



Pricing for value

A guide for government services

Pricing playbook



The playbook provides a comprehensive methodology for pricing reform, but it can be used in a flexible way



0. Prepare

0.A Identify focus areas

0.B Prepare for review



1. Baseline

1.1 Define entity's strategic objectives and operating model

1.2 Identify revenue and cost drivers, and benchmark fees

1.3 Define user segments, their needs and challenges



2. Discover

2.1 Capture existing price reform ideas

2.2 Develop initial pricing, volume and service innovation ideas

2.3 Generate additional ideas through workshops and user engagement

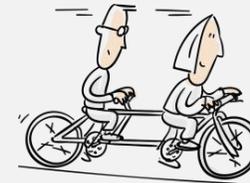


3. Decide

3.1 Shortlist ideas

3.2 Evaluate shortlisted ideas

3.3 Present key trade-offs and recommendations for decision



4. Implement

4.1 Detail required tasks to implement the idea

4.2 Develop implementation plan

4.3 Finalise implementation plan and commence delivery



5. Monitor

5.1 Establish baseline performance metrics and reporting frameworks

5.2 Monitor initiative performance

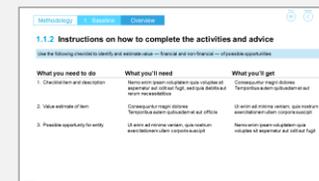
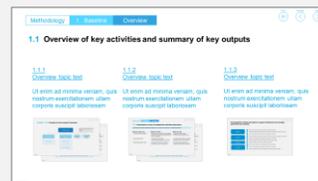
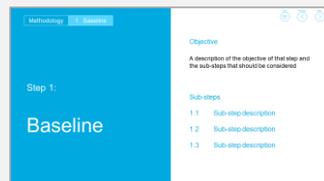
5.3 Refine initiatives based on reporting results



Entities may wish to use some but not all aspects of the methodology.
It should be applied in an iterative way, focusing on the areas of greatest importance for that entity



Each step in the methodology has four types of material; staff in agencies can interact with the steps that are most relevant to them



Methodology

The overarching approach that can be taken to reviewing and reforming fees and charges. Each step in the methodology has a separate chapter with the following information:



Introduction

A description of the objective of that step and the sub-steps that should be considered

Summary

A high level overview of the key activities in the sub-step and a summary of some of the key outputs that could be created in the review

Guidance

User-friendly instructions on how to complete the activities in each sub-step, as well as advice for future review teams based on the pilot and subsequent reviews. These pages also identify required inputs and the outputs that will be created

Illustrative outputs

Examples of what inputs and outputs might look like, with illustrations of the type of information needed. The playbook includes examples generated during reviews with selected government entities



A range of tools can be used to support a pricing review ...



1 Baseline



Cost and revenue driver analysis



User segmentation



2 Discover



Pricing ideas



Volume ideas



Service innovation ideas

Behavioural insights

...encompassing checklists and prompts for each lever



3 Decide



Balancing trade-offs



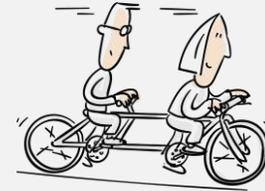
Price setting techniques



Sizing benefits



Evaluating feasibility



4 Implement



Work planning



5 Monitor



Success metrics



The playbook contains examples and outputs from completed entity reviews and other jurisdictions



...for example, checklists and examples to prompt idea development in the 'Discover' step

Illustrative only

If the service ...

... then can the entity

Examples

is often used in combination with other goods or services ...

... bundle services together to create 'packages'?

Melbourne Museum tickets are also sold jointly with IMAX tickets

provides a broad community benefit ...

... reduce prices to support efficient usage?

Public transport fares are set below cost recovery in part to alleviate road congestion

is used by different user groups, with different needs and/or willingness to pay ...

... segment prices to charge different rates to different user groups?

Several Victorian courts have corporate, standard and concession fees

has a user base that can be expanded ...

... reduce 'hassle factor' of taking up the service?

UK increased tax collection rates by directing users straight to its payment gateway

has high levels of non-compliance ...

... educate users around typical payment timing and rationale?

UK improved tax collection rates by adding a 'social norm' message to tax letters

has positive user behaviour it could promote ...

... encourage positive behaviours or discourage negative behaviours?

WA Landgate discourages errors in applications by charging a requisition fee

could be provided by new channels ...

... introduce a new channel such as digital?

Land conveyancing provided through online systems

has new users or unmet needs ...

... develop/adapt an existing offering to meet needs?

Victoria offers commemorative birth certificates

has demand for a premium version ...

... offer the service and differentiate pricing?

The Australian Passport Office charges a premium for priority passport processing



Pricing



Volume



Service
innovation

The extent to which entities should use the playbook depends on context

Are there reform opportunities?

- Entities should use the playbook's [review checklist](#) to assess the need for a pricing review
- If an entity perceives significant reform opportunities then a more detailed review would maximise the benefits

Are your fee regulations sunseting?

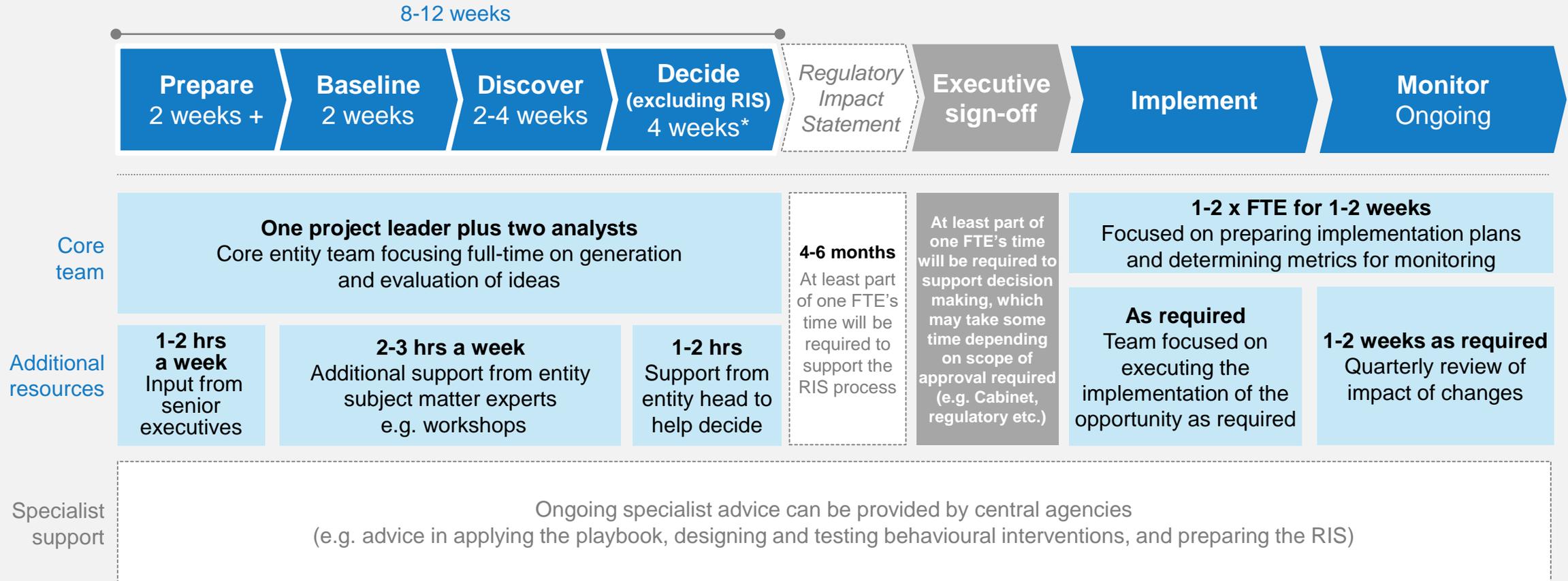
- All entities whose fee regulations are sunseting or who need to undertake a comprehensive fees review should apply the playbook in detail
- For specific services only, use the playbook's [guide to price setting](#)

How much time and how many resources do you have?

- A detailed review could require ~3 dedicated full-time equivalent staff, one of whom should be a project leader, for 8–12 weeks
- Entities with less resources should consider a targeted review or being part of a broader review

Entities should use the **playbook's review checklist** to assess the need for a pricing review

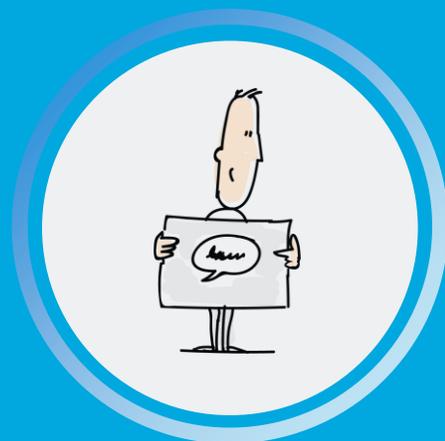
A fully resourced pricing review applying each of the first four steps of the playbook could take 8-12 weeks



* The duration of the 'decide' step will be driven by the time it takes to iterate the proposed changes with key stakeholders such as the Minister

RIS: Regulatory Impact Statement
FTE: Full-time equivalent

Further information



Pricing for value

- The guidance materials include:
 - the overview;
 - the pricing principles;
 - the pricing playbook (i.e. this document);
 - a quick reference guide; and
 - frequently asked questions.
- These are available at dtf.vic.gov.au
- Government entities should contact the Department of Treasury and Finance to obtain access to supplementary material.

Contact details

- For further information about the guidance materials, please contact Economic Policy, Department of Treasury and Finance:
 - website: dtf.vic.gov.au
 - email: pricing@dtf.vic.gov.au
 - phone: 03 9651 5111.



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