

# Effective fee-setting

From report 13: 2019/20 – Fee-setting by the Department of Primary Industries and Regional Development and Western Australian Police Force

The following better practice checklist can be used for developing an effective fee-setting framework. Our listed expectations are not exhaustive and do not cover all of the requirements of government policies and instructions, but rather provide structured prompts to guide entities' considerations.

Principle	Our expectation
<b>Policies and procedures</b>	<ul style="list-style-type: none"> <li>ensure there is authority to charge fees through legislation</li> <li>develop an overarching fee-setting policy for the entity</li> <li>document the purpose, scope and desired level of cost recovery for each fee or fee group</li> <li>maintain a fee register in accordance with <b>Treasurer's Instruction 810</b>.</li> </ul>
<b>Costing model</b>	<ul style="list-style-type: none"> <li>document the basis of the costing exercise and approach used</li> <li>develop a costing model for each fee or fee type</li> <li>document the assumptions and methods for calculating costs and revenue</li> <li>document all sources of cost and revenue information.</li> </ul>
<b>Costing and pricing</b>	<ul style="list-style-type: none"> <li>obtain actual cost information to input into the cost model</li> <li>allocate direct/indirect/capital costs based on approved assumptions and methods</li> <li>calculate:                             <ul style="list-style-type: none"> <li>expected revenue</li> <li>level of cost recovery</li> <li>price to be charged</li> </ul> </li> <li>obtain approval from the CEO and the Minister(s) for new and revised fees</li> <li>update subsidiary legislation through Gazettal.</li> </ul>
<b>Review</b>	<ul style="list-style-type: none"> <li>review fees at least annually</li> <li>every 3 years or after significant changes, conduct a full review of fees, including policies and procedures, and the costing model.</li> </ul>

Source: OAG