

Policy title	Pricing
Responsible manager(s)	Director Corporate and Commercial Services
Contact officer(s)	Divisional Manager Finance
Directorate	Corporate and Commercial Services
Approval date	27 June 2017
Outcome	9. Innovative and Proactive Leadership
Strategy	9.2 Ensure financial sustainability and support the organisation in achieving efficient ongoing operations
Delivery Program	9.2.5 Benchmark and review Council fees and charges
Operational Plan	9.2.5.1 Benchmark Public Buildings fees and charges 9.2.5.2 Review General Administration, Libraries and Cemeteries fees and charges

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.

Policy aims

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 efficiently 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	Application 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.
2	Legislation Eurobodalla Shire Council will comply with Part 10 of Chapter 15 <i>Local Government Act (NSW) 1993</i> .
3	Fees and Charges Section 608 of the Act allows councils to charge or recover a fee for any service it provides such as: <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. Fees and charges made under Section 608 of the Act will be classified according to the following pricing methodology:

- 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 be varied by changes to the legislation concerned.
- 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 where services are of the same quality.

In determining which pricing methodology is appropriate for each type of service, Councils are guided by principles of 'fair imposition' and 'user pays'. It may also be appropriate to conduct a benefit cost analysis if it is considered likely a net cost will result. 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. 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.

On an annual basis, fees and charges (not including statutory fees) will be increased generally by the higher of September to September Consumer Price Index and IPART's Local Government Cost Index and are subject to a rounding policy. Further detailed information, including the rounding policy, is contained in Council's Fees and Charges document that is reviewed, publically exhibited and adopted annually.

Implementation

Requirements		Responsibility
1	<p>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
2	<p>Concerns</p> <p>Concerns received regarding this policy will be recorded in Council's records system and handled in accordance with Council's Customer Service or Complaints Policy. These records will be used to analyse the history of concerns and to help determine follow up actions.</p>	Council officers
3	<p>Consultation</p> <p>Development of this policy forms part of Council Operational Planning processes and refers to relevant legislation. Changes to this policy will be placed on public exhibition for the required notice period with public submissions encouraged.</p>	Council officers Community

Review

This policy will be reviewed every 4 years. It may also be reviewed and updated as necessary if legislation requires it; or when Council's related policies, functions, structure or activities change; or when technological advances or new systems change the way that Council manages Pricing.

The policy may be revoked at the expiration of twelve months after the declaration of the poll for the next general NSW local government election, unless Council updates or revokes it sooner.

Note: *The next general local government election is expected to be held in September 2020.*

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

Performance indicator	Data source(s)
Customer Concerns, Feedback Survey Responses	Council records, 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
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.treasury.nsw.gov.au/sites/default/files/pdf/TPP02-1_Policy_Statement_on_the_Application_of_Competitive_Neutrality_Policy_and_Guidelines_Paper.pdf
Guidelines for Pricing of User Charges	www.treasury.nsw.gov.au/sites/default/files/pdf/TPP01-2_Guidelines_for_Pricing_of_User_Charges.pdf

Related external references

Name	Link
Office of Local Government	www.olg.nsw.gov.au

Change history

Version	Approval date	Approved by	Min No	File No	Change
1	24 Nov 2009	Council	09/369	E09.3418 E05.9513	Policy adopted Report G09/99.
2	27 Aug 2013	Council	13/246	E13.7095 E05.9513	Updated template, review date, references, links. Report O13/131.
3	27 June 2017	Council	17/214	E16.0297 E05.9513	Reviewed and updated, report GMR17/021

Internal use

Responsible officer	Director Corporate and Commercial services	Approved by	Council
Min	17/214	Report no	GMR17/021
File	E05.9513	Review date	Sep 2020
		Pages	3