

Approval Level:	Council
Policy Type:	Council
Approval Date:	27/03/2023
Review cycle:	Four years
Review Date:	27/03/2027
Responsible Officer:	Manager Financial Strategy
Owner:	Financial Strategy
Responsible Director:	Corporate Performance
Relevant Legislation/Authority:	<i>Local Government Act 2020</i>
DOCSETID:	2452265

1. PURPOSE

Fees and Charges represent an important source of income for the City of Greater Bendigo (the City).

This policy provides guidance for the City's approach in setting appropriate levels of fees and charges, taking into account community benefit, user groups and Community Plan objectives, and to provide for regular reviews of fees and charges within the overall service and financial planning process.

It encourages pricing that is simple to administer, equitable, easily understood, and provides value for money.

2. BACKGROUND

Section 106 of the Local Government Act 2020 (Act) provides some guidance on the pricing of the City's services and facilities. In addressing the Act, the City must plan and deliver services to its community in accordance with the service principles. Services should be provided in an equitable manner, they should be accessible, and the quality and cost standards should provide good value to the community. Therefore, the City must minimise the burden on customers or service users by pricing services that are at a level which maximises return, but also recognises their ability to pay.

The City must also have regard to s.101 of the Act which sets out financial management principles, which include that "Financial risks must be monitored and managed prudently having regard to economic circumstances." With ever increasing costs for services and constrained rate revenue – fees and charges must be reviewed regularly.

The National Competition Policy (Federal Government) and Competitive Neutrality Policy (Victorian Government) also provide requirements regarding pricing.

The City is required to price services that compete in the open market on a 'level playing field' basis and to be transparent in regard to any decision to depart from a commercial basis for pricing. Competitive neutrality requires that significant government business activities should not enjoy net competitive advantages over their private sector competitors simply by virtue of public sector ownership.

Where there are significant competitors in the marketplace, the City must consider and justify any subsidy for significant services which compete with the private sector.

3. SCOPE

This policy applies to all fees and charges that are listed in the Fees and Charges Schedule which is published in the annual Budget. This policy also applies to any new fee and charges that the City is eligible to charge under the Act, but has not previously been included in the Fees and Charges Schedule.

4. DEFINITIONS

Act means the *Local Government Act 2020 (Vic)*.

City means the Greater Bendigo City Council organisation.

Competitive Neutrality means maintaining a level playing field between public and private business.

Council means the Greater Bendigo City Council comprised of elected Councillors.

Social Justice Framework refers to the City's adopted Social Justice Framework – which may be helpful when assessing accessible or other pricing queries.

5. PRINCIPLES

This policy seeks to ensure that the following key objectives are met:

- Efficiency - the fees are simple to understand and administer.
- Equity - the fees are fairly applied across a range of users and consider users' capability to pay.
- Effectiveness - the fees provide appropriate signals to users, value for money and ensure that everyone contributes appropriately to the delivery of services, supporting Council's overall income for delivery of services.
- Transparency - the method of determining pricing is consistent.

6. POLICY

Pricing Methods

6.1 Statutory Pricing

Price at level set by legislation

For some fees and charges the City's role is to administer services and apply fees set or controlled under statute or funding agreement. These fees may only provide a partial recovery of the cost of providing the service.

Examples include specified Environmental Health and Statutory Planning Fees.

In addition, there are a range of conditions the City must consider when setting fees for certain purposes, for example under Funding and Service Agreements or Grant Agreements. In these cases, the City must comply with the relevant terms of the agreement, for example there may be an upper limit on the fee Council may charge.

Examples include Home and Community Care service charges.

6.2 Non-Statutory pricing

In determining fees and charges not regulated by statute, the City will consider the following factors in selecting the pricing method to meet its objectives for each service:

- Balancing individual and community benefit
- Users' ability to pay
- Market pricing (the pricing of comparable services offered by other providers)
- Competitive neutrality (where relevant)
- The most recent Consumer Price Index indicators and other City budget inputs.

The reason for the subsidy or return will assist in determining the method of pricing to select.

The City considers four types of non-statutory pricing. These are described below and in the flow chart in Appendix A which provides guidance in applying the underlying principles.

a) Full Cost pricing

Price to cover direct and overhead costs.

These are services provided by the City that benefit individual customers specifically, rather than the community as a whole. The aim is to recover the direct and overhead costs associated with providing these services. For example:

- Provision of Information: Involves the City giving access to information, subject to compliance with information privacy and freedom of information.
- Damage to the City's property.

b) Accessible pricing

Price set between full City subsidy (no charge) and full cost pricing (covering direct and overhead costs).

Accessible Pricing may be used where there are benefits to the community, including making a service accessible to low-income or disadvantaged users. As part of the annual review of pricing for these services, maintaining the overall net cost to the City for providing the service should be considered. The City's Social Justice Framework provides a range of considerations around equity which may need to be reviewed for specific prices.

Fees and charges are subsidised by the City and are set to recover only part of the direct cost (as defined above), for example a service may be provided with fees set to recover 75% of direct costs OR may be set at a level based on an assessment of 'ability to pay'.

Appropriate situations for partial pricing may be:

- Where the service benefits the community as a whole as well as the individual customer.
- Short term approach to stimulate demand for a service.
- Where charging prices at full cost may result in widespread evasion or inappropriate adoption.
- Where the service is targeted at those with an inability to pay. In this case, concession fees may be considered depending upon the type of service being provided and the needs of the customer.
- Where there are a low number of other service providers; or insufficient quantity to meet the need; or prices that would make the service accessible to the community.

Prices can be set from full City subsidy (no charge) to full cost recovery with various levels of subsidisation in between. Partial cost pricing will always be based on knowledge of the full cost of providing a service and subsidies will be based on a percentage of the full cost of the service.

Example: Recreation facilities fees and charges.

c) Incentive pricing

Price set above full cost recovery (covering direct and overhead costs as a minimum).

Fees and charges are set at a level to encourage certain behaviours, and to reflect the effort on the City's behalf to collect the fee.

Example: Charging more for late health premise registration.

d) Market pricing

Price set in line with benchmarked market prices.

This category includes services that provide discretionary activities without strong social policy objectives. These activities may provide revenue support and complement other social policy actions.

Fees and charges are set by benchmarking similar services offered by other service providers or based on current market pricing. This method of fee is selected when fees are out of alignment with the market and may result in a loss of patronage or sales, reducing the overall level of income for the service.

For certain fees and charges which are market based, additional pricing or benchmarking work may be required to ensure the City is:

- Complying with relevant Competitive Neutrality Policy;
- Still required to provide the service;
- Providing the service at a cost which is in line with other providers.

Examples: Sale of goods through retail outlets, e.g. Visitor Information Centre Art Gallery.

Process for adoption of fees and charges

6.3 Annual review

Fees and charges will be reviewed as part of the annual budget development process. The process for reviewing non-statutory fees and charges is outlined in the flowchart in Appendix B. This will include a 'starting point' for increases in the system set (but

amendable) across non-statutory fees. This increase will generally be in line with CPI or other relevant indicators.

6.4 Final review

Prices are subject to a final review by Managers and the Financial Strategy Unit as part of the budget process. This is to ensure that the prices determined are administratively practical as per the above factors and pricing method.

6.5 New fees and charges

Where new non-statutory fees and charges are being introduced to recover the cost of delivering a service, the flowchart in Appendix A is to be used to determine the most appropriate pricing type.

6.6 Publication

Once adopted, Council's fees and charges will be publicised via the City's website, and relevant fees will be publicised at points of charge or sale, for example Customer Service Centres, landfills and theatres.

7. ROLES AND RESPONSIBILITIES

Position	Responsibility
Council	To take into account the Policy when considering fees and charges set by Council.
Directors	Ensure that the Policy is used as part of the budget development process to review fees and charges within each Directorate, and support Manager review of relevant fees and charges.
Managers	Undertake with their teams an annual review of all fees and charges they are responsible for. This includes reviewing against this policy to confirm the current pricing type remains appropriate and identifying any new fees and charges (and pricing type) that should apply.
Manager Financial Strategy	Ensure that fees and charges are identified during the budget development process and to ensure implementation of this policy. Advise and support Managers in the application of Competitive Neutrality and determinations required around the full cost of services.
City Officers	Administer the fees and charges as contained in the Fees and Charges Schedule. Provide accurate information to facilitate an annual review of all fees and charges in accordance with this Policy.

8. RELATED DOCUMENTS

Readers are encouraged to access relevant documents and/or resources which are available as per the below.

These include:

- Appendix A - Pricing Policy Principles Flowchart
- Appendix B – Review Process of Non-Statutory Fees and Charges

- Revenue and Debt Collection Policy

Further information or advice on this policy should be directed to Financial Strategy

9. HUMAN RIGHTS COMPATIBILITY

The implications of this policy have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

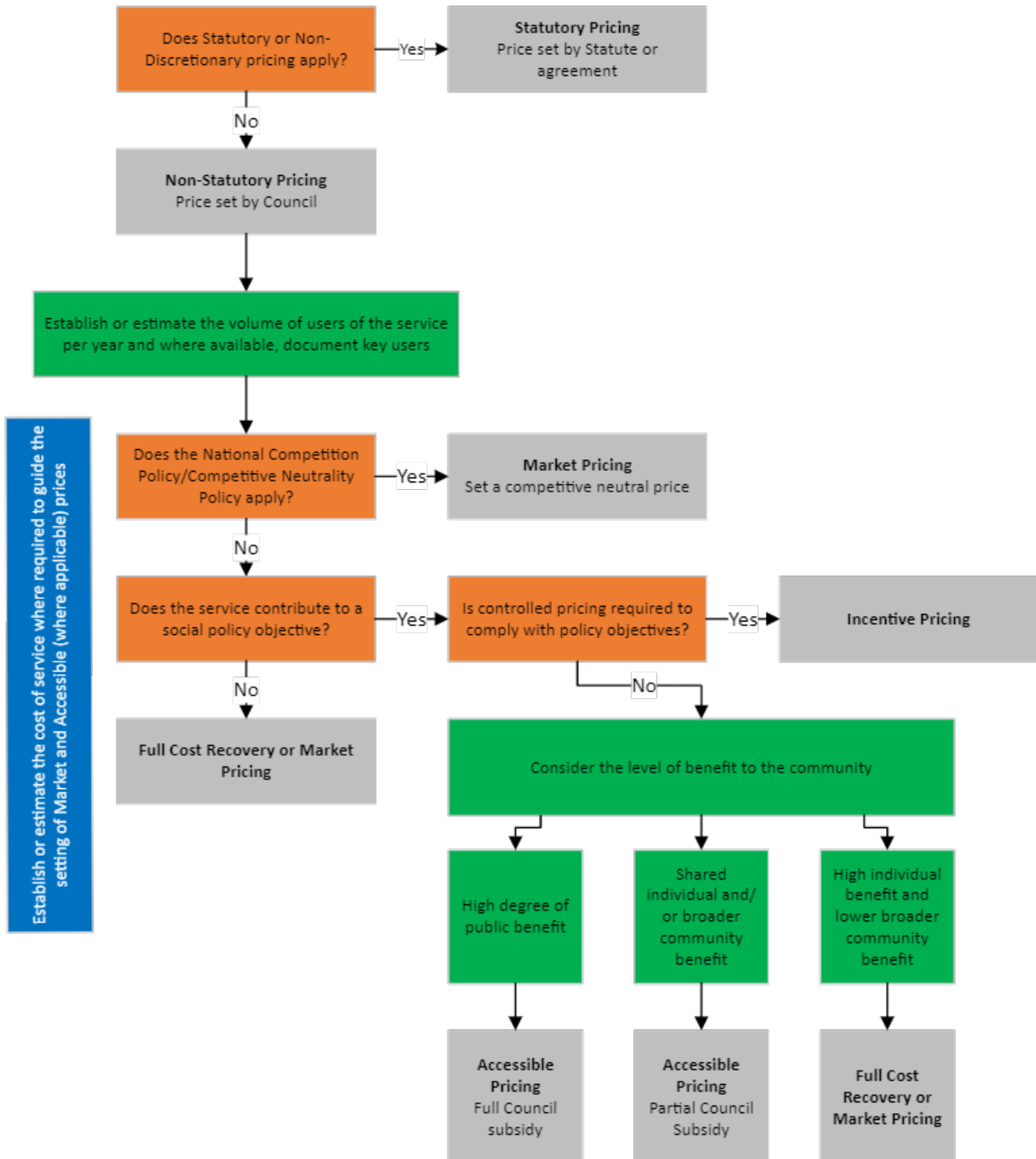
10. ADMINISTRATIVE UPDATES

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this, such a change may be made administratively. Examples include a change to the name of a City unit, a change to the name of a Federal or State Government department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be made through consultation with the staff Consultative Committee and with the approval of EMT or where required, resolution of Council.

11. DOCUMENT HISTORY

Date Approved	Responsible Officer	Unit	Change Type	Version	Next Review Date
<i>Jan 2018</i>	<i>LM / BP / NM</i>	<i>Rates and Valuations</i>	<i>Review and Update</i>	<i>1.2</i>	<i>Jun 2021</i>
<i>March 2023</i>	<i>KF / LM / NM</i>	<i>Financial Strategy</i>	<i>Review and update</i>	<i>2</i>	<i>March 2027</i>

Pricing Policy Principles - Flowchart



Review Process of Non Statutory Fees and Charges

