

## STATEMENT

The *Local Government Act 1995* (the Act) gives councils the power to set the level of fees and charges to offset the cost of goods and services. A widely accepted public sector pricing principle is that fees and charges should be set at a level that recovers the full cost of providing the services, unless there is an overriding policy or imperative in favour of subsidisation.

However, councils operating a business undertaking must apply principles of sound financial management and need to consider a range of 'Best Value' principles, including service cost and quality standards, value-for-money, community expectations and values, as well as balance the affordability and accessibility of their services.

Councils must also comply with the government's *Competitive Neutrality Policy* for significant business activities they provide and adjust their service prices to neutralise any competitive advantages when competing with the private sector.

Resource Recovery Group (RRG) has, therefore, prepared a set of principles to assist in the preparation of a pricing model for its various stakeholders and customers.

## OBJECTIVE

To provide the framework for setting fees and charges imposed on clients and customers who use RRG facilities.

## SCOPE

This Policy applies to all employees involved in establishing pricing arrangements for the RRG.

## ROLES AND RESPONSIBILITIES

### Chief Executive Officer

The Chief Executive Officer is responsible for determining the level of break-even cost recovery and then applying a profit margin or pricing methodology to set an appropriate fee within the range of fees and services adopted by the Council.

### Employees

Employees are responsible for ensuring that this Pricing Policy is adhered to and publicised appropriately for all RRG customers and clients.

## CONTENT

### 1) Statutory Charges

These charges can only be imposed by the Regional Council in relation to matters prescribed by legislation and then be imposed according to the scale of fees and charges invoked by that legislation.

### 2) Contractual Charges

These are costs imposed under the terms and conditions of leases, licences, deeds and agreements.

### 3) Grants, Contributions and Appropriation Income

These are revenue funds that may assist in the operations of the Regional Council activities or a specific purpose. For example, Government Grants, contributions from member councils and appropriations from projects of the regional council.

Issued: August 2022	Review Date: June 2024	Title: COUNCIL POLICY NO 2.6 PRICING	Version 12
Prepared: EMCS	Reviewed by: SMG	Approved: COUNCIL	Page 1 of 3
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#### 4) Commercial Customer Pricing

These charges include an economic profit return and are based on industry market prices in both the public and private sector. The principles that influence this pricing model are:

- Account for operating variable costs and semi-variable costs
- Break-even analysis
- Profit margins
- Current market pricing - the price that could be charged by an alternative provider
- Demand
- Expedited request
- Risk
- Market-driven prices and cost-based prices
- Economic profit return and based on industry market prices in both the public and private sector
- Full Cost Recovery Basis Pricing

#### 5) User-Pays Charges

Where the Regional Council is of the opinion that special benefits are derived by individuals or organisations from the use of Regional Council property or services, charges are set to ensure the user pays for the full cost of the service.

#### 6) Donations or Free Use of Facilities & Assets

Where the Regional Council is of the opinion that free use of Regional Council assets, service or facilities should be offered to individuals or organizations. The Regional Council shall give delegated authority to the CEO to approve each application on its merit, subject to it being reviewed and reported annually.

#### 7) RRG Participants' Gate Fees

1. Participants' gate fees are to be calculated in accordance with the Project Participants' Agreement.

Issued: August 2022	Review Date: June 2024	Title: COUNCIL POLICY NO 2.6 PRICING	Version 12
Prepared: EMCS	Reviewed by: SMG	Approved: COUNCIL	Page 2 of 3
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## REFERENCES & REVIEW

<b>Statutory Compliance</b>	<ul style="list-style-type: none"> <li>▪ <i>Local Government Act 1995 (Division 5 - Financing activities)</i></li> <li>▪ <i>Local Government Regulations</i></li> <li>▪ <i>Trade Practices Act</i></li> </ul>	
<b>Organisational Compliance</b>	<ul style="list-style-type: none"> <li>▪ Establishment Agreement</li> <li>▪ Project Participants Agreements relating to a Project</li> <li>▪ CEO Delegated Authority Approval</li> </ul>	
<b>Approved by</b>	Regional Council	
<b>Related Documents</b>	RRG Accounting Manual	
<b>Next Review</b>	June 2024	
<b>Policy Administration</b>	<b>Responsible Officer</b>	<b>Review Cycle</b>
Corporate	Executive Manager Corporate Services	Biennial
<b>Risk Rating</b>	Risk Register - Medium	
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## DOCUMENT CONTROL REGISTER

Date	Review	No.	Author	Resp Officer	Council
2000	Original	1	MAF	MAF	27/07/2000
2001	Review	2	MAF	MAF	26/07/2001
2002	Review	3	MAF	MAF	25/07/2002
2003	Review	4	MAF	MAF	20/11/2003
2004	Review	5	MAF	MAF	25/11/2004
2010	Review	6	MAF	MAF	24/06/2010
2012	Review	7	DCS	DCS	26/07/2012
2014	Review	8	EMCS	EMCS	28/08/2014
2016	Review	9	EA	EMCS	30/06/2016
2018	Review	10	EMCS	EMCS	21/06/2018
2020	Review	11	EMCS	EMCS	27/08/2020
2022	Review	12	MCS	EMCS	25/08/2022

Issued: August 2022	Review Date: June 2024	Title: COUNCIL POLICY NO 2.6 PRICING	Version 12
Prepared: EMCS	Reviewed by: SMG	Approved: COUNCIL	Page 3 of 3
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