

The list of desired statements in your preliminary assessment (for each Business activity):
(Note: this list refers to Businesses applying Full Cost Pricing. Commercialisation requires some additional items).

For each of your nominated business activities, ideally the QCA should say the things listed below, provided you have completed the work. If any item is missing, it means that they have assessed the business activity as having not implemented that issue, and the resultant payment for that item will be zero. If they have qualified any of the statements with words like 'some, many or most', the assessment is only partial compliance (some = 25%), (many = 50%), and (most = 75%), and the payment will be based on that percentage. Also watch out for missing words, such as 'appropriate'.

List of desired statements in the QCA assessment

Council has resolved to apply the Code to this business activity.

Council's Annual Report and Financial Statements has provided evidence of changes to financial reporting and management arrangements in terms of separation and autonomy for the purposes of applying the Code.

Prices have been set on the basis that projected total revenue, including CSO's, covers the full cost of providing the goods and services. *(A lower standard may be words such as " Many elements of Full Cost Pricing are incorporated" which will result in a reduced payment).*

Direct and indirect costs are included in the accounts for each activity.

Council has adopted an appropriate method for fully allocating administrative and overhead costs. Cost drivers have been identified.

Valuation of assets held by the activity is based on deprival method and includes optimisation. Contributed assets have been identified and appropriately treated. *(In businesses where there are never any contributed assets (eg Plant) it may say something like 'There are no contributed assets in this business', which is ok).*

Depreciation of assets directly or indirectly used in the activity has been based on optimized deprival values allocated over the assets' useful life and is included in cost and prices.

The business activity has an appropriate return on capital equivalent to the weighted average cost of capital benchmark in the Full Cost Pricing Guidelines. *(A lower standard may be something like - 'The business activity has a target rate of return on capital' This will earn less LGFIP payment than the above statement).*

The Business leases some assets from Council or external providers (or some other mechanism has been implemented to include the cost of capital). *(Note, this item may be missing if it is not applicable. However, it may be safer to check with the QCA)*

Tax equivalents are calculated and incorporated in the budget.

Council provided evidence that it has a policy for identifying, costing and funding CSO's.

Council provided evidence that adjustments have been made for advantages and disadvantages of public ownership.

Council provided evidence that a process for receiving and investigating competitive neutrality complaints is established.

Ongoing Compliance - Council has provided evidence that a process has been established for ongoing performance. *(Usually it will say: 'to be assessed in the final assessment year' unless Council has provided evidence of implementing an externally accredited compliance process, including KPI*

performance monitoring and reporting.

COAG Water

1. Council has completed a Two-part tariff report.
2. Council has resolved to apply the COAG Water reforms and advised the QCA.
3. Council has a two-part tariff structure with an access charge and usage charge.
4. Approximately half of the water revenue comes from the usage charge (unless it can be proven that the LRMC is lower).
5. The assessment of Full Cost Recovery forms part of the full cost decision-making for the water and sewerage business activity. If the Business is a Type I or II, the Council is applying commercialisation to the water and sewerage business activity.
6. Council has identified any cross subsidies by consumer type.
7. Council has provided evidence that CSO's have been identified, costed and funded.
8. Council has provided evidence that a process has been established for ongoing performance.