to the services provided so the cost of undertaking each statutory service can be determined.

The accurate allocation of costs is an important consideration for all council activities. There are three main methods that can be used by local governments to allocate their corporate overheads to business activities. These are:

- crude proportional allocation
- targeted proportional allocation
- activity based costing (ABC).

Each method is discussed in more detail below. The choice of allocation method will depend largely upon factors such as:

- size of council/activity
- costs involved in establishing data systems to feed into the cost allocation process
- systems already in place.

Allocation methodologies

Simple proportional allocation

Simple proportional allocation is based upon an activity’s share of council full-time equivalent (FTE) employees, revenue or expenditure. This method should only be used in the case of small activities/councils or where there is limited data available for more accurate methods of cost allocation.

Targeted proportional allocation

Targeted proportional allocation requires a closer analysis of an activity’s consumption of corporate services. It will involve identifying more appropriate bases from which to allocate corporate overheads. For example, the number of computers in use by an activity as a proportion of total computers may be more appropriate for allocating IT services, or the number of purchase orders raised by the business activity as a proportion of total purchase orders for the allocation of purchasing services. This approach is similar to activity-based costing (ABC). However it does not incorporate all elements of a complete ABC model.

The targeted allocation method is based upon distributing the cost of a particular internal service item across individual business activities. The cost of the service would be defined as its allocated expenditure budget adjusted to exclude the cost of services provided to council governance areas. The allocation of a particular internal service is achieved by apportioning the total cost with the use of cost drivers specifically related to the service provided.

This method is somewhat more refined than the formula allocation method, which allocates internal services on the basis of either share of total employment or share of council expenditure or revenue. While this may be appropriate for some services, to apply it across the board to corporate services may lead to a skewed distribution of such costs.

It should be noted that in the case of some corporate services a range of cost drivers may be available and a decision will need to be made as to the most appropriate. For example, in relation to IT Services the number of service calls made or a time usage measure based on the number of hours logged onto the local area network may be used instead of the number of computers.
Activity-based costing
ABC is a tool for cost management and is the most accurate method for allocating corporate services to business activities. Given the size and complexity of ABC systems it is envisaged that the implementation of ABC would be undertaken on a whole-of-council basis.

ABC focuses on an activity as a cost object, and uses the cost of these activities as the building blocks for compiling the costs of other cost objects. ABC differentiates between direct and indirect costs. Direct costs are those that arise within a cost object whereas indirect costs arise from outside the cost object and may serve other cost objects. Indirect costs are therefore costs not traceable to a single cost object and will require the identification of cost drivers for their allocation.

A simplified representation of an ABC system is given below.

Figure 3.1 Activity-based costing overview

In the diagram above it should be noted that the corporate overheads themselves would have their own identified direct and indirect costs and cost drivers.

To implement ABC, councils would need to:

- translate all activities into cost objects
- identify cost objects that represent indirect costs to business activity cost objects
- identify cost drivers for the allocation of indirect costs
- establish a benchmark rate per unit for each cost driver.

It should be noted that while, in a simplistic comparison between the targeted allocation approach outlined above and ABC, the two methods seem similar, ABC requires a more fundamental restructuring of council accounting practices and procedures.
This gives rise to the main disadvantage of ABC. That being the considerable amount of investment and change that is required for its implementation. Councils would need to outlay a considerable amount of money on the implementation of ABC on items such as:

- purchasing of suitable software
- possible provision of an interface with existing accounting systems
- employee training
- system testing.

However, as previously mentioned, economies of scale may facilitate the implementation of ABC if it is undertaken on a whole-of-council basis.

**Advantages of having an accurate costing system**

Councils should recognise that effective cost allocation requires an accurate costing system to allow robust cost benchmarks to be formulated. Some additional advantages of an accurate costing system include:

- planning facilitation for both cost and revenue targets in the short term and long term
- council structure and strategic direction
- detailed budgeting at the business activity level
- performance review for comparing expected with actual outcomes
- informed price setting decisions
- more accurate job costing with respect to tendering processes
- ability to benchmark against industry standards
- enhanced reporting ability.
Pricing principles and options

This section of the guideline covers the theory and practical applications of pricing principles and the various pricing options that are to be considered for application to statutory charges under the Building Act 1975.

Pricing principles

Many specific and general principles need to be assessed when considering pricing. For local government the specific principle that requires adherence is that councils should demonstrate a nexus between income anticipated from the imposition of a charge and the anticipated expenditure of administering the service. In other words, the charge must reflect the cost of administering the service and should not be for the purpose of general taxation or the raising of revenue.

More general pricing principles relating to the setting of prices regardless of the specific situation are (these are expanded upon below):

- economic efficiency
- cost-reflective pricing
- equity
- public good
- removal of cross subsidies
- transparency
- predictability
- administrative simplicity
- stakeholder objectives
- service quality

These principles are often consistent with each other rather than in conflict. Councils need to recover the costs of providing services to the community, or at least make informed decisions about the willingness to forego the revenue required to cover costs.

Economic efficiency

Prices charged for a service should be set to reflect the efficient cost level of carrying out the service including appropriate use of delegations and efficient use of resources. If statutory charges are priced above the efficient cost level this can discourage desirable behaviour and furthermore, would be viewed as revenue raising.

To minimise the extent of the inefficiencies that arise as a result of under or over charging, statutory charges should reflect the efficient cost of providing the appropriate service. If inefficient practices can be identified (either through benchmarking internally, or with similar councils) then consideration of the inefficiencies should be taken account of during costing and where appropriate, measures should be implemented to remove inefficiencies.

Cost reflective pricing

Fees for building statutory services have important implications for:

- resource allocation
- value for money for the community and applicants.

With a set amount of resources available to councils, spending more on assessing building statutory services is likely to be at the expense of the quality and level of other services. Cost reflective pricing can help ensure a council’s resources are best utilised to meet its community needs.
The above illustrates the importance of demonstrating the nexus between income anticipated from the imposition of a charge and the anticipated expenditure of administrating the service. For example, the fee charged for assessing a bond required for relocating a building should be differentiated for within the shire and from outside the shire. This distinction is made based on the average travel time required for assessment purposes i.e. travel time within the shire will be less than outside the shire, resulting in a higher cost to undertake the assessment. Consequently, the fee for outside the shire assessments would expect to be higher than within shire assessments.

Actions leading from the execution of a particular building statutory service (e.g. legal and enforcement actions) should not be included in the cost of providing the service. The reasons for this are firstly that the costs of these actions are largely unpredictable and secondly, it is the community that have developed planning and other instruments that require enforcement.

**Equity**

Under the ‘user pays’ principle, applicants and the community should pay according to the level of benefits accrued to them.

For example, some councils may specifically exempt certain searches from fees with the objective of receiving more complete and accurate building approval applications, thus potentially requiring less council resources to approve them and less frustration on the part of the applicants.

Some councils may also wish to waive, or fund through community service obligations, some statutory charges for development proposals that are believed to bestow large economic and social benefits on the local community.

Additional equity issues arise from the use of technology, particularly as it relates to the storage and retrieval of documentation. For example, should an applicant be required to pay more for a service because the council uses the latest electronic records management technology.

**Public good**

A number of matters need to be considered during the statutory service provision process including:

- policy development
- environmental impacts
- social and economic impacts
- workplace health and safety
- public interest.

It can of course be argued that the above matters and impacts are for the good of the whole community and are therefore a ‘public good’. It may therefore be appropriate for the community to pay for a proportion of the costs of the statutory services to take account of the ‘public good’ effects.

On the other hand, users should pay for the services they receive to a degree of who benefits the most should pay the most. This however is difficult to implement because the identification of all the beneficiaries and the ‘public good’ component is problematic.

The broad consensus may be that the community should pay for a reasonable cost of the statutory service process, but not for an excessive level of service. Some communities may however place a higher value on local amenity criteria, which may require a higher level of service. That is their decision and they need to take the costs into account when setting fees. Nevertheless, transparency and understanding should prevail and in any case the community will bear the cost either through the general rate or the transmission of fees by users of the services to future ratepayers.
An example of the public good component is illustrated through lodgement of documents for which a fee is charged. Documents are required to be handled by the council’s records management section and in determining the cost of this a decision is required by council as to which cost components should be passed on through the fee. It would seem appropriate that the labour cost of recording and filing the documents is passed on in the fee, but the cost of maintenance and storage of records is borne by the council in the interest of the public good.

Removal of cross subsidies
Cross subsidies exist where the price charged for one service is set below its cost and the price charged for another service is set above its cost to the extent that the overall costs are recovered. Cross subsidies, however, distort prices causing an inefficient allocation of resources and may or may not be the most efficient way to achieve equity or efficient practices. Where possible, prices should be set to minimise cross subsidies between services or groups of consumers.

Once a council has applied the methodology to determine the cost of supplying various statutory services, it is more informed as to how it wishes to set prices and the resulting cross subsidies that may be artificially installed.

For example, fees for some services may be set above their cost whilst others are free. Cross-subsidisation may be justified in some cases because of the administrative ease of collecting a charge once in a chain of related activities.

Care should also be taken to ensure that charges for building statutory functions do not cross subsidise fees for contestable building functions.

Transparency
The costs of providing statutory services to applicants should be clearly transparent. In particular, the treatment of corporate overheads should be made clear. These are costs incurred in the production of multiple products or services that remain largely unchanged as the number of those products or services provided increases. The method for allocating such costs (e.g. information technology, financial services) should be both fair and transparent.

If councils choose to impose a complex or more rigorous statutory service the additional costs should be made transparent to the community.

Transparency of this nature will expose inefficient practices in the delivery of statutory services and will encourage councils to seek efficiency improvements in the delivery of statutory services.

Predictability
The pricing system should give a high level of certainty to the users as well as to the providers of the service. Knowledge and certainty of prices allows applicants to make more informed decisions.

For example, if a standard service begins to look as if it is going to require a number of components each of which has a separate charge, the user needs to know in advance what the likely maximum charge is going to be.

Administrative simplicity
The charging of statutory fees should be simple to administer thus minimising administration costs.

The common means of administering charges is through a schedule of fees and charges, which clearly demonstrates a single fee for services. This is easy to administer and simple for customers to understand.
Stakeholder objectives

Prices should be set based on a specified service level. Broad consultation and acceptance of pricing policies by stakeholders is essential. This means that the setting of the price of a statutory service should be undertaken in consultation with the various stakeholders.

The largest question is of course what should be included in the cost of providing the statutory service. Should the price reflect the full cost? What should be included in the full cost? Is the cost a reflection of the efficiency of the service?

Service quality

Customers want to obtain a service of appropriate quality and reliability at a fair and reasonable price. Implicit in this is to protect consumers from the abuse of monopoly power.

In this instance under and over servicing is a real risk in that:

1. the supplier of the monopoly service knows that the consumer cannot go elsewhere
2. the cost of the service may reflect a higher level of service than that required by the consumer.

The second point is illustrated by the fact that a council may have implemented an expensive electronic filing system that provides them with more information than necessary in less time at a higher implied cost. The question arises whether the consumer should pay for the additional information or the improved turnaround time.

In addition to advertising a schedule of fees, councils should give an indication as to the typical turnaround times that can be expected. This introduces some certainty and provides for a more efficient planning process by the user.

Compliance with the Trade Practices Act 1974

The provision of monopoly services such as those considered in this guideline fall under the jurisdiction of the Trade Practices Act 1974. Specifically, Part IV Restrictive Trade Practices, deals with the abuse of market power under section 46.

The implication of the Trade Practices Act 1974 on local government is considered further in Section 5.

Pricing objective

The initial pricing objective should be to achieve full cost recovery. Full cost recovery is where prices are set to cover the full costs of providing a service. This goal needs to be fully supported and implemented by council management if it is to be fully successful.

Where cost recovery is not to be achieved, say for example due to a council policy to attract industry through reduced fees, the full cost still needs to be calculated. The difference in the fee charged and the full cost should be identified as a community service obligation.

In this manner the pricing structure remains transparent and the community can identify the extent to which the council is prepared to subsidise fees to, in the example above, attract industry.

A number of criteria should be adhered to, based upon the pricing principles outlined above, when considering the setting of fees for statutory services to achieve the pricing objective.

These are:

1. The fee structure should be cost reflective and fulfil the objectives of transparency, predictability and simplicity.
2. Practical aspects of introducing the fee structure should be taken into account, especially the impact of the change.
3. The fee structure should be based on the most efficient and effective way of delivering the service for the size of council.
4. The fee structure should represent a balance between what the applicant pays and what the community pays (public good component).
5. The fee structure needs to be set at a level that encourages appropriately correct usage so as to minimise wastage of time and resources.
6. The fee structure should be clear, easy to understand and easy to administer. This may require educational processes for all parties.

Once these criteria are adhered to the actual implementation of the fee structure can be addressed. Methods for setting fees are given below.

**Pricing methods**

Two pricing methods are considered below that meet the pricing objective. Each method is measured against the list of pricing principles.

**Standard fees**

This involves setting a standard fee to cover the efficient costs of assessing an average statutory service, including a fixed amount of cost for the time spent in consultation and mediation. Depending on the cost information, this standard fee should be classified into fees for different types and sub-types of statutory service.

The way in which this pricing methodology meets the pricing principles is assessed in Table 4.1.

**Table 4.1 Assessing standard fees against pricing principles**

<table>
<thead>
<tr>
<th>Principle</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic efficiency</td>
<td>To meet this principle the council needs to clarify the processes involved with the service, accounting for the usage of different technology and contextual information. Even though the process may be considered efficient by the council, only comparison with other similar context councils will determine whether it is or not.</td>
</tr>
<tr>
<td>Cost reflective pricing</td>
<td>This principle may or may not be met depending on the final pricing decision.</td>
</tr>
<tr>
<td>Equity</td>
<td>The principle is not necessarily met by applicants only, as equity depends to what extent provision is made for and taken up of additional components such as consultation and mediation. The provision may be met between applicants and the community depending upon what council decides to include in the costing of the service.</td>
</tr>
<tr>
<td>Public good</td>
<td>Principle is met depending upon what council decides to include in the costing of the service.</td>
</tr>
<tr>
<td>Removal of cross subsidies</td>
<td>In practice, those who do not use the full components of the service are subsidising those who do, therefore the principle is not fully met.</td>
</tr>
<tr>
<td>Transparency</td>
<td>The methodology is not fully transparent</td>
</tr>
</tbody>
</table>
unless it is clearly stated what the service includes and what it does not include.

Predictability
The principle is met, as services are predictable.

Administrative simplicity
Meets the principle.

Stakeholder objectives
The actual process of setting the final prices determines whether this principle is met or not.

Service quality
The method needs to take into account and specify service levels to meet this principle.

Compliance with TPA
The methodology complies with the TPA.

**Time-based charges**
The council would set an hourly rate based on industry standards and publish indicative benchmarked times for typical statutory services. Councils would then set predetermined fees based on this hourly rate and benchmarked time. Council would have the right to charge additional fees where extra costs are incurred through complications, but would be under an obligation to detail the causes of the additional fees. The applicant would be given a right to appeal to the council where fees are excessive.

The advantage of this proposal is that it would be more cost reflective than any standard fee, which must necessarily be based on an ‘average’ of costs for typical services.

The way in which this pricing methodology meets the pricing principles is assessed in Table 4.2.

**Table 4.2 Assessing standard fees against pricing principles**

<table>
<thead>
<tr>
<th>Principle</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic efficiency</td>
<td>To meet this principle the council needs to clarify the processes involved with the service, accounting for the usage of different technology and contextual information. The use of industry standards may not be appropriate to councils in different contexts.</td>
</tr>
<tr>
<td>Cost reflective pricing</td>
<td>This principle is more fully met than with standard fees.</td>
</tr>
<tr>
<td>Equity</td>
<td>The principle is met for equity between applicants. The principle may be met between applicants and the community depending upon what council decides to include in the costing of the service.</td>
</tr>
<tr>
<td>Public good</td>
<td>The principle is met depending upon what council decides to include in the costing of the service.</td>
</tr>
<tr>
<td>Removal of cross subsidies</td>
<td>The principle is largely met as those requiring more service components pay for them.</td>
</tr>
<tr>
<td>Transparency</td>
<td>Is not fully transparent unless it is clearly stated what the service includes and what it does not include.</td>
</tr>
<tr>
<td>Predictable</td>
<td>Principle is not met, as applicants cannot be certain as to the extent of additional fees that may be incurred.</td>
</tr>
<tr>
<td>Administrative simplicity</td>
<td>Does not fully meet this principle, as more detailed recording and billing mechanisms need to be established. Additional administrative burden will be incurred if applicants decide to appeal to the council when faced by excessive fees.</td>
</tr>
</tbody>
</table>
Stakeholder objectives

The actual process of setting the final prices determines whether this principle is met or not.

Service quality

The method needs to take into account and specify service levels to meet this principle.

Compliance with TPA

The methodology complies with the TPA although there is more scope for misuse of market power.

Trade Practices Act and national competition policy

This section discusses the possible impact on local government building statutory services, of the Trade Practices Act 1994 (TPA) and National Competition Policy (NCP) reforms adopted by the Council of Australian Governments (COAG) in April 1995.

Application of Part IV of the Trade Practices Act to local government

In broad terms, the TPA applies to the activities of trading and financial corporations, and in respect of interstate and foreign trade. Local government bodies would for the most part be corporations.

Within the TPA the following local government activities are exempted:

- the refusal to grant, or the granting, suspension or variation of, licences (whether or not they are subject to conditions) by a local government body
- a transaction involving only persons who are acting for the same local government body.

A ‘licence’ is defined to mean a licence that allows a licensee to supply goods or services.

Section 45 Anti-competitive agreements

Section 45 prohibits agreements, arrangements and understandings that have the purpose or effect, or likely effect, of substantially lessening competition.

Section 45 is more likely to be of relevance to local governments than the other provisions of Part IV since it is the provision against which policies of ‘buy local’ and ‘preferred supplier status’ could fall to be measured. The policies involve giving a preference in commercial dealings such as purchasing and tendering for works to suppliers from within the local or regional area or from the council itself.

There is an argument that, in pursuing such policies, an agreement, arrangement or understanding between a local government body and another person may have the potential to result in a lessening in competition, since some persons who might be interested in providing the goods or services are prevented from doing so for anti-competitive reasons.

Whether implementation of one of these policies involved an infringement of s45 would depend on many factors, including whether:

- implementation was in pursuance of a law of the state or territory which fell within a s51 exemption, i.e. carrying out the policy was specifically approved or authorised by law
(b) the practice had been authorised by the ACCC on public benefit grounds
(c) a ‘licence’ was involved
(d) it could be said that the practice resulted in a substantial lessening of competition in a
market.

Section 45 also prohibits arrangements between competitors that they will not acquire goods
or services from, or supply goods or services to, another person (a primary boycott).

The key implication for building statutory services provided by council that would fall under
this definition would occur if favourable treatment were given to one group of customers as
opposed to another, i.e. between council building certifiers and private certifiers. This would
include improved access to information, not charging for certain services, provision of more
complete information and differentiated turnaround times.

Section 45A Agreements that fix prices
Section 45A in effect makes price fixing or price maintaining agreements unlawful per se
regardless of whether they involve a substantial lessening of competition. Local government
bodies will become primarily liable should they engage in this type of behaviour.

Price fixing only occurs when competitors agree to fix prices. Since the provision of building
statutory services is not in competition they cannot fix prices with a competitor. Thus the
section does not apply.

Section 45D Exclusionary provision
Section 45D prohibits persons acting in concert to prevent or hinder third persons from
supplying goods or services to, or acquiring goods or services from, a fourth person, where at
least one of the third or fourth persons is a trading or financial corporation.

This section may have some application to the provision of building statutory services through
either council certifiers or private certifiers, i.e. the service performed for a certifier may be
delayed or unfavourably charged because the certifier’s client is a builder from outside of the
council’s jurisdiction.

Section 46 Misuse of market power
Section 46 prohibits a corporation, which has a substantial degree of power in a market from
using that power to get rid of competitors or to prevent others from entering the market or any
other market or engaging in competitive conduct in that or any other market.

The section is concerned with the protection of the competitive process—not necessarily with
the protection of competitors per se. The more competitive the market the greater the damage
likely to be suffered by less efficient participants.

The corporation must have a substantial degree of market power. Therefore, firstly there must
be a market as understood in law and economics. Importantly, that market power must have
been used. If the particular action taken by a corporation, which has market power, is one that
would have been taken under competitive conditions, the corporation cannot be said to have
used its market power. The mere use of market power is not enough. It must have been used
for one of the proscribed anti-competitive purposes. The use of market power for other
purposes is not prohibited.

The classic case here is where council certifiers are given preferential treatment over private
certifiers. If the council certifiers were to gain a competitive edge by appearing to obtain
statutory service provision quicker or cheaper than private certifiers they may increase their
market share.

However, the nature and extent of the market contemplated by the TPA can be as broad as
Australia-wide depending on the geographic boundary within which services can be provided.
For building certification, the market is the provision of building certifying services throughout
Queensland. Therefore, the influence a rural council with minimal building activity may have on the market for building certifying services may be insignificant.

Therefore, if rural councils with minimal building activity choose to subsidise the real cost of service provision they may do so. However, to avoid allegations of the misuse of market power the appropriate reasons for providing the subsidy should be made transparent. The subsidy should be treated as an explicit community service obligation, which is separately funded by the council with full disclosure in the council’s annual report.

Section 47 Exclusive dealing
Section 47 prohibits a corporation from making it a condition of supplying goods or services that the buyer must not take a competitor’s goods or services or must take goods or services from a third person.

Where a requirement is that a third person’s good or service be taken, it is not necessary to show that the practice results in a substantial lessening of competition. This is termed ‘third line forcing’ and is illegal. In other cases it is necessary to prove that competition has been substantially reduced.

An example would be the pricing and sale of information only on the grounds that a council certifier can only use it.

Section 48 Resale price maintenance
Section 48 prohibits resale price maintenance, which is the practice of a supplier requiring the person to whom it supplies goods or services not to sell those goods to someone else at less than a price set by the supplier.

The section not only prohibits corporations from engaging in resale price maintenance but also prohibits persons from imposing resale price maintenance on corporations.

It is unlikely that this would occur with the provision of building statutory services.

Section 50 Mergers or acquisitions
Section 50 prohibits mergers and acquisitions that have the effect or are likely to have the effect of substantially lessening competition in a market.

This section is unlikely to apply to the supply of building statutory services.

Application of national competition policy
NCP was introduced to local government through the Local Government Act 1993 which requires that local governments:

- which operate ‘significant business activities’ undertake a public benefit assessment for each of these activities with a view to applying competitive neutrality principles to those activities, by way of: corporatisation, commercialisation or full cost pricing (FCP)
- consider the application of competitive neutrality principles to those smaller business activities that compete with the private sector by the adoption of the Code of Competitive Conduct
- apply the code to roads business activities, as defined in the Act.

The NCP competitive neutrality reforms are focused on the significant business activities of councils. The Local Government Act 1993 only requires the application of full cost pricing to council business activities having a turnover in excess of $200,000. Even then, competitive neutrality is only to be applied to the extent it can be demonstrated the benefits of implementation outweigh the costs.
The primary aim of the NCP is to improve the efficiency and productivity of the Australian economy to allow a higher standard of living. The competition reforms are not to compromise, but rather to enhance the delivery of both state and local government social and essential services.

Importantly, the principle of competitive neutrality is not meant to interfere with the capacity of the councils to subsidise the provision of goods and services (provided that the subsidy is being used to assist the councils to fulfil community service obligations as may be the case with some of the smaller councils). This means that if a subsidy is designed to assist councils (particularly smaller councils) fulfil a community obligation (to assist with the development of the local government area and to encourage compliance with the building standards) then this type of conduct must not be discouraged.

**Methodology**

This section of the guideline defines the steps required to accurately cost the statutory building services that local governments provide.

The core steps in the methodology are:

1. understanding and documenting the steps involved in each of the statutory services provided by the statutory building unit
2. flowcharting the processes and identifying the resources used in each step
3. identifying the direct costs of providing the statutory services. This requires the identification of fixed costs and variable costs
4. identifying the indirect costs or corporate overheads used by the statutory building unit
5. calculating the cost of each statutory service
6. determination of the final statutory service price.

**Understanding and documenting processes**

The first step in the methodology is to understand and map out the processes that are required for each statutory service. One would expect that there is a core set of processes that are required for each statutory service.

Some councils may have already completed this process for internal work flow and quality assurance purposes.

**Flowcharting the processes**

This stage requires a more detailed charting of the processes including typical service delivery paths and alternative paths to be followed should exceptions from the typical occur.

Chart 6.1 below illustrates the process that may be involved with assessing Schedule 6 matters.

**Chart 6.1 Flowchart for assessing schedule 6 matters**
Under each symbol is a brief description of the activity undertaken followed by the use of a resource. For example, in Chart 6.1, the receipt of application uses five minutes of an administration officer’s (AO) time and five minutes of computer time.

**Table 6.1 Legend of abbreviations used in flowcharts**

<table>
<thead>
<tr>
<th>Administration officer</th>
<th>AO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer</td>
<td>Comp</td>
</tr>
<tr>
<td>Building officer</td>
<td>BO</td>
</tr>
<tr>
<td>Geographic information system</td>
<td>GIS</td>
</tr>
</tbody>
</table>

Each symbol in the flowchart indicates a step in the overall process. The various steps have been classified into groups of actions that are common to the provision of statutory services. These are given in Chart 6.2 below.
Direct costs

The costing of any activity needs to take account of the fixed costs that must be accounted for plus the variable costs involved in producing each service.

Direct fixed costs

Direct fixed costs are those costs that cannot be varied in the short term and which can be readily identified as belonging to the unit providing the service and are necessary to ‘open the doors’. Generally, these fixed costs include:

- goods and services
- informational material
- depreciation.

The first item relates to consumables that are required to run the business and is generally independent of the number of services provided. Goods include basic stationery, software,
training materials, subscriptions and other goods that do not classify as capital items. Services include electricity, cleaners, internet access, etc.

Informational material refers to materials that have been produced to advise on the services provided, application forms, educational material, etc.

Depreciation is the cost of plant and equipment used to provide the services. Generally, this will include premises, furniture, computers, phone systems, fax machines, vehicles, storage systems etc. Depreciation is usually determined on an annual basis and is accumulated to provide funds for the replacement of plant and equipment.

For the purposes of the exercise the above direct fixed costs should be ascertained on an annual basis from the budget of the past accounting period and allocated to the identified services based on the services annual proportional usage.

Direct fixed costs are denoted by the variable $DFC_j$, where $j$ is the number of direct fixed costs.

**Direct variable costs**

The direct variable costs are those that can be readily identified as being linked with the provision of a service. These are most likely to be:

- labour
- goods and services
- plant hire.

Labour is the amount of labour used at each stage of the service provision. Generally, it can be readily identified by recording the hourly rate of the person undertaking the task and the amount of time taken to complete a task. Once measured over sufficient repeated tasks an average can be determined.

Goods and services used in the provision of the service can be accounted for as they are consumed in the provision of the service e.g. photocopying, file access, postage, cheque drawing.

Plant hire is a charge readily identified with the hire of a specified item of plant over a specified time period.

Direct variable costs are denoted by the variable $DVC_i$ where $i$ denotes the number of services provided. The direct variable costs for a service $i$ are calculated by summing the cost of the $n$ resources ($VC_{i,n}$) used in the provision of service $i$.

$$DVC_i = \sum_{n} VC_{i,n}$$

Once the direct variable cost of supplying one service is known, it should be multiplied by the total number of those services provided ($iQ$) during the year to give a total direct variable cost of that service for the year:

$$TDVC_i = DVC_i \cdot Q_i$$

**Indirect costs**

Indirect costs are those costs that are allocated from other internal service areas of council. They are generally known as corporate overheads. Indirect costs can be thought of as additional fixed costs, which need to be allocated in the same manner as direct fixed costs.
To allocate indirect costs, such as corporate overheads, requires a two-step process. Firstly, the corporate overheads must be identified, fully costed removing governance costs and allocated to the statutory building unit. Secondly, the portion attributable to the statutory services can be calculated and allocated to the total cost of those services.

**Identification of corporate overheads**

The allocation of corporate overheads to internal services and business activities is an integral part of the costing process. Since internal services and business activities make purchases from internal services, the cost of these internal services must be considered on a full cost recovery basis. That is, their full cost must be calculated for them before they can be allocated.

**Governance costs**

Costs relating to governance are indirect costs that are not related to an activity’s service delivery. Governance costs are those that would exist even if all council activities were outsourced.

Governance costs generally include:

- meetings of the council and of corporate policy making committees
- councillors’ salaries and expenses not associated with an activity’s delivery of services
- the proportion of a chief executives’ salary not spent on specific services or direct service operations for which they are responsible
- financial accounting work, including the preparation and publishing of statements of accounts, corporate budgets and annual reports. Although publicly listed companies are subject to stringent reporting requirements by the Australian Securities Commission, a council activity being considered may only have private companies as competitors for which reporting standards are less onerous. Hence the additional cost associated with the legislative reporting requirements represent a cost of governance
- freedom of information requests and other public accountability requirements such as Judicial Review, EEO, CJC and promotion on merit principles
- retention of information by council as required by the Libraries and Archives Act 1988
- subscriptions to local authority associations and attendance at conferences and meetings
- local election costs
- staff, accommodation and corporate overhead costs associated with the meetings, personnel and activities described above.

An issue to note in relation to governance costs is that the provision of corporate services to governance areas should be included in the costs of governance and not allocated to activities.

The identification of governance costs is somewhat subjective and should not be used to reduce the cost of carrying on an activity. Councils should be able to justify identified costs of governance.

**Allocation of corporate overheads to the statutory building unit**

Once corporate overheads have been fully costed and adjusted to remove the costs of governance, they can be allocated to the statutory building unit with a cost driver using the following formula:

\[
\text{Allocation to Building Unit} = \frac{\text{Corporate Overhead} \times \text{Cost Driver}_{\text{Building Unit}}}{\text{Total Cost Driver}}
\]
For example, suppose the corporate overhead is human resources, which has a sum of $100,000 to be allocated. A suitable cost driver would be numbers of staff. If the council has 100 staff two of whom are in the statutory building unit, then the amount of the human resources corporate overhead to be allocated to the statutory building unit would be $100,000 * 2/100 = $2,000.

What this equation says is that the corporate overhead cost allocation to the statutory building unit is equal to the cost of the corporate overhead multiplied by the statutory building unit’s portion of the cost driver.

Indirect fixed costs are denoted by the variable $IFC_k$ where $k$ is the number of indirect fixed costs.

**Determination of statutory service cost**

The final step in determining the cost of the statutory service provision is to allocate the direct and indirect fixed costs to each of the services. The simplest way to do this is to use the cost of all the services as a cost driver. For example:

$$TDFC_i = \sum \left( \frac{TDVC_i}{\sum TDVC_i} \times DFC \right)$$

This means that the total direct costs of service $i$ is the sum of all the direct fixed costs proportioned by the total direct variable cost of service $i$ to the sum of the total direct variable costs for all services. Similarly, for the total indirect fixed costs:

$$TIFC_i = \sum \left( \frac{TDVC_i}{\sum TDVC_i} \times IFC \right)$$

The total cost of service $i$ is then simply:

$$TC_i = TDFC_i + TDVC_i + TIFC_i$$

Finally, to determine the cost of an individual service the total cost is divided by the number of services provided in that year ($Q_i$).

$$C_i = \frac{TC_i}{Q_i}$$

A few observations are necessary. Firstly, the whole building unit will generally not be dedicated to the provision of statutory services. Therefore, the proportion of direct fixed costs and indirect fixed costs attributable to the statutory services will need to be adjusted prior to allocating them to the statutory services.

Secondly, using the statutory services cost to allocate direct fixed cost and indirect costs may not be the most accurate method. Other cost drivers may be appropriate. For example, some services may make more use of records management and should thus receive a greater share of records management costs.

**Determination of the final statutory service price**

Once the costs of providing each statutory service are known the price of those statutory services can be set.
Setting the price equal to the cost will enable full cost recovery.

Setting the price above the cost would be seen as revenue raising and is thus not permissible under the Local Government Act 1993.

Setting the price below the cost clearly identifies that the council has made a clear decision to provide part or all of the service as a community service obligation (CSO). In this case the statutory building unit should request payment from the council to make up the shortfall.

**Case study**

The case study has been developed with the sole purpose of illustrating the methodology outlined in Section 6. The processes covered relate only to general steps undertaken to cover building statutory services. No investigations have been made as to the appropriateness of the process and steps undertaken in providing the building statutory services, benchmarking of processes between different councils, or whether or not the processes are efficient.

**Service split of building unit services**

The case study assumes the council contains a building unit, which provides competitive building certification services as well as statutory services and services to council. The split up of service provision is approximated in Table 7.1.

### Table 7.1 Service split of building unit services

<table>
<thead>
<tr>
<th>Service</th>
<th>Split</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building certification services</td>
<td>60%</td>
</tr>
<tr>
<td>Statutory services</td>
<td>10%</td>
</tr>
<tr>
<td>Services to council (e.g. governance)</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Understanding and documenting processes**

The statutory services, current fees and average quantity provided per annum are identified and example figures are given in Table 7.2.

### Table 7.2 Statutory services provided by the building unit

<table>
<thead>
<tr>
<th>Service</th>
<th>Average quantity per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessing information for design purposes</td>
<td>100</td>
</tr>
<tr>
<td>Compilation of information package for design purposes</td>
<td>100</td>
</tr>
<tr>
<td>Approval of the siting of a building under a planning scheme</td>
<td>10</td>
</tr>
<tr>
<td>Relaxation of the height requirements for an ornamental structure</td>
<td>5</td>
</tr>
<tr>
<td>Nomination of road frontage</td>
<td>30</td>
</tr>
<tr>
<td>Relaxation of siting requirement of SBR for a building</td>
<td>30</td>
</tr>
<tr>
<td>Assessment of the amenity and aesthetic impact of a building</td>
<td>20</td>
</tr>
<tr>
<td>Approval of the residential occupation of a non-residential building</td>
<td>5</td>
</tr>
<tr>
<td>Archiving of approval and inspection documentation</td>
<td>200</td>
</tr>
<tr>
<td>Service</td>
<td>Cost</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Inspection of building permit documentation</td>
<td>100</td>
</tr>
<tr>
<td>Provision of information on sewer</td>
<td>220</td>
</tr>
<tr>
<td>Assessment of pool fencing exemption</td>
<td>15</td>
</tr>
<tr>
<td>Assessment of bond required to move a building</td>
<td>15</td>
</tr>
<tr>
<td>Compliance search for property settlement</td>
<td>300</td>
</tr>
</tbody>
</table>

The processes and resources used for each of the statutory services undertaken above are presented in the sections below.

### Accessing information for design purposes

The processes involved in accessing information for design purposes are detailed below and illustrated in Chart 7.1:

1. receipt of request, administration officer, five minutes
2. information gathering, administration officer, 15 minutes.

The process also includes computer access (GIS).

#### Chart 7.1 Processes involved in accessing information for design purposes

![Chart 7.1 Processes involved in accessing information for design purposes]

### Compilation of information package for design purposes

The processes involved in the compilation of information packages for design purposes are detailed below and illustrated in Chart 7.2:

1. receipt of request, administration officer, 5 minutes
2. information gathering, building officer, 30 minutes
3. process application (collects information from computer and hard copies)
4. administration officer, 15 minutes
5. typing and postage of reply, administration officer, 10 minutes.

The process also includes computer access (GIS).

#### Chart 7.2 Processes involved in compilation of information for design purposes

![Chart 7.2 Processes involved in compilation of information for design purposes]

### Approval of the siting of a building under a planning scheme

The process involved in approving the siting of a building under section 46 of the SBR is detailed below and illustrated in Chart 7.3:

1. receipt of application, administration officer, 5 minutes
2. inspection (if necessary), building officer, 30 minutes (in vehicle)
3. assess application, building officer, 30 minutes
4. typing and postage of reply, administration officer, 10 minutes.

The process also includes computer access (GIS).

Chart 7.3 Processes involved in approving the siting of a building

 Relaxation of the height requirements for an ornamental structure
The process involved in relaxing the height requirements for an ornamental structure under section 47(1) of the SBR is detailed below and illustrated in Chart 7.4:

1. receipt of application, administration officer, 5 minutes
2. assess application, building officer, 30 minutes
3. typing and postage of reply, administration officer, 10 minutes.

The process also includes computer access (GIS).

Chart 7.4 Processes involved in relaxing the height requirements for an ornamental

 Nomination of a road frontage
The process involved in nominating a road frontage under section 47(2) of the SBR is detailed below and illustrated in Chart 7.5:

1. receipt of application, administration officer, 5 minutes
2. assess application, building officer, 30 minutes
3. typing and postage of reply, administration officer, 10 minutes.

The process also includes computer access (GIS).

Chart 7.5 Processes involved in nominating a road frontage

 Relaxation of siting requirement of SBR for a building
The process involved in relaxing a siting requirement for a building under section 48 of the SBR is detailed below and illustrated in Chart 7.6:

1. receipt of application, administration officer, 5 minutes
2. inspection (if necessary), building officer, 30 minutes (in vehicle)
3. assess application, building officer, 30 minutes
4. typing and postage of reply, administration officer, 10 minutes.

The process also includes computer access (GIS).

Chart 7.6 Processes involved in relaxing a siting requirement of the SBR for a building receipt of application

Assessment of the amenity and aesthetic impact of a building
The process involved in assessing the amenity and aesthetic impact of a building is detailed below and illustrated in Chart 7.7:

1. receipt of application, administration officer, 5 minutes
2. inspection (if necessary), building officer, 30 minutes (in vehicle)
3. assess application, building officer, 30 minutes
4. refers to council if required, building officer, 30 minutes
5. typing and postage of reply, administration officer, 10 minutes.

The process also includes computer access (GIS).

Chart 7.7 Processes involved in assessing the amenity and aesthetic impact of a building receipt of application

Approval of the residential occupation of a non-residential building
The process involved in approving the residential occupation of a non-residential building is detailed below and illustrated in Chart 7.8:

1. receipt of application, administration officer, 5 minutes
2. assess application, building officer, 15 minutes
3. typing and postage of reply, administration officer, 10 minutes

The process also includes computer access (GIS).

Chart 7.8 Processes involved in approving the residential occupation of a non-residential building
Archiving of approval and inspection documentation
The processes for archiving documents are detailed below and illustrated in Chart 7.9:

1. receipt of documentation, administration officer, 5 minutes
2. file creation, administration officer, 15 minutes
3. receipt of final notification, filing, administrative officer, 10 minutes.

Chart 7.9 Processes involved in archiving documents receipt of documentation

Inspection of building permit documentation
The processes for inspection of building permit documentation are detailed below and illustrated in Chart 7.10:

1. receipt of request, administration officer, 5 minutes
2. retrieve file, administration officer, 15 minutes.

Chart 7.10 Processes involved in the inspection of building permit documentation

Provision of information on sewer
The processes for provision of information on sewers are detailed below and illustrated in Chart 7.11:

1. receipt of request, administration officer, 5 minutes
2. retrieve file, administration officer, 15 minutes.

The process also includes computer access (GIS).

Chart 7.11 Processes involved in the provision of information on sewers
Assessment of pool fencing exemption
The processes involved in the assessment of a pool fencing exemption are detailed below and illustrated in Chart 7.12:

1. receipt of application, administration officer, 5 minutes
2. create file, inspection of site, building officer, 60 minutes (in vehicle)
3. assess application, including writing reply, building officer, 30 minutes
4. typing and postage of reply, administration officer, 10 minutes.

Chart 7.12 Processes involved in assessment of pool fencing exemption

Assessment of bond required to move a building
The processes involved in the assessment of a bond required to move a building are detailed below and illustrated in Chart 7.13:

1. pre-application, building officer, 15 minutes
2. receipt of application, administration officer, 5 minutes
3. checking, building officer, 15 minutes
4. inspection of site, building officer, 60 minutes (in vehicle)
5. report preparation, building officer, 30 minutes
6. typing and postage of reply, administration officer, 10 minutes
7. application bond handling, administration officer, 30 minutes.

Chart 7.13 Processes involved in assessment of bond required to move a building

Compliance search for property settlement
The processes for a compliance search for property settlement are detailed below and illustrated in Chart 7.14:

1. receipt of request, administration officer, 5 minute.
2. retrieval of information, building officer, 15 minutes
3. inspection, building officer, 60 minutes (in vehicle)
4. report preparation, building officer, 30 minutes
5. typing and postage of reply, administration officer, 10 minutes.

The process also includes computer access (GIS).
Flowcharting processes

The processes involved in supplying the statutory services detailed in Table 7.2 are detailed in the charts of the previous section.

Direct costs

Direct fixed costs

The direct fixed costs for the provision of statutory services are given in Table 7.3.

Table 7.3 Direct fixed costs of the building unit

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
<th>Unit of cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>$3250</td>
<td>Per annum</td>
</tr>
<tr>
<td>Services</td>
<td>$1250</td>
<td>Per annum</td>
</tr>
<tr>
<td>Depreciation of office</td>
<td>$3000</td>
<td>Per annum</td>
</tr>
<tr>
<td>Total</td>
<td>$7500</td>
<td></td>
</tr>
</tbody>
</table>

These costs represents 10% of the fixed costs of the building unit that undertakes statutory services.

Direct variable costs

Direct variable resources and costs involved in the provision of statutory services have been identified in Section 7.2. The resources, costs and the unit of those costs are detailed in Table 7.4.

Table 7.4 Direct variable costs of the building unit

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
<th>Unit of cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration officer (AO)</td>
<td>$40 000</td>
<td>Per annum</td>
</tr>
<tr>
<td>Building officer</td>
<td>$55 000</td>
<td>Per annum</td>
</tr>
<tr>
<td>Vehicle</td>
<td>$10 000</td>
<td>Per annum</td>
</tr>
<tr>
<td>Computer (comp)</td>
<td>$10 000</td>
<td>Per annum</td>
</tr>
<tr>
<td>Geographic Information System (GIS)</td>
<td>$20</td>
<td>Per access</td>
</tr>
</tbody>
</table>

Note: Actual resource costs have been rounded.

Using the process flowcharts in Section 7.2 and the resource costs in Table 7.4 the direct variable costs of providing the various statutory services can now be calculated. Table 7.5 illustrates this process for the various building statutory services.

The total resource usage per year is calculated as the total use of the resource for a typical application by the typical number of applications received per year.
The costs of the resources were given in Table 7.4. Since the units of measurement for positions are recorded in minutes we need to calculate the resource cost per unit. In the case of the Administration Officer it is estimated that in a year they would work approximately 100,050 minutes (46 weeks * 5 days * 7 ¼ hours * 60 minutes). Dividing their annual salary by this amount gives a cost of $0.25 per minute.

Likewise, computer and vehicle costs have also been worked out on a per minute basis. The GIS system however is costed on a per access basis since this is a charge often implemented by the area of council responsible for the GIS.

Table 7.5 Direct variable cost of each function

<table>
<thead>
<tr>
<th>Service</th>
<th>Resource</th>
<th>AO (mins)</th>
<th>BO (mins)</th>
<th>Vehicle (mins)</th>
<th>Comp (mins)</th>
<th>GIS (access)</th>
<th>Total</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessing information for design purposes</td>
<td>Receipt of request</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Information gathering</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>20</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total per year</td>
<td>2,000</td>
<td>0</td>
<td>0</td>
<td>500</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total cost for year</td>
<td>$800</td>
<td>50</td>
<td>50</td>
<td>550</td>
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<td>$2,850</td>
<td>5.15%</td>
</tr>
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<td></td>
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</tr>
<tr>
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<td>Total</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Total per year</td>
<td>3,000</td>
<td>3,000</td>
<td>0</td>
<td>3,000</td>
<td>100</td>
<td>$5,148</td>
<td>9.30%</td>
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<tr>
<td></td>
<td>Total cost for year</td>
<td>$1,1649</td>
<td>$1,649</td>
<td>$0</td>
<td>$300</td>
<td>$2,000</td>
<td></td>
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</tr>
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<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$60</td>
<td></td>
</tr>
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<td>Total</td>
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<td>30</td>
<td>15</td>
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</tr>
<tr>
<td></td>
<td>Total per year</td>
<td>180</td>
<td>600</td>
<td>300</td>
<td>180</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
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<td>Total cost for year</td>
<td>$330</td>
<td>$330</td>
<td>$30</td>
<td>$15</td>
<td>$200</td>
<td>$635</td>
<td>1.15%</td>
</tr>
<tr>
<td>Service</td>
<td>Average Quantity Per Annum</td>
<td>Resource</td>
<td>AO (mins)</td>
<td>BO (mins)</td>
<td>Vehicle (mins)</td>
<td>Comp (mins)</td>
<td>GIS (access)</td>
<td>Total</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>----------------------------</td>
<td>-------------------</td>
<td>-----------</td>
<td>-----------</td>
<td>----------------</td>
<td>-------------</td>
<td>--------------</td>
<td>-------</td>
</tr>
<tr>
<td>Relaxation of the height requirements for an ornamental structure</td>
<td>5</td>
<td>Receipt of application</td>
<td>5</td>
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<td></td>
<td></td>
<td></td>
<td>520</td>
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</tr>
<tr>
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<td>15</td>
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<td>220</td>
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<td>450</td>
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<tr>
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<td>Total</td>
<td>15</td>
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<td>30</td>
<td>15</td>
<td>1</td>
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<td>Total</td>
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<td>60</td>
<td>30</td>
<td>15</td>
<td>1</td>
<td></td>
<td>1,904</td>
</tr>
<tr>
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<td>450</td>
<td>1,800</td>
<td>900</td>
<td>450</td>
<td>30</td>
<td></td>
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<tr>
<td></td>
<td>Total cost for year</td>
<td>$180</td>
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<td>$90</td>
<td>$45</td>
<td>$600</td>
<td></td>
<td>$1,904</td>
</tr>
<tr>
<td>Assessment of the amenity and aesthetic impact of a building</td>
<td>20</td>
<td>Receipt of application</td>
<td>5</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inspection</td>
<td>30</td>
<td>30</td>
<td></td>
<td></td>
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<td></td>
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</tr>
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<td></td>
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<tr>
<td></td>
<td>Total</td>
<td>15</td>
<td>60</td>
<td>30</td>
<td>15</td>
<td>1</td>
<td></td>
<td>1,270</td>
</tr>
<tr>
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<td>Total per year</td>
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<td>1,200</td>
<td>600</td>
<td>300</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total cost for year</td>
<td>$120</td>
<td>$660</td>
<td>$60</td>
<td>$30</td>
<td>$400</td>
<td></td>
<td>$1,270</td>
</tr>
<tr>
<td>Approval of the residential occupation of a non-residential building</td>
<td>5</td>
<td>Receipt of application</td>
<td>5</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Assessment</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Typing of reply</td>
<td>10</td>
<td>10</td>
<td></td>
<td></td>
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</tr>
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<td>Service</td>
<td>Resource</td>
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<td>BO (mins)</td>
<td>Vehicle (mins)</td>
<td>Comp (mins)</td>
<td>GIS (access)</td>
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</tr>
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<td>Provision of information on sewer</td>
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<td>5</td>
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<td>Total per year</td>
<td>4,400</td>
<td>0</td>
<td>0</td>
<td>1,100</td>
<td>220</td>
</tr>
<tr>
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<td></td>
<td>Total cost for year</td>
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<td>$4,400</td>
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<td>Assessment of pool fencing exemption</td>
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<td>225</td>
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<tr>
<td>Assessment of bond required to move a building</td>
<td>15</td>
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<td>Pre-application</td>
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<td>Receipt of application</td>
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<td>5</td>
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<td>Typing of reply</td>
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<td>Total</td>
<td>45</td>
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<td>60</td>
<td>15</td>
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<td>675</td>
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<td>900</td>
<td>225</td>
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<td></td>
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<td>$990</td>
<td>$90</td>
<td>$22</td>
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<td>Compliance search for property settlement</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
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<td>Report preparation</td>
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<td></td>
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<td></td>
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<td>15</td>
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<td>60</td>
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<td></td>
<td>Total per year</td>
<td>4,500</td>
<td>31,500</td>
<td>18,000</td>
<td>4,500</td>
<td>300</td>
</tr>
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<td></td>
<td>Total cost for year</td>
<td>$51,799</td>
<td>$17,316</td>
<td>$1,799</td>
<td>$450</td>
<td>$6,000</td>
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<td></td>
</tr>
</tbody>
</table>

Total: $55,320  100.00%
Indirect costs

Corporate overheads
Two major corporate overheads have been identified for the case study. These are given in Table 7.6 along with their total costs.

Table 7.6 Corporate overhead indirect costs

<table>
<thead>
<tr>
<th>Corporate overhead</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>$3500</td>
</tr>
<tr>
<td>General services</td>
<td>$250 000</td>
</tr>
</tbody>
</table>

These costs are allocated to all activities of council according to their corporate overhead allocation policy (see Section 7.5.3 below).

Governance costs
Governance costs for the identified corporate overheads have been assessed as 45% for management and 0% for general services. The 45% cost of governance for management is removed prior to allocating its cost to the activities of council.

Allocation of corporate overheads
The allocation of the corporate overheads is undertaken using total council expenditure as the cost driver. The resulting allocation is given in Table 7.7.

Table 7.7 Corporate overhead allocation

<table>
<thead>
<tr>
<th>Corporate overhead</th>
<th>Cost to be allocated</th>
<th>Cost driver</th>
<th>Building services unit</th>
<th>Building unit share</th>
<th>Building unit allocation</th>
<th>Statutory services allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>$2 004 079</td>
<td>Council exp</td>
<td>0.82%</td>
<td>$16 500</td>
<td>10%</td>
<td>$1650</td>
</tr>
<tr>
<td>General services</td>
<td>$1 075 000</td>
<td>Council exp</td>
<td>0.79%</td>
<td>$8 500</td>
<td>10%</td>
<td>$850</td>
</tr>
</tbody>
</table>

The amount to be allocated to all the statutory services is 10% of the amount allocated to the building unit.

Determination of statutory service cost
Once the direct variable costs of all the statutory services have been determined the shares for the allocation of direct fixed and indirect costs can be calculated.

Allocation of direct variable costs
Table 7.8 details the direct variable cost calculations and the cost share that each service incurs from the total cost of all the services. It is this share that is then used to allocate the direct fixed and indirect costs.

These cost shares are sourced from the last column in Table 7.5.

Allocation of direct fixed costs
Now that we have determined the cost shares of providing each statutory service we can use those shares to allocate the direct fixed costs. Table 7.3 above details the direct fixed costs to be allocated to the statutory services.
The results are given in column 3 of Table 7.8.

**Allocation of indirect costs**

A similar procedure to that detailed for direct fixed costs is applied to the indirect costs to calculate their allocation to the statutory services. The results are given in column 4 of Table 7.8.

**Final statutory service costs**

The final step in the calculation process is to sum all the costs for each statutory service and divide by the average quantity of those services provided during the year to determine the average cost of providing each service.

The final statutory service costs are shown in the last column of Table 7.8.
<table>
<thead>
<tr>
<th>Service</th>
<th>Share Allocation</th>
<th>Total Direct Fixed Costs</th>
<th>Total Indirect Fixed Costs</th>
<th>Total Variable Fixed Costs</th>
<th>Total Costs</th>
<th>Average Quantity Per Annum</th>
<th>Average Cost Per Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Fixed Costs to be allocated</td>
<td></td>
<td>$7,500</td>
<td>$2,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accessing information for design purposes</td>
<td>5.15%</td>
<td>$386</td>
<td>$129</td>
<td>$2,850</td>
<td>$3,365</td>
<td>100</td>
<td>$34</td>
</tr>
<tr>
<td>Compilation of information package for design purposes</td>
<td>9.30%</td>
<td>$698</td>
<td>$233</td>
<td>$5,148</td>
<td>$6,079</td>
<td>100</td>
<td>$61</td>
</tr>
<tr>
<td>Approval of the siting of a building under a planning scheme</td>
<td>1.15%</td>
<td>$86</td>
<td>$29</td>
<td>$635</td>
<td>$750</td>
<td>10</td>
<td>$75</td>
</tr>
<tr>
<td>Relaxation of the height requirements for an ornamental structure</td>
<td>0.40%</td>
<td>$30</td>
<td>$10</td>
<td>$220</td>
<td>$260</td>
<td>5</td>
<td>$52</td>
</tr>
<tr>
<td>Nomination of a road frontage</td>
<td>2.35%</td>
<td>$179</td>
<td>$60</td>
<td>$1,320</td>
<td>$1,558</td>
<td>30</td>
<td>$52</td>
</tr>
<tr>
<td>Relaxation of siting requirement of SBR for a building</td>
<td>3.44%</td>
<td>$258</td>
<td>$86</td>
<td>$1,904</td>
<td>$2,249</td>
<td>30</td>
<td>$75</td>
</tr>
<tr>
<td>Assessment of the amenity and aesthetic impact of a building</td>
<td>2.29%</td>
<td>$172</td>
<td>$57</td>
<td>$1,270</td>
<td>$1,499</td>
<td>20</td>
<td>$75</td>
</tr>
<tr>
<td>Approval of the residential occupation of a non-residential building</td>
<td>0.32%</td>
<td>$24</td>
<td>$8</td>
<td>$179</td>
<td>$211</td>
<td>5</td>
<td>$42</td>
</tr>
<tr>
<td>Archiving of approval and inspection documentation</td>
<td>5.42%</td>
<td>$406</td>
<td>$135</td>
<td>$2,999</td>
<td>$3,540</td>
<td>200</td>
<td>$18</td>
</tr>
<tr>
<td>Inspection of building permit documentation</td>
<td>5.15%</td>
<td>$386</td>
<td>$129</td>
<td>$2,850</td>
<td>$3,365</td>
<td>100</td>
<td>$34</td>
</tr>
<tr>
<td>Provision of information on sewer</td>
<td>11.33%</td>
<td>$850</td>
<td>$283</td>
<td>$6,269</td>
<td>$7,402</td>
<td>220</td>
<td>$34</td>
</tr>
<tr>
<td>Assessment of pool fencing exemption</td>
<td>1.72%</td>
<td>$129</td>
<td>$43</td>
<td>$952</td>
<td>$1,124</td>
<td>15</td>
<td>$75</td>
</tr>
<tr>
<td>Assessment of bond required to move a building</td>
<td>2.48%</td>
<td>$186</td>
<td>$62</td>
<td>$1,372</td>
<td>$1,620</td>
<td>15</td>
<td>$108</td>
</tr>
<tr>
<td>Compliance search for property settlement</td>
<td>49.40%</td>
<td>$3,709</td>
<td>$1,236</td>
<td>$27,364</td>
<td>$32,310</td>
<td>300</td>
<td>$108</td>
</tr>
<tr>
<td>Total</td>
<td>100.00%</td>
<td>$7,500</td>
<td>$2,500</td>
<td>$55,330</td>
<td>$65,330</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Determination of the final statutory service price

Once the costs of providing each statutory service are known the price of those statutory services can be set. Setting the price equal to the cost will enable full cost recovery.

Setting the price above the cost would be seen as revenue raising and is thus not permissible under the Local Government Act 1993. Setting the price below the cost clearly identifies that the council has made a clear decision to provide part or all of the service as a community service obligation. In this case the statutory building unit should request payment from the council to make up the shortfall.

Cross-subsidisation of the pricing of services may be considered because of the administrative ease of collecting a charge once in a chain of related activities. However, the fee structure in these instances needs to be set at a level that encourages correct use of each statutory service. In Table 7.9 the costs of the related activities of assessing the amenity and aesthetic impact of a building and assessing the bond required to move a building have been combined and charged once at the time of assessing the bond.

Table 7.9 Final statutory service price

<table>
<thead>
<tr>
<th>Service</th>
<th>Final statutory service cost</th>
<th>Final statutory service price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessing information for design purposes</td>
<td>$34</td>
<td>$35</td>
</tr>
<tr>
<td>Compilation of information package for design purposes</td>
<td>$61</td>
<td>$60</td>
</tr>
<tr>
<td>Approval of the siting of a building under a planning scheme</td>
<td>$75</td>
<td>$75</td>
</tr>
<tr>
<td>Relaxation of the height requirements for an ornamental structure</td>
<td>$52</td>
<td>$50</td>
</tr>
<tr>
<td>Nomination of a road frontage</td>
<td>$52</td>
<td>$50</td>
</tr>
<tr>
<td>Relaxation of siting requirement of SBR for a building</td>
<td>$75</td>
<td>$75</td>
</tr>
<tr>
<td>Assessment of the amenity and aesthetic impact of a building</td>
<td>$75</td>
<td>Nil</td>
</tr>
<tr>
<td>Approval of the residential occupation of a non-residential building</td>
<td>$42</td>
<td>$40</td>
</tr>
<tr>
<td>Archiving of approval and inspection documentation</td>
<td>$18</td>
<td>$20</td>
</tr>
<tr>
<td>Inspection of building permit documentation</td>
<td>$34</td>
<td>$35</td>
</tr>
<tr>
<td>Provision of information on sewer</td>
<td>$34</td>
<td>$35</td>
</tr>
<tr>
<td>Assessment of pool fencing exemption</td>
<td>$75</td>
<td>$75</td>
</tr>
<tr>
<td>Assessment of bond required to move a building</td>
<td>$108</td>
<td>$185</td>
</tr>
<tr>
<td>Compliance search for property settlement</td>
<td>$108</td>
<td>$110</td>
</tr>
</tbody>
</table>
References


Housing Industry Association Limited (1998), *Local government fees and charges for planning services.*


Parliamentary Commissioner for Administrative Investigations (1997), *Report on the investigation of various complaints into a fee introduced by Caloundra City Council for the registration of home units throughout the city*, Brisbane.


Western Australian Municipal Association (1997), *Local government planning and development fees—a response from the Western Australian Municipal Association to the Ministry for Planning in its March 1997 discussion paper.*

Western Australian Municipal Association (1995), *local government planning and development service fees in Western Australia.*


Notes

1 Integrated Planning Act 1997, section 5.3.3

A “private certifier” is an individual who
(a) has the qualifications, necessary experience or accreditation
   prescribed under a regulation under this or another Act for a certifier
   for a stated code
(b) undertakes work by contractual arrangements with clients, either as
   an individual or through an entity employing an individual.

2 Standard Building Regulation 1993, section 130(2)

Fees for providing a service, that can not be provided by a private certifier, must be
reasonable and fixed by resolution of the local government.

3 Local Government Finance Standard, section 77.

4 It should be noted that if the record management function is included as a corporate
   overhead and allocated in the costing of building statutory services, then a certain portion
   of the cost of maintaining and storing records will filter down into the cost of undertaking
   the service. In practice, the proportion of costs of the record management function
   allocated to building statutory services in this manner will be relatively minor and
   potentially insignificant.