
USER CHARGING

PART 10 USER CHARGING

- 10.1 General Policy
- 10.2 External Users
 - 10.2.1 Application of Charges
 - 10.2.2 Charges Not To Apply
 - 10.2.3 Determination of the Charge
- 10.3 Full Cost System
- 10.4 Review of Charges
- 10.5 Internal Charges
 - 10.5.1 Responsibilities

PART 10 USER CHARGING

10.1 General Policy

The general policy of the University in respect of charging for goods and services is that all charges should encourage rational economic choices to be made by the users.

The management of user charging by the university should be in accordance with Part 3, Division 3 of the *Financial Management Standard 1997*.

The charges that will apply shall allow the users to be economical in their demand for the goods or services provided.

Managers will in most cases have the discretion to vary the amount of goods or services consumed, or be able to procure similar goods and services from other suppliers. Managers will be limited only to the extent of their Council approved budget and the purchasing policies of the University.

The charges shall be levied in a way to encourage the cost centre supplying the goods and services to be more efficient in the provision of the goods and services.

USER CHARGING

10.2 External Users

External users are required to pay a charge for goods and services supplied to them by the University.

10.2.1 Application of Charges

Charges will apply where:

- (a) they are provided for under any Act or right in law, for example as directed by Statute 18 of the Council in relation to fees;
- (b) the government has directed that a user charge shall apply, for example as directed under the Higher Education Contribution Scheme introduced by the Federal Government.

10.2.2 Charges Not To Apply

The University may not apply a charge to the user where:

- (a) the service is provided for the benefit of the general public or is provided exclusively for the benefit of users assessed not to have the capacity to pay;
- (b) the Government has directed that no charge shall be levied;
- (c) the transaction is non-routine and immaterial in amount; or
- (d) the ongoing administrative cost of charging and revenue collection exceed the benefits derived from the charge.

10.2.3 Determination of the Charge

In determining the level of the charges the manager shall take into consideration the following:

- (a) the full cost of providing the service;
- (b) market rates applicable for comparable goods, services or works;
- (c) the implication of charges for encouraging rational choice by users;
- (d) the impact of charges on the achievement of social objectives implicit in service delivery.

USER CHARGING

10.3 Full Cost System

In general the user charge rate shall be established based on the rates required to recover the full costs of providing the service.

However a rate based on full costs may be not be appropriate where:

- (a) an active market exists for the goods, services or works and where higher of full cost or market price shall apply;
- (b) the University operates as a business undertaking and is seeking to utilise spare capacity in which case normal commercial pricing considerations shall prevail;
- (c) the Government has directed that a particular price or charge rate, or method for determining charging shall apply;
- (d) differential pricing for the purposes of cross-subsidisation has been approved by the Government.

USER CHARGING

10.4 Review of Charges

Managers responsible for the administration of the user charge shall also be responsible for the review of the charge annually. This review process shall be documented by the manager.

Upon the completion of the review process, the manager shall recommend to their respective divisional manager if an existing charge should be significantly varied or that a new charge should apply.

Any recommendation shall be accompanied by a report from the manager who shall include the following:

- (a) reasons for the changes;
- (b) an analysis on any potential detrimental effect that may result from the with the proposed change in the charge;
- (c) recommended new charge level, with an analysis of the incremental income expected to be generated.

The divisional manager shall make a recommendation to Council for an amendment to an existing charge, or for the introduction of a new charge.

Council shall then be responsible for approving any changes to existing charges or the introduction of any new charges.

USER CHARGING

10.5 Internal Charges

The *Financial Management Standard 1997* does not include any requirements for the University to institute user charging to internal users.

However circumstances will arise where a cost centre provides goods or a service to another cost centre. In these situations it may be appropriate for the cost centres to cross charge each other for the provision of the goods or service.

These expenditure transfers will be applicable when the cost of the goods or services provided by one cost centre would in normal circumstances have been obtained from sources external to the University.

The University financial information system is to provide managers with the ability to cross charge each other for goods or services provided.

10.5.1 Responsibilities

The managers involved in the internal transactions shall be responsible for:

- (a) ensuring equitable arrangements are entered into for the transaction;
- (b) ensuring situations are avoided which could create a conflict of interests or be seen to lead to a conflict of interests;
- (b) establishing the operating procedures required to effect the transaction.