

# Pricing Policy - Fees and Charges

## Policy Statement

The Pricing Policy - Fees and Charges provides a transparent and consistent approach to establishing and the setting of fees and charges for services delivered by the City of Whittlesea (Council).

Sound financial management of community service delivery requires fees and charges to reflect the cost of providing a service of a particular quality, moderated by considerations of affordability, community benefit, accessibility and equity, as well as community expectations and values.

## Purpose

The purpose of this policy is to provide the basis for which the fees and charges schedule is developed, reviewed and adopted with the Budget. It does this by providing a principle-based approach to the pricing of services provided to the users in proportion to its broader community benefit, along with recognising legislation requirements and competitive neutrality.

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

- Council complies with all statutory and legislative requirements in setting fees
- Fees and charges are set in consistent, fair and equitable manner, presented so Council, it's officers and the community clearly understand the basis by which fees and charges are established and applied to services
- Council and officers are held responsible for setting the fee to ensure that strategic objectives are met and that services respond to community needs

## Scope

This policy applies to:

- All members of Council staff with the responsibility for administering fees and charges (excluding rates) for services
- Services that have fees and charges listed in the Budget
- Any new fee or charge which has not previously been included in the Fees and Charges schedule
- All non-statutory fees and charges pricing that is determined in accordance with this policy.

Date of Adoption	Next Review Date	Directorate Responsible	Department Responsible
18 February 2025	January 2029	Customer & Corporate Services	Finance

### Alignment to Whittlesea 2040

The Pricing Policy - Fees and Charges primarily guides Council’s work toward the following Goal as outlined in Whittlesea 2040: *A place for all: High Performing Organisation*.

This policy enables the achievement of a High Performing Organisation Key Direction 5.3 More cost effective investment through better return on investment, efficiency and an engaged workforce.

### Overarching Governance Principles

The development of this Policy considered the *Local Government Act 2020* Overarching Governance Principles and the following were applied:

Transparent	<input checked="" type="checkbox"/>
-------------	-------------------------------------

Financially viable	<input checked="" type="checkbox"/>
--------------------	-------------------------------------

**Transparent:** This Policy has been developed to ensure the transparency of Council decisions, actions and information and the effective management of setting fees and charges.

**Financially viable:** This Policy has been developed to ensure Council’s ongoing financial viability.

### Gender Equality, Climate Change, Human Rights and Child Safe Compliance

All Council policies comply with the Victorian Charter of Human Rights and Responsibilities, Gender Equality Act, Climate Change Act and the Child Safe Standards.

The decisions made by Council will consistently align with the core values and principles that Council abides by. This commitment ensures that every financial decision made with regards to setting of fees and charges reflects Council’s values, thereby fostering a stronger and more inclusive community for all its residents.

### Principles

Setting of the price is informed by the following seven principles guide how Council sets:

#### 1. Financially sustainable

Price-setting is informed by the cost of providing the services, the capacity of the user to pay and, where relevant, the expected return on the investment of community assets.

#### 2. Compliant with legislation

Where applicable, pricing for statutory fees and charges is in line with legislation and consideration is made of any price suggested for that service by a relevant industry body or in a schedule of charges.

Date of Adoption	Next Review Date	Directorate Responsible	Department Responsible
18 February 2025	January 2029	Customer & Corporate Services	Finance

- 3. Recognise the significance of the service to the community**  
Council encourage positive health and wellbeing outcomes by promoting the participation of service target groups and fair, just and equitable access to services.
- 4. Recognises competitive neutrality obligations**  
Council has regard to fees and charges of private competitors that provide the same service by ensuring Council does not utilise its public sector position to gain an unfair advantage over private sector competitors.
- 5. Consistent, transparent and regularly reviewed**  
Council will set and review on a regular basis all fees and charges in a consistent way across Council services and facilities and document and present them in a way the community can understand.
- 6. Quality, Standards, and Value**  
Pricing reflects the quality, size, and standard of services provided. Fees and charges are informed by the cost of service delivery, the ability of users to pay, and the value delivered to the community.
- 7. Equity, Access, and Inclusion**  
Recognising the varied life experiences and resources of community members, the aim is to achieve transparent and equitable outcomes that respect diversity and promote accessibility.

### Context/rationale

Council provides a very diverse range of services to the community and fees and charges will reflect the cost to provide the service while also assist incentivising compliant behaviour to protect community health, safety and amenity. In undertaking the role of delivering services, Council takes into consideration the community needs and is guided by Council objectives to determine which services it will support. Council considers services at varying degrees along the public vs private value spectrum, rather than one or the other. While some services are required due to statutory obligations, other services Council chooses to provide to the community.

During it's planning stage, Council decides on the level of rate contribution it will allocate to support the service in proportion to its community benefit. If the rate base does not cover the full cost of delivering the service, to ensure users are responsible for financing the cost of services from which they derive benefit, the balance of the cost needs to be recovered from fees and charges.

Date of Adoption	Next Review Date	Directorate Responsible	Department Responsible
18 February 2025	January 2029	Customer & Corporate Services	Finance

### Public Value

Public Value Services are consumed collectively and contribute to the community as a whole (rather than having an exclusive benefit to individual users). Council recognises Council objectives and will fund the service entirely from rate revenue (with the possibility of grant contributions).

- Likely pricing method: Full Council Subsidy

### Private Value

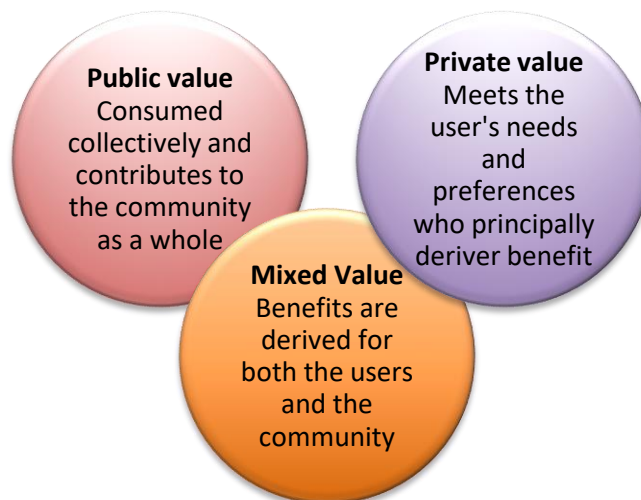
Private Value Services benefit the individual user, who principally derive benefit from the service, rather than the community as a whole. Price for services with high private value aim to recover the full cost (both direct and indirect costs) from fees and charges and in some instances also generate a surplus.

- Likely pricing method: Full Cost Recovery or Market Pricing

### Mixed Value

Mixed Value Services are a combination of Public Value and Private Value.

- Likely pricing method: Partial Cost Recovery



Date of Adoption	Next Review Date	Directorate Responsible	Department Responsible
18 February 2025	January 2029	Customer & Corporate Services	Finance

## Cost Recovery

Cost recovery means the recuperation of all costs associated with those services or products. In addition to the costs directly (e.g. wages for community facilities staff) associated with the service, full cost recovery includes an appropriate allocation of indirect costs or overheads (e.g. utilities and insurance).

The overheads that Council apportions include:

- Finance
- Human Resources / Payroll
- Information Systems
- Depreciation
- General Office (records management, customer services incl. systems, insurance, marketing and communication, procurement)
- Management
- Utilities

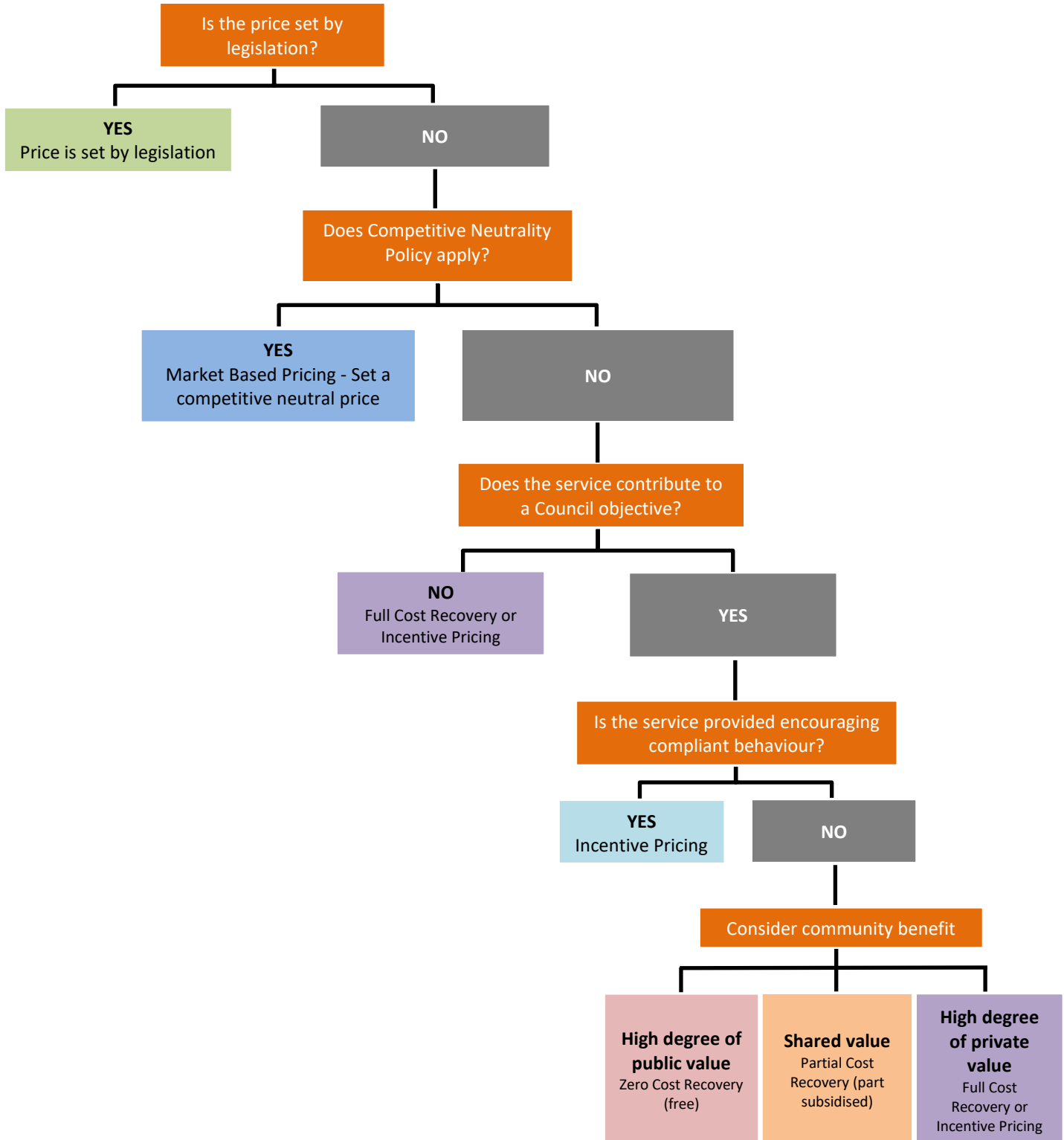
## Pricing Methods

There are a variety of pricing methods that Council uses when setting prices for services.

Pricing Basis	Description
<b>Full Cost Recovery</b>	Council recovers all direct and indirect costs of the service.
<b>Partial Cost Recovery</b>	Council recovers less than the full cost (as defined above) - the reasons for this may include broader community service benefits.
<b>Legislative Requirements</b>	Price of the service is determined by legislation and dependent on price, may or may not recover the full cost.
<b>Market Based Pricing</b>	The price of the service is determined by examining alternative prices of surrounding service providers (this also may or may not recover the full cost).
<b>Zero Cost Recovery</b>	Some services may be provided free of charge and the whole cost determined as a community service benefit.
<b>Incentive Pricing</b>	This would include Full Cost Recovery as defined above in addition to a profit margin to factor in a return to Council for assets employed or to provide an incentive to encourage compliant behaviour.

Date of Adoption	Next Review Date	Directorate Responsible	Department Responsible
18 February 2025	January 2029	Customer & Corporate Services	Finance

**Price setting process**



Date of Adoption

Next Review Date

Directorate Responsible

Department Responsible

18 February 2025

January 2029

Customer & Corporate Services

Finance

## **National Competition Policy (NCP)**

Council must comply with the NCP for the provisional significant business activities. For those Council services that are private in nature due to the user exclusively receiving the benefits, the market pricing of these services must be set in accordance with NCP. Council is required to price services that compete in the open market on a 'level playing field' basis and make transparent any decision to depart from a commercial basis for pricing of services.

In adhering to NCP principles, there are two independent and potentially conflicting requirements that need to be assessed in setting prices for private services.

### **1. Competitive Neutrality Pricing**

The aim of Competitive Neutrality Pricing is to ensure that government businesses, including some Council services, do not enjoy any net competitive advantage simply by virtue of their public sector ownership. Competitively neutral pricing involves councils ascribing costs to their significant business operations, which would normally be paid by non-government businesses providing the same services. Such costs typically include rates, taxes and charges, and a rate of return on capital.

### **2. Public Interest Test**

Competitive Neutrality Pricing as a part of NCP is not intended to override other social, economic or environmental policy objectives. It should foster better informed public policy choices based on a more transparent assessment of costs and benefits in the provision of services.

Where Council believes that applying Competitive Neutrality Pricing could jeopardise the achievements of its policy objectives, it will conduct and document a Public Interest Test. Public Interest Tests involve consultation with the community to obtain their views on Council delivering or continuing to deliver a service at a subsidised price to achieve the documented community objectives.

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

Examples of significant services that Council provides that fall within the scope of the Competitive Neutrality Policy are:

- Recreation Centres
- Building Surveying services
- Entertainment Venues.

Date of Adoption	Next Review Date	Directorate Responsible	Department Responsible
18 February 2025	January 2029	Customer & Corporate Services	Finance

## Competition and Consumer Act 2010

The Competition and Consumer Act 2010 (CCA) and National Competition Policy (NCP) exist to protect consumer rights and the promotion of competition and fair trading in the markets.

When setting fees and charges, consideration will be given to potential conflicts with regards to price fixing under the CCA and NCP.

## Concession guidelines

Following the decision about what pricing method to use for a service, Council considers the capacity of users to pay and offers concessions to make some services more affordable for eligible members of the community. Concessional pricing aims to remove barriers to participation for low-income earners and people in the community who need it most. Concessions are given as a deduction on a fee or charge i.e. a discounted price.

Guidelines:

- Any person who holds an eligible concession card is eligible for a concession discount. For most individual concessions, the required cards are shown in the table below
- For group or organisation concessions, proof of eligibility needs to be demonstrated
- Rounding will occur on the deducted %
- Generally, only one concession can be applied per fee or charge

### Eligible concessions

Individual concession	<ul style="list-style-type: none"> <li>Centrelink Health Care Card</li> <li>Centrelink Pensioner's Card</li> <li>Veterans Affairs Pensioner or Gold Card</li> <li>Child or youth</li> <li>Victorian Seniors Card</li> <li>Full-time Students (with proof of current enrolment)</li> </ul>
Organisational concession type	<ul style="list-style-type: none"> <li>Charity organisation</li> <li>Not-for-profit organisation</li> <li>Community groups</li> <li>Schools</li> </ul>

Date of Adoption

Next Review Date

Directorate Responsible

Department Responsible

18 February 2025

January 2029

Customer & Corporate  
Services

Finance



## Goods and Services Tax

Goods and Services Tax (GST) of 10% is payable on some services provided by Council. Some services provided by Council have been declared 'GST free' or excluded under section 81-5 of the *A New Tax System (Goods and Services Tax) Act 1999*. The Fee and Charge Schedule identifies where GST is applicable or not applicable.

## Roles and responsibilities

### 1. Council Responsibilities

- Endorse the pricing for fees and charges as part of the annual Budget in line with the policy
- Reserves the right to adjust non statutory fees and charges outside of the annual review period at its discretion.

### 2. Directors Responsibilities

- Ensure Service Managers conduct an annual review of all fees and charges in alignment with the policy
- Incorporate the policy into the annual Budget development process.

### 3. Service Managers Responsibilities

- Conduct annual reviews of fees and charges
- Identify and propose new fees and charges as needed
- Update the fees and charges schedule for inclusion in the proposed Budget.

### 4. Officer Responsibilities

- Administer fees and charges as outlined in the annual Budget schedule
- Provide accurate and current information, such as service costs, benchmarking data, and community needs, to assist Service Managers in setting fees.

## Review process

All fees and charges will be reviewed annually during budget planning and it will be guided by the Pricing Policy - Fees and Charges principles and aligned with Council's objectives and strategic priorities as outlined in key documents.

Date of Adoption	Next Review Date	Directorate Responsible	Department Responsible
18 February 2025	January 2029	Customer & Corporate Services	Finance

### Explanatory notes

- Council is empowered under the Local Government Act to set fees and charges to offset the cost of their services.
- Council is required to set prices with respect to National Competition Policy (Federal Government) and Competitive Neutrality Policy (State Government).

For further information related to this policy and referenced legislation see:

- *Local Government Act 2020*
- National Competition Policy
- Competitive Neutrality Policy (Victoria)
- *A New Tax System (Goods and Services Tax) Act 1999*
- Fees and Charges – Cost Recovery by Local Government. Victorian Auditor-General’s Report April 2010.

Date of Adoption

Next Review Date

Directorate Responsible

Department Responsible

18 February 2025

January 2029

Customer & Corporate  
Services

Finance

## Definitions

Terms	Definitions
Charity organisation	Groups and organisations listed on the Australian Charities and Not-for-profit Commission (ACNC) website as a registered charity.
Community benefit	The extent to which a service generates value to just the individual, household or business receiving the service (private value), or whether benefits may be simultaneously generated for the broader community (public or social value).
Community groups	Not-for-profit organisations that exist primarily to undertake community service and welfare activities, which includes; community engagement and wellbeing activities, arts and cultural development, provision of facilities for sporting and recreational activities and not-for-profit organisations that undertake sporting or recreational activities for the benefit of members and rely on membership fees, community fundraising and volunteer labour. These organisations may hold a community club liquor licence and may hold a gaming licence.
Competitive neutrality	A policy principle that involves achieving a fair market environment by removing or offsetting any competitive advantages due to public ownership or government businesses.
Cost recovery	The recovery of some or all costs of service provision recouped through user fees and charges.
Council objective	The responsibilities, or obligations of Council, that are informed by the local community's needs, values, aspirations and priorities, and which are conveyed in strategic documents, for example the Council Plan.
Direct costs	Costs that are directly related to the delivery of a specific service.
Fees and charges schedule	The list of fees and charges, submitted for approval to Council as part of the annual Budget process.
Full cost	Total costs, both direct and indirect costs, incurred in delivering a service.
Indirect costs	Costs that cannot be directly related to the delivery of a specific service. Also called an overhead.
National Competition Policy	Federal policy, agreed to by the states, which aims to improve economic efficiency through greater competition.

Date of Adoption

Next Review Date

Directorate Responsible

Department Responsible

18 February 2025

January 2029

Customer & Corporate  
Services

Finance

Non-statutory fees and charges	Costs set by councils for services that are not mandated by law.
Not-for-profit organisation	Groups and organisations which do not operate for the profit, personal gain or other benefit of its owners. All money earned or donated is used in pursuing the organisation's objectives or purpose.
Pricing method	The method for setting fees and charges which takes into account the costs of delivering the service, Council objectives and community benefit. Pricing methods can be statutory or non-statutory.
Private value	The value derived by the user (i.e. an individual, household or business/organisation) who is receiving a service in a direct and typically voluntary, as well as generally economic, exchange.
Public value	The value from services that are consumed collectively by the community rather than individually by the user. Examples include parks, footpaths and street lighting. One person can consume these without reducing their availability to another person and nobody is excluded from consuming them.
Rate base	Council collects rates (or raises revenue) from residents and businesses to help fund local services and infrastructure. Property values are the basis for determining how much each property owner pays. The rate base refers to the revenue collected.
Schools	All schools registered with the Victorian Qualifications and Registration Authority (VRQA)
Services	The wide variety of services, activities and facilities that Council provides to assist individual people, families and groups in the City of Whittlesea. Some services enforce various federal, state and local laws and Council has autonomy to provide services that meet the needs of the local community.
Statutory fees and charges	Legally mandated fees set by state or federal legislation that Council must charge for specific services.

Date of Adoption

Next Review Date

Directorate Responsible

Department Responsible

18 February 2025

January 2029

Customer & Corporate  
Services

Finance