



Australian Government
Department of Finance

GUIDE

Australian Government Charging Framework

Resource Management Guide No. 302

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This guide contains material that has been prepared to assist Commonwealth entities to apply the principles and requirements of the *Public Governance, Performance and Accountability Act 2013* and associated rules, and any applicable policies.

In this guide, the mandatory principles or requirements are set out as things entities and officials must do. Also actions or practices that entities and officials are expected to take into account to give effect to those principles and/or requirements, are set out as things entities and officials should consider' doing.

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Introduction

1. The Australian Government provides a diverse range of services, support and benefits to the Australian public to achieve its policy outcomes. These activities are funded from different revenue sources, including general taxation, sales of public assets, government investments, government charging and other revenue measures.
2. The Australian Government may charge the non-government sector for a specific government activity, such as the provision of goods, services or regulation, or a combination of these. Charging for government activities can:
 - promote equity, whereby the recipients who create the need for a government activity, rather than the general public, bear its costs
 - influence demand for government activities
 - improve the efficiency, productivity and responsiveness of government activities and accountability for those activities
 - increase cost consciousness for all stakeholders by raising awareness of how much a government activity costs.
3. In April 2015, the Australian Government agreed to implement a whole-of-government charging framework to apply across the general government sector. The Framework provides that where an individual or organisation creates the demand for a government activity, they should generally be charged for it, unless the Government has decided to fund the activity.

The Charging Framework

4. The Australian Government Charging Framework (the Framework) builds on the 2014 Cost Recovery Guidelines.¹ It encourages a common approach to planning, implementing and reviewing government charging, which should lead to improved and consistent government charging. The Framework supports the Australian Government's role in delivering quality public programmes to Australian citizens, communities and the economy more broadly, by assisting to improve programme funding decisions.
5. The Framework has been developed to support the legislative responsibilities of Commonwealth entities, as detailed, in the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). It applies to all non-corporate Commonwealth entities and selected corporate Commonwealth entities², where the Finance Minister has made a 'government policy order' that applies the Framework to them.³

¹ The 2014 Cost Recovery Guidelines are available on the Finance website at www.finance.gov.au, and apply to all regulatory charging activities.

² The Finance Minister will make a Government Policy Order to apply the Australian Government Charging Framework to selected Commonwealth corporate entities by 30 June 2016.

³ Non-corporate and corporate Commonwealth entities are defined under the PGPA Act.

6. The Framework is relevant for:
 - Ministers
 - accountable authorities (chief executives and boards) of Australian Government entities (entities)
 - staff (officials) of entities
 - non-government organisations that provide charging activities on behalf of the Australian Government
 - individuals and non-government organisations affected by charging, particularly those who pay charges.
7. The Framework supports a consistent approach to guide policy development and helps determine when it is appropriate to charge for a government activity.
8. The Framework applies to:
 - regulatory charging activities
 - charging activities involving access to a public resources, public infrastructure and/or equipment
 - commercial charging activities, including the sale of Australian Government goods or services and acceptance of advertising and sponsorship payments.
9. Australian Government activities that are not subject to the Framework are:
 - inter- and intra-government charges⁴
 - charging by Commonwealth companies⁵
 - investment returns, interest, dividends, debt charges and related charges
 - repayments of loans to the Australian Government
 - co-payments, co-funding, partnership activities or similar arrangements
 - charges under the *Freedom of Information Act 1982*
 - grants, donations or similar amounts paid to the Australian Government
 - contractual penalties and settlements, court fees and similar fees
 - receipts from asset sales, investments or similar activities
 - general taxation.
10. Table 1 identifies the key government charges and their characteristics. Table 1 includes information on taxation and fines and penalties, which are not subject to the Framework.

⁴ Intra-government and inter-government payments may be between entities from the Australian Government, state, territory, local or foreign governments, and usually involve may involve charging for specific goods or services. Where a government entity provides an activity to both the government and non-government stakeholders, charges should generally be set on the same basis for all stakeholders.

⁵ As at 1 July 2015, there were 16 Commonwealth companies, in addition to 96 non-corporate Commonwealth entities, and 68 corporate Commonwealth entities. A flipchart of Commonwealth entities and companies can be found at <http://www.finance.gov.au/flipchart>.

Table 1 Key Government Charges and their characteristics

Charging categories	Regulatory charges		Resource charges	Commercial charges	Fines and penalties	General taxation
Pricing Models	Cost recovery fees	Cost recovery levies	Value-based pricing, commercial or cost recovery	Value-based pricing, commercial or cost recovery	Fines, including statutory fines and enforcement penalties	Specific taxes, non-cost recovery levies, excises and customs duties
Relationship between charges and costs	Charges must reflect efficient unit cost of a specific good or service $R \approx E^a$	Charges must reflect efficient overall costs of the activity $R \approx E^a$	Charges generally based on the potential value of the activity to the recipient	Charges generally based on market rates	Amounts of fines and penalties relate to specific criminal sanctions	Taxes generally do not relate to a specific activity or its costs (i.e. raise general revenue)
Statutory authority to charge	Legislation required	Taxation Act required	Legislation may be required	Legislation may be required	Legislation may be required	Excise, customs or taxation Act required
GFS^b reporting classification	Non-taxation revenue		Non-taxation revenue	Non-taxation revenue	Non-taxation revenue	Taxation revenue
Examples of activities	Registrations Applications Licences	Monitoring compliance Investigations Enforcement	Rights and privileges, including licences to access IP or natural resources Also includes lease and use of public property or infrastructure	Sale of publications or data Provision of specialist expertise Advertising and sponsorship	Timeframe sanctions Remediation penalties	Government services for the benefit of the community and the economy more broadly - for example road infrastructure and Medicare services

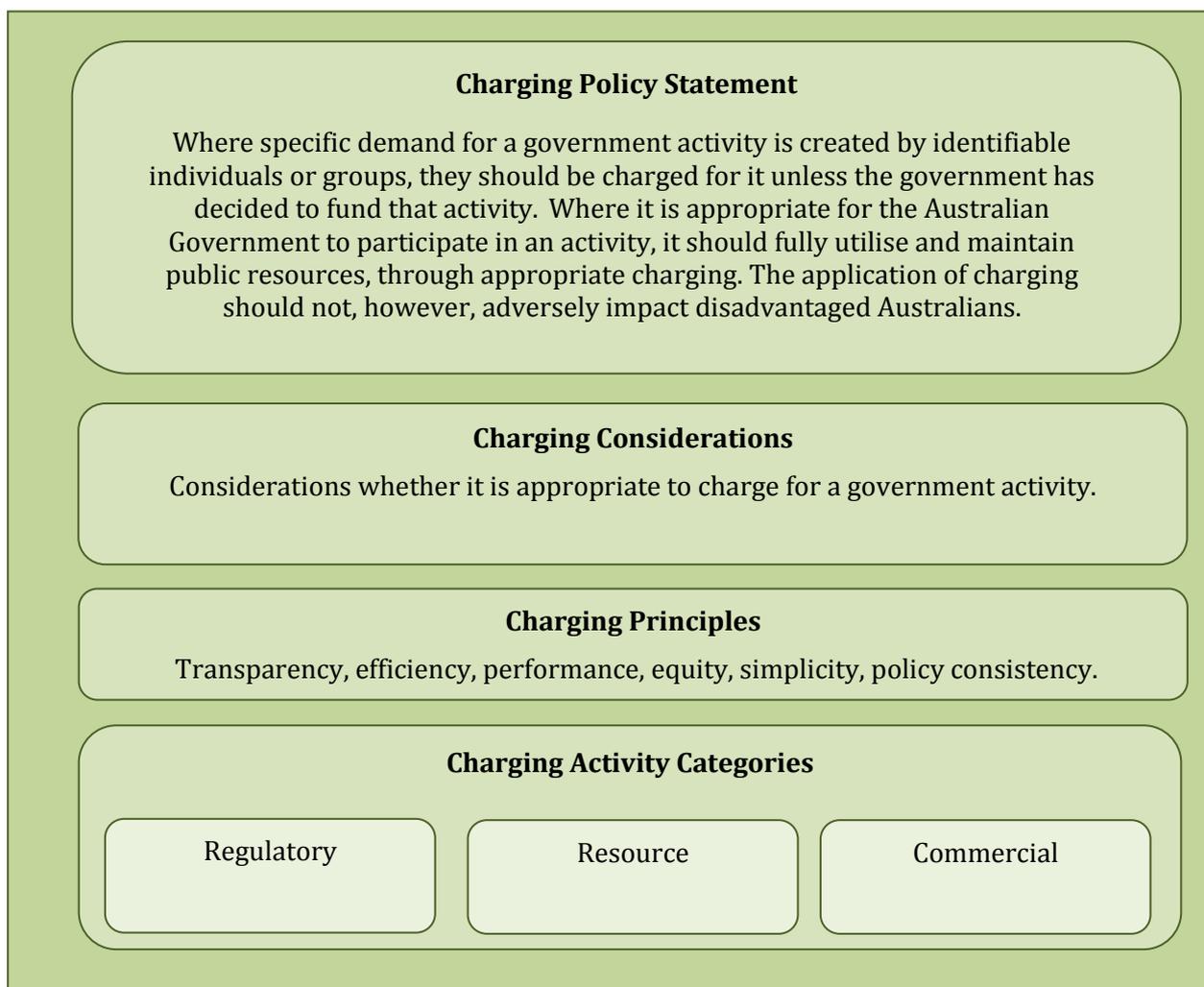
 Charges not subject to the Australian Government Charging Framework

^a R = revenue generated from the activity; E = expenses incurred in providing the activity.

^b Government Finance Statistics.

11. The Framework consists of:
 - a charging policy statement, which provides the rationale for Australian Government charging activities
 - charging considerations to guide decision-making on whether charging might be appropriate
 - charging principles to assist with the design, implementation and review of charging activities.
12. These three elements are supported by charging definitions and tools to assist with the design, implementation and review of charging activities.

Figure 1: Australian Government Charging Framework



13. Ministers, entities and their staff operate within a legislative and policy framework. In addition to the Framework, other relevant legislation and policies include:
 - the PGPA Act
 - the enabling legislation of the government entity
 - the relevant legislation for the activity
 - policy guidance issued by the Department of Finance (Finance).

14. The Framework applies to all processes involved in charging, including:
- planning and design
 - decision making
 - implementation
 - management and reporting
 - review and evaluation.

Charging policy

15. Charging decisions are made by the Australian Government. Based on the type of activity, policy outcomes sought and relevant public interest considerations, the Government may decide to charge for an activity, taking into account the charging policy statement, below.

Where specific demand for a government activity is created by identifiable individuals or groups they should be charged for it unless the Government has decided to fund that activity. Where it is appropriate for the Australian Government to participate in an activity, it should fully utilise and maintain public resources, through appropriate charging. The application of charging should not, however, adversely impact disadvantaged Australians.

16. Charging should only occur where it is cost effective and efficient⁶. Charging can send important 'price signals' to individuals and groups about the cost or value of a government activity. Individuals or groups that create the need for a government activity should generally bear, at least, the costs of administering the activity, unless the Government has decided to fund that activity.
17. Regulatory charges should be consistent with the policy intent and legislative objectives of the activity and/or the entity. Where the charging activity is provided to government and non-government stakeholders, charges should be set on the same basis for all stakeholders.
18. Entities should aim to minimise charges through the efficient implementation of these activities, whilst maintaining the policy intent and complying with any relevant legislative or policy requirements.
19. Entities should generally set charges to recover the full cost of providing regulatory activities. Some government charging activities may only partially⁷ recover the costs. These instances usually occur where:
- charges are being 'phased in'
 - full recovery of costs would be inconsistent with community service obligations endorsed by the Australian Government
 - the Australian Government has made an explicit policy decision to charge for only a part of the costs of the activity.

⁶ Cost effective and efficiency relates to the proper use of available resources to achieve government policy outcomes, in particular the proportionality between the cost of administering the charging activity and the revenue generated from the charging activity.

⁷ Partially recovering costs occurs when less than the full cost of a government activity is recovered.

20. At times, the Australian Government may direct an entity to recover all or part of the costs of a resource activity or in some instances, recover more than the cost for the activity, depending on the circumstances. When charging for resource activities, entities should generally set charges taking account of: the cost of the activity; where appropriate, market prices; the impact of utilising or accessing the resource; and the policy intent and legislative objectives of the activity and/or the entity.
21. When charging for commercial activities, pricing should generally be market-driven and consistent with the policy intent and legislative objectives of the activity and/or the entity. Australian Government entities should generally set prices for commercial charging activities to recover the costs of the activity and to earn a commercial rate of return over the business cycle of the activity.

Charging principles

22. The Charging Framework is underpinned by six principles:
 - **transparency** –making available key information about the activity, such as the authority to charge, charging rates, and, where relevant, the basis of the charges
 - **efficiency** –delivering activities at least cost, while achieving the policy objectives and meeting the legislative requirements of the Australian Government
 - **performance** – which relates to effectiveness, risk mitigation, sustainability and responsiveness. Engagement with stakeholders is a key element of managing and achieving performance. Entities must regularly review and evaluate charges in consultation with stakeholders to assess their impact and whether they are contributing to government outcomes
 - **equity** – where specific demand for a government activity is created by identifiable individuals or groups they should be charged for it, unless the Government has decided to fund that activity. Equity is also achieved through the Government’s social safety net, to ensure that vulnerable citizens are not further disadvantaged through the imposition of a charge
 - **simplicity** – whereby charges should be straightforward, practical, easy to understand and collect
 - **policy consistency** – charges must be consistent with Australian Government priorities and policies, including entity purpose and outcomes. Australian Government agreement may be required for the introduction of new charges and/or changes to charges.

Charging approvals

23. For each charging activity, entities should consider:
 - whether policy approval is required from the Australian Government, noting that it is necessary for all regulatory charging and may be required for other material or sensitive charging activities
 - what statutory authority is required

- whether there is a need to align expenses and revenue, which is a requirement for regulatory charging activities⁸
 - maintaining appropriate up-to-date records, including the level of publicly available documentation and reporting.
24. All regulatory charging activities must have policy approval from the Australian Government. For other charging activities, a key consideration is whether new or amended legislation is required and therefore whether policy approval from the Australian Government is also required.
 25. For material or sensitive resource or commercial charging activities, the entity should consider seeking policy approval, consistent with existing guidance on government decision making.
 26. In certain circumstances, an entity's enabling legislation or other legislation may provide the statutory authority to charge for a particular activity, in other instances an entity may require legislation or legislative changes to charge.

Charging considerations

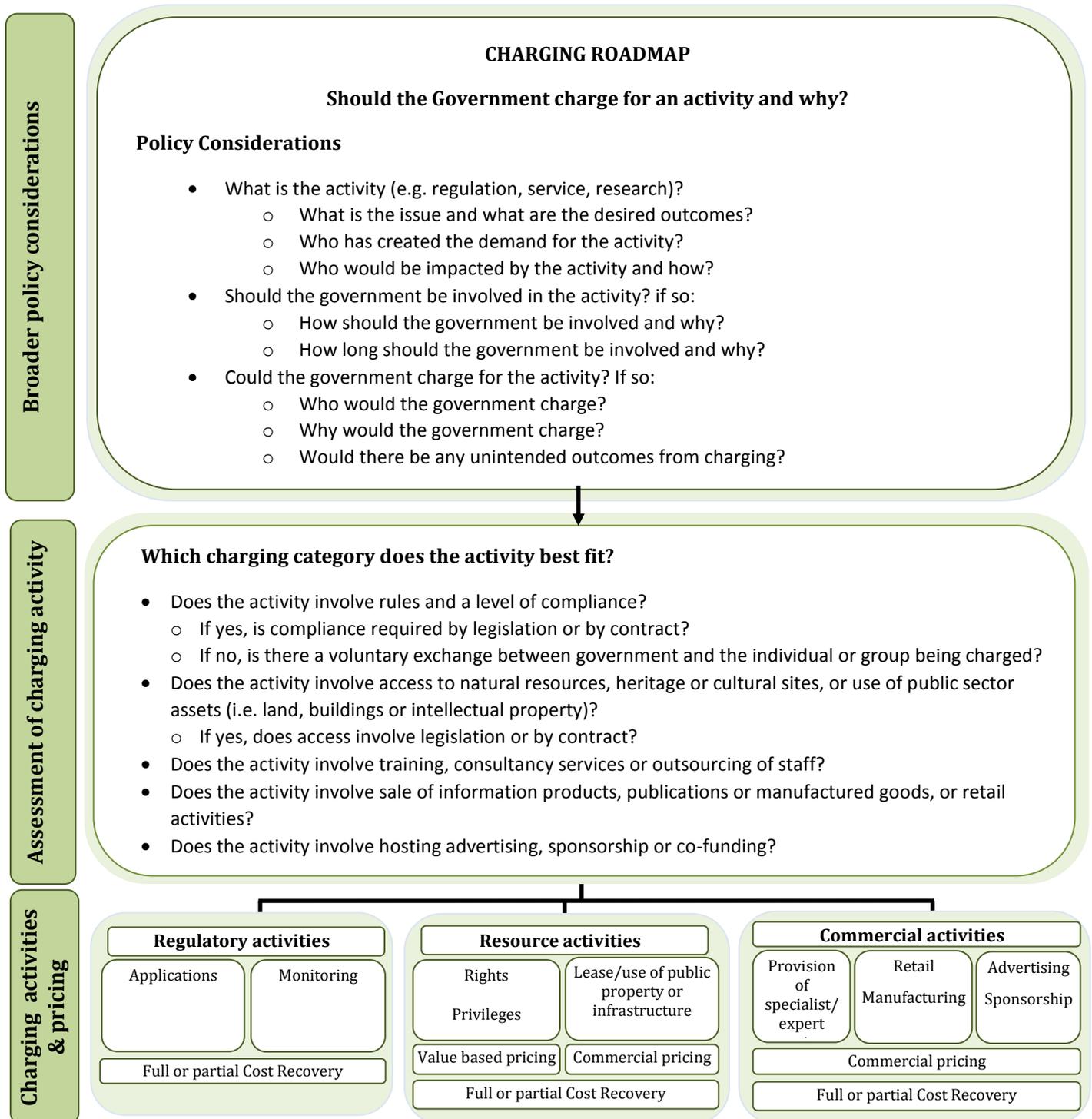
27. The Australian Government considers the types of activities to charge for on a case-by-case basis. There are a number of considerations that entities should take into account when developing advice on whether it is appropriate to charge for a government activity. These include:
 - policy considerations, such as the policy problem and proposed solution, whether the government should be involved in the activity⁹, and whether it is appropriate to charge for the activity
 - specific charging considerations, including the nature and type of activity being proposed, whether charging is efficient or another form of funding is more appropriate.¹⁰
28. The Government may consider other factors, in addition to the charging considerations (e.g. consistency with other government policies). The Charging Roadmap (Figure 2), provides a summary of the charging decision making process.
29. The Government may consider it inappropriate to charge for a range of government activities, such as policy development, ministerial support, law enforcement, defence and national security. In certain circumstances, charging may also be contrary to intended policy outcomes, such as the provision of community services or support.

⁸ This means that expenses and revenue balance out over a reasonable period (e.g. the business cycle of the activity). For partially recovered activities, the Australian Government decides, as part of the policy approval, the level of costs that will be recovered (e.g. 80 per cent of total costs of an activity).

⁹ It might not be appropriate to charge for some activities, for example defence or national security activities.

¹⁰ If charging impacts on disadvantaged Australians, then the activity should generally be funded through general taxation.

Figure 2: Charging Roadmap



30. There are a variety of different pricing models that can be used, depending on the specific charging activity being undertaken. Figure 2 shows the types of pricing models appropriate for different charging activities. Table 2 provides a brief summary of the different pricing models.
31. For Regulatory activities, the only pricing model that can be used is full or partial cost recovery. Charging more than cost recovery for a regulatory activity (that is, an activity that is imposed on a certain individual or organisation where there is an expectation of a certain level of compliance) may be considered to be general taxation.

32. Different pricing models can be used when charging for resource activities. Figure 2 shows that value-based pricing or cost recovery are suitable pricing models where the charge imposed for the public resource confers a clear right or privilege. The pricing models used for access to, or use of, a specific government asset or public infrastructure can either be market driven (i.e. commercial) or based on recovering the costs. The pricing model used will depend on the nature and objectives of the charging activity.
33. The usual pricing model for commercial charging activities is market-based pricing. Table 2 lists the common commercial pricing models available.¹¹ In some cases, the Government may direct a government good or service to be priced to only recover the costs or part of the costs of a commercial charging activity (e.g. recovering the costs of a publication).

Table 2: Common Pricing Models

Pricing models	
Cost recovery pricing	
Cost recovery	There are two types of cost recovery charges: Cost recovery fees are a charge for a good, service or regulation (in certain circumstances) to a specific individual or organisation. Cost recovery levies are a charge imposed when a good, service or regulation is provided to a group of individuals or organisations rather than to a specific individual or organisation. A cost recovery levy is a tax and is imposed via a separate taxation Act. It differs from general taxation as it is 'earmarked' to fund activities provided to the group that pays the levy.
Full cost recovery	Charging the non-government sector all of the efficient costs of a specific government activity.
Partial cost recovery	Partial cost recovery charges the non-government sector some of the efficient costs of a specific government activity.
Value-based pricing	
Fee for privilege	A charge imposed in relation to access to a public resource that confers a clear right or privilege (including access to a limited resource). This could include a royalty payment calculated in respect of the quantity or value of things taken, produced or copied, or linked to the occasions upon which the right is exercised.
Access fee	A charge for access to or use of a specific public resource (e.g. entering an exhibition or leases of a building or equipment).
Commercial pricing	
Market-based pricing	This is sometimes referred to as competitive-based pricing and is based on the prices of similar products in the market or a proxy, where there are no actual competitors. Depending on whether the Australian Government activity has more or less features than the competition, the government can set the price higher or lower than the competitor pricing, taking into account

¹¹ In some instances other types of commercial pricing models may be appropriate for an entity to use.

Pricing models	
	competitive neutrality principles.
Consumption, subscription and freemium models	<p>Consumption-based pricing is based on demand (e.g. transactions or website traffic) rather than a fixed fee per month. It is a quantitative charge based on the amount of goods, services or resources consumed. The Australian Government will quantify the services it provides, and charge individuals or organisations according to their use.</p> <p>Subscription-based pricing is based on charging a fee to access a specific service on a daily, monthly or annual basis. Subscription users have infinite use of the service at a flat rate for a designated period of time. Customers are not charged per use, but per unit of time as determined by their subscription.</p> <p>Freemium pricing is a pricing model that offers a base product or service free of charge (e.g. base-level data and statistics) while charging a premium price for advanced or additional related products or services (e.g. tailored data provision).</p>
Dynamic-based pricing	This pricing is based on demand for that activity (e.g. auctions). Pricing is adjusted in response to market demands. That is, when demand is low and elastic, prices are adjusted lower to increase the attractiveness of the government activity.

Australian Government charging categories

34. Different legal, accounting and policy definitions can be used to identify and categorise government charging. The Framework categorises charging activities into three groups.

- **Regulatory charging activities** are generally those activities where the government is seeking to control or influence behaviour, manage risk and/or protect the community.

They usually involve an enforcement or compliance element and may not involve user discretion. Legislation is always required for these charging activities. The charging premise for regulatory activities is that, where an identifiable group creates extra or specific demand for a specific regulatory activity, they should be charged for the activity, where appropriate. Regulatory charging activities involve charging for part or all of the costs of the activity on a cost recovered basis. The Cost Recovery Guidelines applies to these activities.

- **Resource charging activities** involve charging for the provision of specific rights, privileges, or access to public resources, infrastructure and/or equipment. Some of these activities may have a regulatory component or require legislation, others may involve commercial contracts.

These activities normally utilise a value-based charging model, where the beneficiary is charged based on the potential value of the activity to the recipient. Pricing relates to the specific benefit to the individual or group, based on the value of the resource or access to the resource. That said, commercial charging, cost recovery or partial cost recovery can be used depending on the nature of the charging activity, policy intent and legislation.

- **Commercial charging activities** include those activities where the Government is involved in an actual or potential market. Even where the Government is the sole provider of the activity, there is usually a degree of user discretion (i.e. it is voluntary) about whether the good or service is consumed. These charging activities are the most consensual form of charging activities.

Commercial activities also include the provision of specialist or expert services; retail and manufacturing; tailored data provision; advertising; and sponsorship charges.

Depending on the nature of the commercial charging activity, charges may not require a statutory or contractual basis. Charging pricing models are usually market driven, but other pricing models may also be used, depending on the charging activity and its objectives.

35. Table 3 provides examples of different activities for each of the charging categories.

Table 3 Characteristics of Government charging activities

Type of charging activity	General characteristics	Examples
Regulatory Charging Activities		
Approval activities	<ul style="list-style-type: none"> • Activities involve applications, registrations or similar activities • Charges relate to ongoing government activities • The Government determines whether to charge for the activity • The activity can only be undertaken by the Government or someone acting on behalf of the Government • There is limited user discretion and there are usually conditions • Charges must have a legislative basis • Involves charging individuals or organisations • Revenue for the activity must be aligned with expenses incurred in providing the activity to individuals or organisations 	<ul style="list-style-type: none"> • Inspection of facilities or equipment • Registration of firms or individuals before they can sell particular products or services • Evaluation of products for safety • Assessment and/or approval to undertake activities • Rating or classification of products • Accreditation to provide training and/or certification

Type of charging activity	General characteristics	Examples
Compliance activities	<ul style="list-style-type: none"> • Activities involve monitoring compliance, investigation and enforcement • Charges relate to ongoing government activities • The Government determines whether to charge for the activity • The activity can only be undertaken by the Government or someone acting on behalf of the Government • There is limited user discretion and there usually are conditions • Charges must have a legislative basis, specifically a tax act • Involve charging a group of individuals or organisations • Revenue for the activity must be earmarked for that activity and aligned with expenses incurred in providing the activity to the group of individuals or organisations 	<ul style="list-style-type: none"> • Monitoring of compliance, such as compliance with safety standards through audits, collection of compliance information, complaints mechanisms • Investigations, such as investigation of breaches of standards
Resource and Access Charging Activities		
Rights and public resource activities	<ul style="list-style-type: none"> • Activities involve providing a right or privilege to access or use natural resources. Activities also involve use of public property and equipment • Charges may relate to either ongoing or non-ongoing government activities • The Government or an accountable authority of a government entity may determine whether to charge for the activity • The activity can only be provided by the Government or someone acting on its behalf • Activity usually has conditions and there is user discretion, particularly related to public property and equipment. • Charges may require a legislative basis • Involves charging individuals, organisations or groups • Charges may be based on cost recovery, 	<ul style="list-style-type: none"> • Licences to access or utilise naturally occurring resources, such as harvesting licences, spectrum licences, and entry licences • Use of public infrastructure, such as leasing or sub leasing a building, hiring a laboratory or sporting facility, entry to a national park • Use of public equipment, such as specialised scientific equipment • Access and use of intellectual property

Type of charging activity	General characteristics	Examples
	market rates or some other basis <ul style="list-style-type: none"> • Revenue is not required to equal expenses (it may be more than, less than or equal to expenses) incurred in providing the activity 	
Commercial Charging Activities		
Sale of government goods or services	<ul style="list-style-type: none"> • Activities involve provision of goods or services • Charges may relate to either ongoing or non-ongoing government activities • The Government or an accountable authority of a government entity may determine whether to charge for the activity • The good or service may be provided by the private sector • There is generally a high degree of user discretion, and may have contractual conditions • Charges may require a legislative basis • Involves charging individuals, organisations or groups • Charges may be based on cost recovery, market rates or some other basis • Revenue is not required to equal expenses (it may be more than, less than or equal to expenses) 	<ul style="list-style-type: none"> • Sale of publications and/or data • Provision of specialist expertise, such as laboratory technicians or researchers • Accepting private advertising on a government website • Accepting private sponsorship of a specific government activity, such as a conference, survey, training course or exhibition • Retail activities, such as a café or gift shop at a cultural institution • Entry to an exhibition, such as a specialist cultural exhibition

Regulatory charging activities

36. The Cost Recovery Guidelines (the CRGs) apply to regulatory charging activities.
37. The CRGs apply to all non-corporate Commonwealth entities and selected corporate Commonwealth entities, where the Finance Minister has made a 'government policy order' that applies the Australian Government's cost recovery policy to them. Non-corporate and corporate Commonwealth entities are defined under the PGPA Act.
38. Where the Australian Government has directed an entity to undertake a charging activity, other than a regulatory charging activity, on a cost recovery basis, the requirements within the CRGs do not apply.

Portfolio Charging Reviews

39. Departments of State must conduct periodic reviews of all existing and potential charging activities within their portfolios at least every five years, in accordance with the published schedule of portfolio charging reviews or at other times agreed by the Finance Minister.¹² The portfolio charging review report should be based on existing information.
40. The portfolio charging review looks at a broader range of charges than just cost recovery charges. It is an opportunity to:
 - assess the extent of charging activities across the portfolio
 - compare and analyse different charging activities
 - evaluate the performance of charging activities
 - identify charging potential for new and existing activities
 - identify opportunities to amend or discontinue specific charging activities
 - assess the effectiveness of stakeholder engagement strategies and opportunities for improvement.
41. The Department of State should gather information from each portfolio entity to inform the portfolio charging review. Most of the information for the review should be readily available through entities' regular monitoring and evaluation of the performance of their charging activities. Additional stakeholder consultation for the portfolio charging review may not be required if portfolio entities have regularly engaged with stakeholders.
42. The review report must be submitted to the responsible Minister and copied to the Finance Minister. Any significant policy recommendations from the portfolio charging review will need to be approved by the Australian Government and documented before changes to cost recovery charges are implemented.

Charging and performance

43. A key element of the PGPA Act is the implementation of an enhanced whole-of-government performance framework. Consistent with the provisions of the PGPA Act, Finance has developed the enhanced Commonwealth performance framework which took effect from 1 July 2015. Performance requirements for entities are based on Section 38 of the PGPA Act.¹³ Given the greater focus on stakeholder engagement, measuring, reporting and improving performance is particularly important for Australian Government charging activities, including the need to report performance in a CRIS.

¹² A portfolio charging review template and the schedule of portfolio charging reviews are available on the Department of Finance website (www.finance.gov.au).

¹³ Further information on managing performance is available at <http://www.finance.gov.au/resource-management/performance/#framework>.

Risk assessment

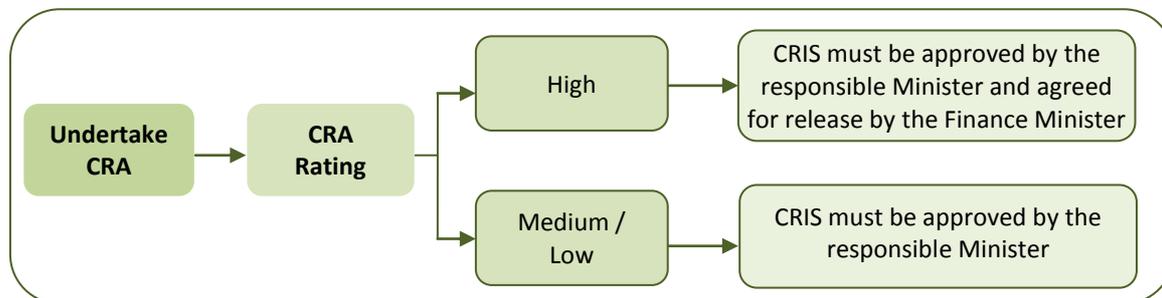
44. Risk engagement involves ongoing assessment and management of risk. A key element of planning, designing and managing charging activities is to identify and engage with risk at each stage of the charging process.¹⁴ While activities and systems may vary between entities, risk identification and engagement leads to effective mitigation of risks.
45. Risks can be appropriately mitigated through ongoing analysis, the implementation of appropriate risk engagement strategies, regular reviews of processes, and appropriate action as a result of those reviews. Risk identification and engagement should be supported by timely and relevant performance information.
46. When analysing risk, staff of entities should consider the entity's operating environment and the factors that influence charging, such as:
 - **complexity**, which relates to the structures, processes and implementation of the specific activity. Complexity may be influenced by the number of outputs of the activity being charged for; the design of charging activity (e.g. a cost recovery levy based on complex proxies or a combination of different types of charges); the involvement of third parties in the activity; the involvement of a state or territory government or a contracted non-government organisation; tight timeframes; multiple items of relevant legislation; multiple cost drivers; difficulties in forecasting demand; or the type and number of stakeholders involved (e.g. the number of government entities and/or industry sectors)
 - **materiality**, which relates to the financial value of the activity and involves the total revenue generated from the charging activity and the amounts of the individual charges
 - **sensitivity**, which relates to the level of interest in the activity from government stakeholders, non-government stakeholders, the media and the Parliament. Key considerations include whether, when and why any sensitivity exists. The reasons for sensitivities may include the nature of the charges; the nature of the industry; existing government charges faced by industry; tight timeframes for implementation; and limited consultation.
47. Entities must self-assess the risks associated with new or amended regulatory charging activities. They should use the Charging Risk Assessment (CRA) template¹⁵ to undertake this assessment and agree on the risk rating with Finance.
48. The purpose of the risk assessment for regulatory charging activities is to identify areas of implementation risk and inform the risk engagement strategy adopted by the entity. Responsible entities and Ministers should determine how to engage with the identified risks (e.g. by providing more detailed information in the Cost Recovery Implementation Statement (CRIS), engaging with stakeholders in different ways or other processes).
49. The outcome of the risk assessment for regulatory charges is a rating that determines whether the CRIS needs to be agreed for release by the Finance Minister in addition to the responsible Minister. The risk rating does not determine whether regulatory charging is appropriate, or whether some activities are more suitable to charging than others. As shown in Figure 5, a CRA rating of 'high', 'medium' or 'low' leads to one of two requirements:

¹⁴ The PGPA Act includes a duty for accountable authorities to ensure that their entities have appropriate systems of risk oversight and management.

¹⁵ The CRA template is available on the Department of Finance website (www.finance.gov.au).

- high means that the responsible Minister will need to seek the Finance Minister’s agreement to the release of the CRIS before charging begins
- medium or low means that the CRIS can be approved by the responsible Minister and does not require the Finance Minister’s agreement for release before charging begins.

Figure 3: Charging Risk Assessment process as part of a policy proposal



50. Entity staff should use the CRA template for the risk assessment. If they choose not to use the template, they must assess the complexity, materiality and sensitivity of the activity using factors similar to those listed in the template. Regardless of the format, Finance must agree on the risk rating for regulatory activities as part of the policy proposal process.
51. Entities should note that the Australian Government may also request that any CRIS be brought forward for agreement.

Terms and Acronyms

accountable authority of a Commonwealth entity—as defined under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act; available at www.comlaw.gov.au).

advertising—within the context of the Charging Framework, the acceptance of advertising involves any form of paid media placement, including print, radio, digital, television or out-of-home advertising from non-government entities.

Australian Government Cost Recovery Guidelines (CRGs)—set out the requirements and better practice under which government entities design, implement and review regulatory activities.

commercial charge—a type of government charge used to supply a government goods or services to the non-government sector (in an actual or potential market). A commercial charge may be less than, more than or equal to the cost of goods or services. There is usually a degree of user discretion (i.e. it is voluntary) about whether the good or service is consumed.

cost recovery implementation statement (CRIS)—a tool for documenting cost recovery design and operation and reporting on a cost recovered activity. A CRIS must be prepared for each cost recovered activity conducted by a government entity.

charging risk assessment (CRA)—a tool that helps to identify areas of implementation risk and informs the cost recovery aspects of a risk engagement strategy adopted by a government entity.

Department of State—as defined under the PGPA Act.

efficient costs—the minimum costs necessary to provide the activity while achieving the policy objectives and legislative functions of the Australian Government.

enabling legislation for a government entity—an Act or legislative instrument that establishes that government entity.

Finance—the Department of Finance.

government entities—for the purposes of the charging framework, means accountable authorities and officials of all non-corporate Commonwealth entities and specified corporate Commonwealth entities, where the Finance Minister has made a ‘government policy order’ that applies the Australian Government charging framework to them. Non-corporate and corporate Commonwealth entities are defined under the PGPA Act.

government policy order—an order made by the Finance Minister under the PGPA Act that specifies a policy of the Australian Government that is to apply in relation to one or more corporate Commonwealth entities (section 22(1)) or wholly-owned Commonwealth companies (section 93(1)).

partial cost recovery—charging the non-government sector some of the efficient costs of a specific government activity.

policy changes to a charging activity—involve variations in the activity that are beyond the boundaries of existing policy approval from the government. These changes are likely to require a new policy approval from the government and amendments to the relevant legislation.

portfolio charging review—a periodic review, at least every five years, of all existing and potential charging activities conducted by Departments of State within their respective portfolios, in accordance with the schedule of portfolio charging reviews (available at www.finance.gov.au).

Public Governance, Performance and Accountability Act 2013 (PGPA Act)—an Act about the governance, performance and accountability of, and the use and management of public resources by, the Commonwealth, Commonwealth entities and Commonwealth companies, and for related purposes (available at www.comlaw.gov.au).

regulatory charge – a statutory government charge imposed for those activities where the government is seeking to control or influence behaviour, manage risk and/or protect the community. Legislation is always required for these charging activities.

resource charges involve charging for the provision of specific rights, privileges, or access to public resources, infrastructure and/or equipment. Some of these activities may have a regulatory component or require legislation, others may involve commercial contracts.

responsible government entity—the entity, the accountable authority and officials that are responsible for administering a particular government activity.

responsible Minister—depending on the circumstance, the Minister or Ministers with responsibility for a particular government activity, entity, or portfolio.

sponsorship— within the context of the Charging Framework, the acceptance of sponsorship involves any paid contribution by a non-government organisation to a government entity to support government activities, in return for negotiated benefits, such as co-branding or promotion.