

POLICY

Policy name	Pricing
Responsible manager(s)	General Manager
Contact officer(s)	Chief Financial Officer
Directorate	Finance and Business Development
Approval date	27 August 2013

Purpose

To enable a pricing methodology based on guiding principles, with respect to fees and charges made by Council under Section 608 of the *Local Government Act (NSW) 1993* (the Act) and required to be shown in Council's Operational Plan under Section 405 of the Act.

Pricing will:

- Explore cost recovery opportunities.
- Ensure value for money by providing effective and efficient service.
- Balance fees against rates, grants and other funding sources.
- Manage financial risk.
- Develop transparent pricing structures that can be administered simply and cheaply and be understood by the public.
- Develop pricing structures that reflect real life-cycle and environmental costs.
- Recognise pricing encourages or discourages consumer use and behaviours.

Policy statement

1	<p>Application</p> <p>Council's pricing policy generally supports the cost recovery philosophy. It recognises people's ability to pay and balances an expectation that some services will be cross subsidised from rates for the common good of the community.</p>
2	<p>Legislation</p> <p>Eurobodalla Shire Council will comply with Part 10 of Chapter 15 <i>Local Government Act (NSW) 1993</i>.</p>
3	<p>Fees and Charges</p> <p>Section 608 of the Act allows councils to charge or recover a fee for any service it provides such as:</p> <ul style="list-style-type: none"> • Supplying a service, product, or commodity; • Giving information; • Providing a service in relation to council's regulatory functions; or • Allowing admission to a building or other council owned venue. <p>Fees and charges made under Section 608 of the Act will be classified according to the following pricing methodology:</p> <ul style="list-style-type: none"> • Full Cost Recovery - Recovery of costs including direct, indirect, allocated overheads and opportunity cost of capital associated with providing a service. In some cases, provision may be made for future expenditure (such as pricing in the 'marginal cost' of next upgrade or proposal to increase service levels). • Partial Cost Pricing - Subsidised operations which are of benefit to the community as a whole, particularly keeping low-income users in mind. • Statutory Fees - Price of the service is determined by Legislation. These fees will only

	<p>be varied by changes to the legislation concerned.</p> <ul style="list-style-type: none"> • Market Pricing - The price of the service is determined by examining alternative prices of surrounding service providers. Council will not use subsidies to compete unfairly or price others out of the market. <p>In determining which pricing methodology is appropriate for each type of service, Councils are guided by principles of “fair imposition” and “user pays”. Fair imposition principle is contained in Section 8 of the Act which sets out the council’s charter and states that councils may raise funds for local purposes by fair imposition of rates, charges and fees, by income earned from investments, and when appropriate by borrowings and grants. The principle of user pays is attached to those council services that are made available to the public but not necessarily provided collectively and generically to all ratepayers. Hence payment is sought from the user or direct beneficiary of the service rather than imposing that cost on all ratepayers.</p> <p>On an annual basis, fees and charges (not including statutory fees) will be increased generally by IPART’s Local Government Cost Index.</p>
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Implementation

Requirements	Responsibility
<p>1 Code of Practice</p> <p>This policy will be implemented by following Council’s <i>Pricing Code of Practice</i>, which specifies in detail the procedures and matters to be considered.</p>	Relevant Council officers
<p>2 Staff</p> <p>Under supervision, applicable council staff will be responsible for ensuring that policies are implemented appropriately within their work area, after they have received relevant training to do so.</p>	Council officers
<p>3 Concerns</p> <p>Concerns received regarding this policy will be recorded on council’s Customer Service Request (CSR) or records system and handled in accordance with council’s Customer Service Requests Policy. They will be used to analyse the history of concerns and to help determine follow up actions.</p>	Council officers
<p>4 Complaints</p> <p>Complaints received regarding this policy will be lodged with the Public Officer and handled in accordance with council’s Complaints Policy.</p>	Public Officer
<p>5 Consultation</p> <p>Development of this policy forms part of Council Operational Planning processes and refers to relevant legislative requirements such as competitive neutrality and user charging. Changes to this policy will be placed on public exhibition for the required notice period with public submissions encouraged.</p>	Council officers Community

Review

The policy will be automatically revoked at the expiration of twelve months after the declaration of the poll for the next general NSW local government election, unless council revokes it sooner. **Note:** *Automatic revocation of the policy is provided for by section*

165(4) of the Local Government Act 1993. The next general local government election is expected to be held in September 2016.

This policy may also be reviewed and updated as necessary when legislation requires it; or council's functions, structure or activities change; or when technological advances or new systems change the way that council manages Interest Free Advances.

Reviews of the effectiveness of this policy could include the following:

Performance indicator	Data source(s)
Concerns	Council records
Customer Feedback Survey Responses	Surveys
Internal or external review	Audit

Governance

This policy should be read in conjunction with any related legislation, codes of practice, relevant internal policies, and guidelines.

Related legislation and policies

Name	Link
Pricing Code of Practice	www.esc.nsw.gov.au
Operational Plan	Revenue Policy – Fees and Charges
Local Government Act 1993	www.austlii.edu.au/au/legis/nsw/consol_act/lga1993182/
Policy Statement on the Application of Competitive Neutrality	www.dpc.nsw.gov.au/_data/assets/pdf_file/0016/11473/tpp02-1.pdf
Guidelines for Pricing of User Charges	www.treasury.nsw.gov.au/_data/assets/pdf_file/0018/3843/tpp01-2.pdf

Related external references

Name	Link
Division of Local Government	www.dlg.nsw.gov.au/

Change history

Version	Approval date	Approved by	Min No	File No	Change
1	24 Nov 2009	Council	09/369	E09.3418	Policy adopted Report G09/99.
2	27 Aug 2013	Council	13/246	E13.7095	Updated template, review date, references and links. Report O13/131.

Internal use

Responsible officer	CFO	Approved by	Council
Min No	13/246	Report no	O13/131
File no	E13.7095	Review date	Sep 2016
		Effective date	27 Aug 2013
		Pages	3