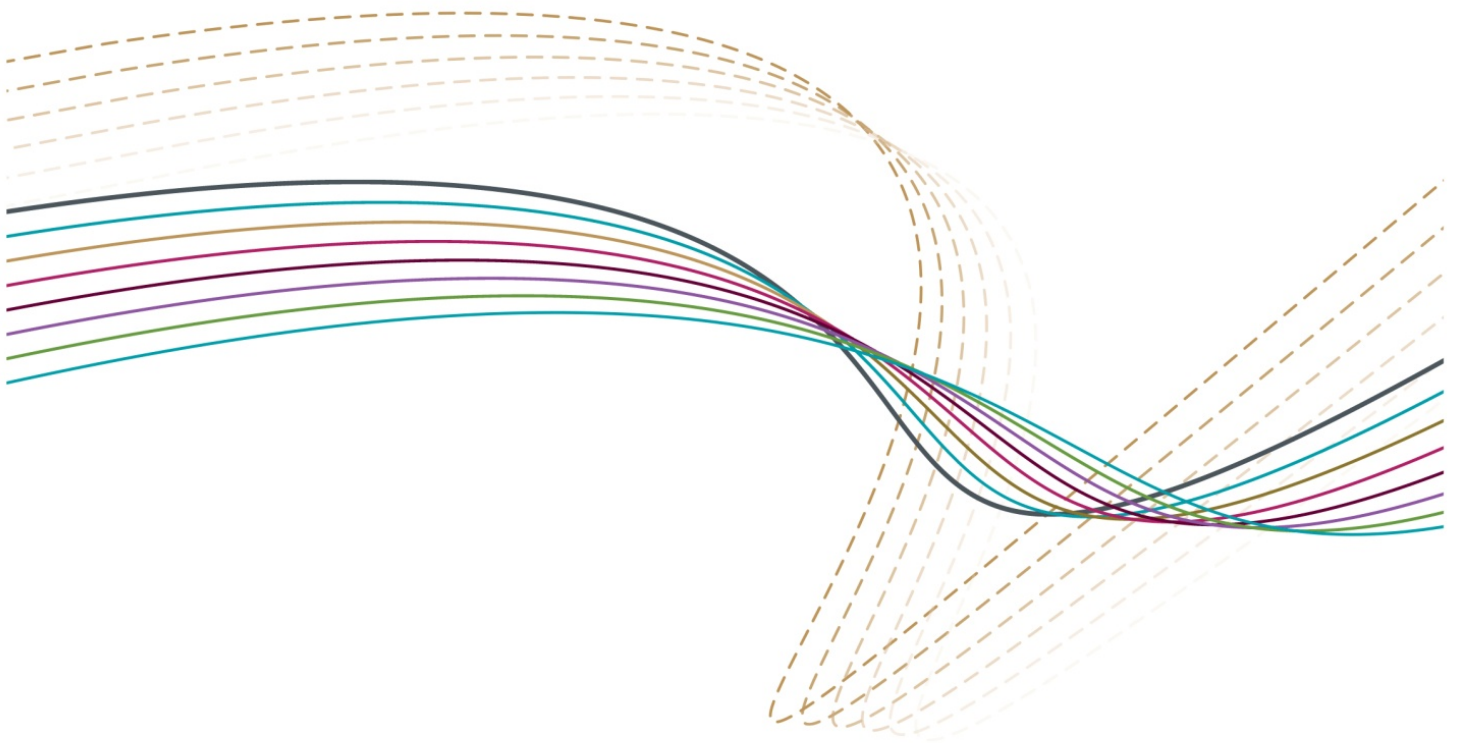


QUEENSLAND TREASURY

# Principles for Fees and Charges

October 2021





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# Table of Updates

Date of Release	Comments
July 2009	The <i>Financial Accountability Act 2009</i> commenced 1 July 2009, introducing a new legislative framework underpinning the State's financial management and governance framework. It is under this framework that the Principles for Fees and Charges Policy (Policy) sits. The Policy was designed to provide both guidance and requirements for agencies on the setting of fees and charges and their ongoing review and maintenance.
April 2011	Updated as part of regular review.
February 2013	Mostly minor amendments and no changes to policy intent. Only substantial change is to reflect the Government's move away from indexing fees and charges by the Consumer Price Index. Queensland Treasury and Trade (now Queensland Treasury) will now gazette the fees and charges indexation rate on an annual basis and advise agencies of the rate to be applied.
January 2018	Updated as part of regular review to reflect current practice.
January 2020	Minor amendments to reflect current practice and update website links and references.
June 2021	<p>Majority of updates are amendments to reflect introduction of the fee unit model via amendments to the <i>Acts Interpretation Act 1954</i> and provide for a policy and framework requiring all in-scope fees to be displayed as a number of fee units, not dollars, unless they have an exemption, from 1 July 2022.</p> <p>The Policy was also amended to require regular review of fees and charges be undertaken at least every 3 years (previously every 5 years).</p> <p>The updated Policy also requires Cabinet Budget Review Committee (CBRC) submissions introducing new fees to include the rationale where an alternative indexation cycle (not 1 July to 30 June) is proposed.</p>
October 2021	Minor amendments to reflect revised introduction date for <i>Acts Interpretation Act 1954</i> subordinate legislation.



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Queensland Treasury
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Last Updated: October 2021

# 1.0 Introduction

## 1.1 Purpose

Although the legal authority to set user charges lies with each accountable officer of a department and each statutory body, it is important that the application of user charges across Government is carried out within an overall approved whole-of-Government policy. This includes determining whether an assessment of the impact of any proposed fees and charges is required under the Regulatory Impact Statement (RIS) framework.

The principles outlined in this document provide a framework for setting or revising user charges. The principles aim to ensure that user charging arrangements are consistent with Government policy, while enabling agencies to have sufficient flexibility to adjust the process to meet their own circumstances.

These principles are not intended to restrict Government from providing free or subsidised services or goods to achieve social welfare, equity or economic objectives. Instead, they seek to make the free or subsidised provision of services or goods a deliberate decision of Government.

These principles also discuss the issues that should be considered before introducing new fees and charges and outline the steps that should be followed for reviewing or adjusting/indexing the existing level of fees and charges.

Areas that are outside the consideration of these principles are agency-specific policy issues such as the suitability of the activity for a fee or charge, who the fee or charge would apply to and any concessions that should be implemented.

## 1.2 Scope

These principles apply to government departments and statutory bodies for:

- general fees and charges (where there is a direct relationship between the payer and the user),<sup>1</sup> and
- regulatory fees and charges (where there may not be a direct relationship between the payer and the user).

Guidance for departments on implementing a full cost pricing policy for Commercialised Business Units (CBUs) and other significant business activities (as required under National Competition Policy) is provided in the 'Full Cost Pricing Policy'.<sup>2</sup>

The principles do not apply to the fees and charges of:

- CBUs, even though CBUs are part of departments
- Government Owned Corporations (GOCs).

These principles do not apply to taxes or fines.

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<sup>1</sup> For the purpose of this document, words such as fees and charges, user charges and fees are used interchangeably.

<sup>2</sup> Policy available at [www.treasury.qld.gov.au/files/full-cost-pricing-policy.pdf](http://www.treasury.qld.gov.au/files/full-cost-pricing-policy.pdf).



## 2.0 Overarching principles

### 2.1 Full cost recovery

Section 13 of the *Financial and Performance Management Standard 2019* (the FPMS) provides that, in deciding charges for goods and services, departments and statutory bodies must have regard to the full cost of providing the goods or services. Unless the government has made a deliberate decision otherwise, fees or charges applied by departments and statutory bodies for the provision of goods and services should reflect full cost recovery.

Given the Government's commitment to a competitive tax environment and the fact that the government is often a monopoly provider of its goods and services, full cost recovery should represent an efficient cost. An efficient cost reflects the minimum costs necessary to provide the activity while achieving the policy outcomes and legislative functions of the Government. 'Gold plating' must not occur.

Fees or charges set by departments and statutory bodies should not exceed full cost recovery, unless there is a clear, justifiable basis for doing so, consistent with the principles outlined in this document (for example, to achieve a particular community or behavioural outcome).

A decision to charge less than full cost recovery will result in a subsidy, which is discussed in Section 2.3.

### 2.2 Regulatory fees and charges

A regulatory fee is a fee that is charged to recover the costs of providing a regulatory service for the broader public good, rather than primarily providing a direct benefit to the fee payer e.g. environmental licence fees that fund monitoring and inspection services, or fees associated with planning approvals. Generally speaking, there is no direct 'beneficiary pays' relationship for regulatory fees and charges, although there may be indirect benefits provided as a result of government undertaking the regulatory services, such as increased biosecurity.

In establishing and maintaining appropriate levels of regulatory fees and charges, agencies and the Government must ensure that the level reflects current Government policy and is in line with the provisions of the Charter of Fiscal Responsibility, which states: "The Government will maintain a competitive tax environment for business".

In determining the most effective charging structure for regulatory fees, agencies and Government must also consider any objectives that they seek to achieve within the community through the imposition of the fee. For example, is there a particular behaviour that the agency and Government are seeking to promote in relation to the activity? Usually fines and penalties are imposed to regulate behaviour. Agencies must have regard to the cost of administering the penalty system and government policy objectives.

### 2.3 Subsidies and concessions

The development and application of standard principles for fees and charges is not intended to restrict Government from the provision of free or subsidised services or goods to achieve social welfare, equity, environmental or economic objectives. Rather, it seeks to make the free or subsidised provision a deliberate decision of the Government by identifying the associated opportunity costs, thus providing transparency as to the degree of that subsidy and ensuring alignment of subsidies with the Government's key policy priorities.

An accountable officer or statutory body may charge less than full cost recovery for a particular good or service when a lower charge is considered appropriate. Where the provision of a good or service is to be subsidised, the full cost of providing the service should still be determined and the level of subsidy identified.

The following are examples where it may be appropriate for the government to subsidise activities:

- where it is considered desirable that certain products be supplied to all users at a uniform or affordable price regardless of the cost of provision
- where welfare objectives are met by a requirement to provide price concessions to users considered to be disadvantaged (for example, pensioner discounts)



- where there is a requirement to provide industry assistance (for example, infrastructure may be provided on regional development grounds at prices below commercial rates).

## 2.4 Beneficiary pays

Notwithstanding approved Government subsidies, those individuals and groups who benefit from the provision of a good, product or service should pay for it. The beneficiaries of goods and services for which charges are made should be identified to assist in making decisions on how these groups can best be charged.

## 2.5 Efficiency

Departments and statutory bodies must consider whether the administrative costs of charging and collecting the charges are more than, or may be more than, the revenue collected.

The revenue collection system should be efficient. At a minimum, the administrative costs of revenue collection should not be more than the revenue collected.

An agency could consider keeping the cost of revenue collection down through initiatives such as multi-year renewals, for example, driver's licence renewal.

## 2.6 Services to external beneficiaries

Queensland taxpayers should not subsidise services to interstate or overseas beneficiaries, unless it can be demonstrated that:

- providing a subsidy will deliver a net benefit to Queenslanders
- the subsidy level will drive efficiencies (for example, the agency will reach a critical mass for efficient service delivery)
- the cost of differentiating between clients exceeds the potential additional revenue to be generated
- there are legal impediments to differentiation
- given the value and volume of transactions, the level of subsidy is immaterial
- a national approach to pricing is included in legislation or interstate agreements
- there are agreed reciprocal arrangements between jurisdictions.

Where subsidies are offered to non-Queensland beneficiaries, the ongoing level of subsidy offered will need to be monitored over time to ensure that these circumstances still apply.

## 2.7 Competitive neutrality

Government services with comparable private sector competitors or potential competitors should be provided at full cost plus commercial return, to remove the cost advantages agencies may receive by being a Government agency. This could include the value of tax exemptions, cost of Government debt or finance advantages. Items that must be included in pricing decisions include:

- benchmarks with prices already established in the market place
- where market based prices are not already established, adoption of the 'Full Cost Pricing Policy'.<sup>3</sup>

For these types of goods and services, there is a need to justify in the first place why an agency is involved in providing the good or service.

<sup>3</sup> Policy available at [www.treasury.qld.gov.au/files/full-cost-pricing-policy.pdf](http://www.treasury.qld.gov.au/files/full-cost-pricing-policy.pdf).





## 3.0 Introduction of new fees and charges

### 3.1 Approvals required

New fees and charges may be set either administratively or by legislation.

#### 3.1.1 Administrative fees and charges

Section 13 of the *Financial and Performance Management Standard 2019* (the FPMS) provides the authority to each accountable officer of a department and each statutory body to set user charges for goods and services provided by their agency.

Notwithstanding this legislative power, Government policy requires that Cabinet Budget Review Committee (CBRC) approval must be sought to introduce and set the appropriate level of any new fees or charges. Wherever possible, agencies should include the introduction of new fees and charges as part of their Budget or Mid Year Fiscal and Economic Review (MYFER) submission for CBRC consideration.

The CBRC submission must include all relevant information, including:

- the underlying rationale for the Government to be involved and why a fee is appropriate
- detailed costing calculations
- the reasons for setting any fees and charges at a level above or below cost recovery
- indexation arrangements. If it is to be subject to the Government indexation policy identify how and when the policy will apply for the first time. If applicable, the reasons for setting an indexation cycle other than from 1 July to 30 June, and
- the arrangements for regular review of the fee/charge in accordance with this policy.

#### 3.1.2 Regulatory fees and charges

Certain fees and charges may be established by legislation, for example, an Act may prescribe that a fee is to be charged with the amount of the fee set out in Regulation.

While the authority to level the fee or charge rests with Parliament, similar to the process for administrative fees and charges, CBRC should approve the introduction and level of fees prior to Cabinet's consideration of the associated policy, for example, as part of the Authority to Prepare legislation submission.

**Note:** where the fee is to be subject to the Government indexation policy the fee must be displayed in the Regulation as a number of 'fee units' not a dollar amount, unless an exemption has been provided (see Section 4.3). If the new fee uses an alternative indexation cycle (i.e. not 1 July to 30 June) Treasury must be notified of the new fee and its alternative indexation cycle as this will need to be accounted for when Treasury prepares the annual amendment to the *Acts Interpretation Act 1954* (AIA) subordinate legislation to avoid the fee defaulting to a 1 July indexation date.

## 3.2 Regulatory impact analysis

The regulatory impacts of any new fee or charge, or change to the level of an existing fee, should be considered using Regulatory Impact Analysis (RIA). Where the introduction of a new fee or an increase in an existing fee is likely to result in significant adverse impacts, a Regulatory Impact Statement (RIS) should be prepared. The fees RIS should clearly document the decision for setting fees and their relationship to the cost of supplying the goods and services and, where applicable, the reasons for setting any fees at a level below full cost recovery. The Office of Productivity and Red Tape Reduction has published a guidance document to assist agencies preparing a fees RIS.<sup>4</sup>

<sup>4</sup> Office of Productivity and Red Tape Reduction, Queensland Treasury, Undertaking a Regulatory Impact Statement for fees. Available here: [www.treasury.qld.gov.au/queenslands-economy/office-of-productivity-and-red-tape-reduction/regulatory-review/guidance-for-policy-makers/](http://www.treasury.qld.gov.au/queenslands-economy/office-of-productivity-and-red-tape-reduction/regulatory-review/guidance-for-policy-makers/).

### 3.3 Establishing fee levels

Cost recovery may apply to both regulatory services and non-regulatory services such as providing products and information. The recommended levels of cost recovery vary from full cost for regulatory services in most cases, through to avoidable costs for some products and services, with commercial costing for products and services provided in a commercial environment.

In determining an appropriate level of cost recovery for services, agencies must also comply with any other relevant legislation or policy, including, but not limited to, 'Information Standard 33: Information Access and Use'<sup>5</sup> which prescribes that departments must provide government information to the maximum extent possible free of charge.

Each accountable officer of a department and each statutory body, in identifying the goods and services provided by the department or statutory body for which users are to be charged, must consider whether:

- the users have the capacity to pay for the goods or services
- the users have a choice whether to accept the goods or services
- the goods or services are available from a supplier other than a department or statutory body
- supplying the goods or services is required or permitted by legislation
- the goods or services are supplied for the benefit of the general public or for the benefit only of users who do not have the capacity to pay
- the administrative costs of charging and collecting the charges are more than, or may be more than, the revenue collected
- an agreement exists between the department or statutory body and users about charging for the goods and services
- charging for the goods or services improves, or may improve, resource allocation through more economical use of the goods or services
- other factors exist that the accountable officer or statutory body considers relevant.

The accountable officer or statutory body must have regard to the full cost of providing the goods or services while deciding the level of charges. However, the accountable officer or statutory body may decide on a charge for a particular good or service that is less than the full cost of providing the good or service if the accountable officer or statutory body is satisfied the lower cost is appropriate.

### 3.4 Costing

Costing involves determining the value of resources consumed in the production of goods or the provision of services and provides the basis for setting the amount of a user charge. Costs include both operating and capital-related expenses. The costing process provides a basis from which other related financial and policy issues, such as capacity to pay, can be assessed.

There are three different costing methods that could be used – full cost, avoidable cost and costing in a commercial environment. These should be applied dependent on the type of good or service.

Category of Good/Service	Appropriate Costing Methodology
regulatory	full cost (labour, operating and indirect costs)
non-regulatory without real or potential competitors	avoidable costs (labour and operating costs)
non-regulatory with real or potential competitors	at market based prices or, where this is not readily available, at a level that is consistent with the 'Full Cost Pricing Policy'

<sup>5</sup> Queensland Government Enterprise Architecture, Information Standard 33: Information Access and Use Policy. Available here: [www.qgcio.qld.gov.au/documents/information-access-and-use-policy-is33](http://www.qgcio.qld.gov.au/documents/information-access-and-use-policy-is33).



### 3.4.1 Direct and indirect costs

In allocating costs to a good or service, costs incurred by agencies can be broadly categorised as either direct or indirect costs.

Direct costs are those that relate entirely to the good or service and are only incurred by the agency because the activity is being undertaken. These costs are directly and unequivocally attributed to a product or service, including labour and materials used to deliver goods and services. Typical examples of direct costs are employee expenses, office supplies, etc.

In comparison, indirect costs are more general agency costs. These costs are incurred at agency level and often relate to corporate overheads (e.g. rent, legal costs, and information and technology costs) or back-office functions (e.g. payroll, IT support, human resources, etc). Indirect costs also include capital costs (e.g. depreciation). These indirect costs are still relevant for costing an individual good or service, but an appropriate methodology needs to be chosen to allocate these costs across the activities of the agency. Options available to agencies to apportion indirect costs include, but not limited to, activity based costing and the pro rata approach.

### 3.4.2 Full cost

Full cost describes the process of calculating the total costs of the activity, including those costs not directly attributable (e.g. corporate overheads). As such, full cost considers both direct and indirect costs.

### 3.4.3 Avoidable cost

Avoidable costs represent those costs that would not be incurred if an activity were suspended or ceased.

Where a new activity is proposed, avoidable costs would be those associated with establishing and maintaining an activity (e.g. employee expenses). This method focuses on the cost of adding or deleting an entire activity. As the costs considered are direct costs, this approach may be appropriate where insufficient information is available to accurately determine the level of indirect costs attributable to the good or service.

### 3.4.4 Market based pricing

Market based pricing refers to the process of determining a value at which products or services will be exchanged in the market place. Although cost is an important consideration in pricing, optimal pricing policies will also fully reflect additional market and competitive considerations, as well as the need to achieve a rate of return on investment. In support of this approach, the 'Full Cost Pricing Policy' recommends the use of full cost pricing to establish a cost benchmark for pricing decisions. The approach does not preclude the use of marginal or avoidable costs where appropriate. Refer to the 'Full Cost Pricing Policy' for further detail.<sup>6</sup>

### 3.4.5 Benchmarking

As part of the review of the costs associated with the provision of a specific good or service, consideration should also be given to benchmarking these costs with similar goods or services delivered by other State agencies and other jurisdictions. This benchmarking process should assist in highlighting issues surrounding cost efficiency and may enable issues such as the preferred level of service to be addressed.

Benchmarking should also be used as part of the process of determining the ultimate level of fee or charge. Fee levels that are substantially different from other agencies need to be justified as part of the approval process and given the Government's commitment to maintain a competitive tax environment, inter-state comparative fee levels also need to be considered.

<sup>6</sup> Policy available at [www.treasury.qld.gov.au/files/full-cost-pricing-policy.pdf](http://www.treasury.qld.gov.au/files/full-cost-pricing-policy.pdf).



## 4.0 Review of existing fees and charges

### 4.1 Frequency and timing

There is a need to undertake regular monitoring and review of fees and charges regimes. Processes need to be in place to ensure that the cost recovery process is not entrenching inefficiencies, that an agency's fees and charges remain relevant in light of Government priorities, and that emerging issues can be identified and addressed early.

Section 11(2) of the *Financial and Performance Management Standard 2019* (the FPMS) provides that accountable officers and statutory bodies must regularly review their resource management systems (which includes a revenue management system) to ensure appropriate management of the agency's resources. However, the legislation does not stipulate the frequency and timing of the review. The nature of goods and services supplied by an agency will influence when and how often fees and charges are reviewed. Best practice is for agencies to review their fees and charges (having regard to the cost) annually as part of their budget process, and following significant machinery of Government changes. At a minimum, departments and statutory bodies should undertake a comprehensive review of their existing fees and charges every three years.

Consideration should be given as to how the fee or charge will be monitored and reviewed by the agency to ensure that:

- it continues to be efficient and meets the necessary objectives
- any changes to government policy, legislation or service delivery arrangements that impact on the fee or charge are assessed and action taken where necessary
- the cost structure underlying the amount of the fee or charge remains accurate
- any concession arrangements remain necessary.

The level of monitoring required will be dependent on the significance of the fee or charge (from both a policy and financial perspective). Implementation of a regular monitoring process should assist in ensuring that emerging issues can be identified and addressed early.

CBRC's approval must be sought for any changes to fees and charges that are not in line with the Government indexation policy (see Section 4.2). For example, a decision to increase, decrease, freeze (forego indexation) or waive a fee.

**Note:** in order to waive a fee, there must be a legislative power in the agency's legislation that allows them to do so. Agencies are encouraged to seek legal advice if in doubt.

### 4.2 Fees and charges indexation policy

This policy applies to fees and charges of departments and statutory bodies, except:

- intra and inter-departmental charges
- fees and charges of an ad hoc nature
- where legislation or existing Government policy relating to that fee or charge establishes a separate basis for determination (e.g. actuarial assessment)
- nationally agreed fees (e.g. heavy vehicle registration).

Agencies must have processes in place to ensure the fee maintains its value over time. Preferably this should be achieved through regular comprehensive reviews or any other indexation method as approved by CBRC as part of approving the new fee.

Where regular comprehensive review is not cost effective or no specific indexation method was approved by CBRC, agencies must apply the current Government Indexation Rate as advised by Queensland Treasury.

Indexation seeks to maintain the value of the fee or charge over time relative to the anticipated increase in associated costs. In general, indexation should be applied from the beginning of each financial year. However, for operational need, a different timing may be approved. The Treasurer's approval is required to change the indexation cycle. If a



fee is introduced partway through a year, the CBRC submission must identify how and when the indexation policy will apply for the first time.

CBRC's approval must be sought for any changes to fees and charges that are not in line with the Government indexation policy. Changes to fees and charges in line with the Government's indexation policy are eligible to be self-assessed as 'excluded' from further regulatory impact analysis by an agency.

## 4.3 Fee unit model

From 1 July 2022 all fees captured by the Government's indexation policy (see Section 4.2) - i.e. those that are required to apply the Government Indexation Rate to index their fees - must be displayed as a number of fee units, not a dollar amount, in agencies' respective regulations, unless an exemption has been provided.

The Fee Unit Model streamlines the annual process of indexing regulatory fees. It provides for indexation of the fee unit rather than the amendment of hundreds of pages of regulation each year. The legislative provisions for establishing the fee unit model are included in sections 48B and 48C of the *Acts Interpretation Act 1954* (AIA) and its subordinate legislation.

Per section 48B of the AIA the value (dollar amount) of the fee unit is prescribed by regulation and is subject to annual indexation. The value of the fee unit will be updated by Treasury annually in line with the Government Indexation Rate.

### 4.3.1 Alternative indexation dates

It is acknowledged not all regulatory fees are indexed from 1 July. As such, agencies that have existing in-scope regulated fees indexing from a different date to 1 July must adopt the fee unit model ready for commencement per those dates, on their first occurrence post 1 July 2022, unless an exemption has been provided.

Any regulations containing in-scope fees with an alternative indexation date to 1 July will need to be specifically listed in the AIA's subordinate legislation (AIA Regulation) in order for these fees to be indexed from their correct date. As the standard indexation date is 1 July, any in-scope fees contained in regulations not specifically listed in the AIA Regulation will default to indexing on 1 July.

Any new fee proposal with an alternative indexation cycle must outline the rationale in the CBRC submission (see Section 3.1). Agencies are also required to advise Treasury of the new fee and its alternative indexation cycle as this will need to be accounted for when Treasury prepares the annual amendment to the AIA Regulation to avoid the fee defaulting to a 1 July indexation date. Notification should be provided to Treasury's Legislation and Governance Team at [fiscal.governance@treasury.qld.gov.au](mailto:fiscal.governance@treasury.qld.gov.au) as part of consultation on the CBRC submission.

Agencies are also required to advise Treasury of changes to the name of a regulation containing an in-scope fee with an alternative indexation date, as the correct regulation/name needs to be specifically listed in the AIA Regulation. For example, if the regulation is remade or a fee is moved from one regulation to another. Notification should be provided to Treasury's Legislation and Governance Team at [fiscal.governance@treasury.qld.gov.au](mailto:fiscal.governance@treasury.qld.gov.au) as part of consultation for the Executive Council Meeting process.

### 4.3.2 Converting regulated fees into fee units

The fee unit model will officially commence on 1 January 2022 when the AIA amendments commence. For ease of conversion, the initial fee unit value has been set at \$1.00 (see s.48B(4)(b) of the amended AIA). This is the value to be used by agencies when converting their current fees (dollar amount) into fee units ready for commencement of their amended regulations from 1 July 2022 (or for alternative indexation dates, their first occurrence post 1 July 2022).

Agencies introducing fees and/or adopting the fee unit model after 1 July 2022 (or for different indexation dates, their first occurrence post 1 July 2022) will need to refer to the AIA Regulation for the value of the fee unit (as at the date the fee is to commence) when converting into fee units. Agencies are encouraged to contact Treasury's Legislation and Governance Team at [fiscal.governance@treasury.qld.gov.au](mailto:fiscal.governance@treasury.qld.gov.au) if in doubt.

The number of fee units displayed in an agency regulation must be rounded to two decimal places (e.g. 120.44 fee units). The use of alternative rounding will be assessed on a case by case basis by Treasury's Assistant Under





Treasurer, Budget Strategy and Financial Reporting, Fiscal.<sup>7</sup> Please refer all requests for alternative rounding to Treasury's Legislation and Governance Team at [fiscal.governance@treasury.qld.gov.au](mailto:fiscal.governance@treasury.qld.gov.au). Please allow a minimum of 4-6 weeks for requests to be reviewed and a determination made.

### 4.3.3 Converting from fee units into dollars

Section 48C of the AIA provides for working out the dollar amount of a fee that is expressed as a number of fee units. The value of the fee is the number of dollars obtained by multiplying the value of a fee unit (per the AIA Regulation) by the number of fee units and rounding the result to the nearest cent.

It is acknowledged it may not be practical for all fees to be rounded to the nearest cent. The use of alternative rounding will be assessed on a case by case basis by Treasury's Assistant Under Treasurer, Budget Strategy and Financial Reporting, Fiscal.<sup>8</sup> Please refer all requests for alternative rounding to Treasury's Legislation and Governance Team at [fiscal.governance@treasury.qld.gov.au](mailto:fiscal.governance@treasury.qld.gov.au). Please allow a minimum of 4-6 weeks for requests to be reviewed and a determination made.

#### Agency Legislative Requirements

Where approval is given to use an alternative rounding method (i.e. not to the nearest cent), the agency must include the rounding rule used in their Act/regulation. Pursuant to section 48C(3) of the AIA, the fee will be automatically rounded to the nearest cent unless the agency Act/regulation in question provides for an alternative rounding method.

### 4.3.4 Agency fee publication requirements

From 1 July 2022 (or the first indexation date post 1 July 2022) in-scope fees will be displayed in agency regulations as a number of fee units, not dollars. To ensure ongoing transparency, agencies are required to publish their schedule of fees in dollar amounts, in a way that ensures they are easily accessible by all members of the community. For example, agency website, informational brochures, automated phone system etc.

In addition, the schedule of fees must include reference to on what date the fees were last indexed and by what rate/percentage (i.e. the Government Indexation Rate for the relevant period).

#### Example 1

"Our fees and charges increase on 1 July each year. On 1 July 2020 our fees and charges were increased by 1.8% in line with Government's indexation policy. You can contact us to find out details about specific fees, charges or prices."

Where the schedule of fees includes fees and charges with varying indexation dates, this must be noted and accounted for.

#### Example 2

"Most of our fees and charges increase on 1 July each year. However, some regulatory fees will take effect from 1 September each year and some others on 1 January. The last increases occurred on 1 July 2020, 1 September 2020 and 1 January 2021 respectively. Fees and charges were increased by 1.8% in line with Government's indexation policy. You can contact us to find out details about specific fees, charges or prices."

If the schedule of fees includes fees that do use the Government Indexation Rate, this must be accounted for.

#### Example 3

"Most of our fees and charges increase on 1 July each year. However, some regulatory fees will take effect from 1 September each year and some others on 1 January. The last increases occurred on 1 July 2020, 1 September 2020 and 1 January 2021 respectively. Most of our fees and charges were increased by 1.8% in line with

<sup>7</sup> For the purposes of this document, the Assistant Under Treasurer, Budget Strategy and Financial Reporting, Fiscal refers to the officer or employee of Queensland Treasury who has the qualifications, experience or standing appropriate to exercise this power. Further, reference to an officer by way of a particular title where the title of that office has changed should be taken to include the current holder of that office, despite the change of the title.

<sup>8</sup> For the purposes of this document, the Assistant Under Treasurer, Budget Strategy and Financial Reporting, Fiscal refers to the officer or employee of Queensland Treasury who has the qualifications, experience or standing appropriate to exercise this power. Further, reference to an officer by way of a particular title where the title of that office has changed should be taken to include the current holder of that office, despite the change of the title.



Government's indexation policy. You can contact us to find out details about the increases on specific fees, charges or prices.”

### 4.3.5 Exemption

The Treasurer or a nominated officer<sup>9</sup> has the power to provide an exemption from the requirement to display a regulated fee as a number of fee units.

#### Temporary exemption

A temporary exemption can be approved for a period no more than two years.

Where an agency determines a regulatory fee will not be able to adopt the fee unit model for commencement by 1 July 2022 (or the first indexation date post 1 July 2022) due to issues such as complexity, a temporary exemption will need to be sought for the period required to resolve the issues.

Temporary exemptions may also need to be sought from time to time post initial implementation. For example, when a fee is undergoing review.

#### Permanent exemption

Permanent exemptions will be provided in discreet instances only, where it can be shown adequate analysis has been undertaken to determine that the fee is incapable of adopting the fee unit model.

#### Requesting an exemption

All requests for exemption must be made to the Treasurer or a nominated officer, in writing. Please allow a minimum of 6-8 weeks for requests to be reviewed and a determination made. This timeframe will be longer if further information is required. It is the responsibility of agencies to still allow adequate time to adopt the fee unit model taking into account the possibility their request is denied.

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<sup>9</sup> For the purposes of this document, the term 'nominated officer' has the same meaning as prescribed in Schedule 1 of the *Financial and Performance Management Standard 2019*. Where this power has been delegated by the Treasurer to a nominated officer it will be evidenced by an Instrument of Nomination. For details contact Treasury's Legislation and Governance Team at [fiscal.governance@treasury.qld.gov.au](mailto:fiscal.governance@treasury.qld.gov.au).



## 5.0 Related issues

### 5.1 Treatment of revenue

For departments only, once the appropriateness of the fee or charge has been assessed, including the amount and the basis on which it will be applied to users, the treatment of the revenue collected as either Controlled or Administered will need to be considered. This treatment determines whether the revenue collected via the fee or charge is retained by the agency (Controlled) or is returned to the Consolidated Fund (Administered). The classification of the user charge revenue needs to be resolved between the agency and Queensland Treasury as part of finalising the proposal for CBRC consideration.

Fees and charges classified as Administered can be changed to Controlled, and vice versa, if agreed between the agency and Queensland Treasury. The level of approval required to change the classification will depend on the nature and monetary significance of the fee. Agencies are advised to contact the relevant Treasury Analyst to discuss the approval process.

### 5.2 Rounding policy

Rounding is permissible. In general, rounding should be to the nearest cent, rounding up. For example, \$5.275 becomes \$5.28 and \$5.274 becomes \$5.27. For fees required to be displayed as a fee unit, rounding to the nearest cent is a requirement (Section 4.3). For new fees and fees being reviewed, rounding should be to the nearest cent unless there are operational justifications for rounding to the nearest 5 cents instead.

Fees that are currently rounded to the nearest 5 cents and are not required to adopt the fee unit value, may continue rounding to the nearest 5 cents. For clarity, amounts ending in 1, 2, 6 or 7 should be rounded down, while amounts ending in 3, 4, 8 or 9 should be rounded up.

Where the fee or charge is very large, agencies may wish to round the fee more significantly (not applicable for fees required to be displayed as fee units – Section 4.3). Agencies wishing to round to an amount other than the nearest cent or nearest 5 cents should develop a rounding policy, in consultation with Queensland Treasury, to be applied consistently throughout the agency. Factors which should be taken into account in establishing a rounding policy include, but are not limited to:

- how the rounding policy will interact with indexation
- whether there are any benefits, such as administrative efficiency or simplification, that are likely to result from applying a different rounding policy
- whether the fees are usually paid electronically or in cash.



