

Fees and charges policy

Policy No. 0019.100.E.R

1 Purpose

This policy provides the basis used in determining fees and charges made for the provision of a range of services provided by City of Darwin.

The policy also provides guidance for revenue management principles within City of Darwin. In this regard, the policy is not prescriptive by nature but provides guidance in developing a structured approach to setting an appropriate fee for individual services.

For the avoidance of doubt the policy is not limited to fees and charges and can also be used as a general guide to revenue funding in the absence of any other more specific or relevant Council revenue policies or procedures. Ultimately Council should make the decisions on fees and charges based on what it considers as the merits at the time after considering the principles in this policy.

2 Scope

City of Darwin provides a broad range of services and has developed a suite of charges designed to ensure that the overall cost of service delivery is covered.

City of Darwin will levy a range of fees and charges each year as detailed within the annual schedule of fees and charges. In accordance with “user pays” principles, fees are introduced to offset the cost of service provision, or in the case of commercial activities to realise a reasonable rate of return on assets employed by City of Darwin, in order to support the provision of services and to alleviate the burden that would otherwise be placed upon general ratepayers.

The legislative basis for fees is found in s239 of the *Local Government Act 2019* (NT), and associated Regulations and By-Laws, which provide that Council may charge and recover an approved fee for any service it provides, including the following:

- supplying a service, facility, product, or commodity
- supplying information
- providing a service in connection with the exercise of City of Darwin’s regulatory functions – including receiving an application for approval, granting an approval or consent, inspecting, and issuing a certificate, licence or registration
- allowing admission to any structure or place
- undertaking private works.

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3 Policy statement

3.1 Pricing Principles

In accordance with “user pays” principles, fees are introduced to offset the cost of service provision, or in the case of commercial activities to realise a reasonable rate of return on assets employed by City of Darwin, in order to support the provision of services and to alleviate the burden that would otherwise be unfairly placed upon general ratepayers.

Therefore, in setting the price for each fee or charge, the below factors are considered:

- whether or not the service is for private works
- whether or not the price is dictated by legislation
- whether or not the primary purpose is to promote law and order
- whether the goods or services are provided on a commercial basis and if so market prices for similar services
- whether or not the goods and services are provided on a non-commercial basis i.e. as part of a normal function of council.

In all cases City of Darwin will give regard to:

- the importance of the service to the community
- the capacity of the user to pay
- the actual cost of providing the service including both direct and indirect costs.

Fees and charges will be classified in accordance with the following pricing principles:

- legislated - prices are dictated by legislation
- market price - Council provides the good/service in a competitive environment. Market price in relation to Council is normally full cost recovery plus an element of surplus to a prescribed level (however it is not precluded that the Council may not achieve full cost recovery and based on the particular merits it may make a decision to continue with that particular service).
- full cost recovery - Council intends to fully recover the direct, indirect and overhead cost of provision
- partial cost recovery - Council intends to partially recover the cost of provision
- free cost - the good/service will be delivered free of charge.

All fees are quoted in “GST inclusive” terms as this is the relevant price to the customer. However, many fees have been specifically exempted by the GST legislation or have been assessed under the Australian Taxation Office guidelines as being exempt from GST.

Fees that are exempted from GST are disclosed each year in the Schedule of fees and charges.

3.2 Classification of fees and charges

The following provides information for stakeholders and guidance for revenue management procedures as to the general classification of fees and charges and the pricing policy that generally is adopted for each classification. In general, the quantum of each fee reflects as far as, and as accurately as possible, the actual cost of providing the services and facilities.

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Fees Description		Pricing Principle
Fees for the provision of private works	Council can undertake limited works on private land in relation to clearance of overgrown allotments. Whilst council does such work when requested, it does not openly solicit such business. Other works are the initial installation or remediation of existing driveways, although these works provide a benefit to private land, they are usually carried out on Council controlled land adjacent to private land.	Full Cost Recovery
Fees for services that are legislated	Legislated fees are those that are set by an Act or Regulation. Examples are the exclusive right of burial fee which is governed by the Cemeteries Act, or provision of information (Freedom of Information) governed under the Information Act. Council has no option but to charge the prescribed rate for these charges. However, Council should attempt to ensure that costs in relation to the administration of the fee and performance of the underlying service are recovered. If the cost of the service exceeds the total fees earned Council will consider lobbying the Government or relevant statutory authority to increase the fee.	Legislated
Fees for services that are related to public law and order	These fees relate to services provided primarily to maintain law and order. An example of this type of fee is animal registration and related fees. In setting these fees Council will consider the effectiveness of the existing fees in regulating behaviour, maintaining law and order and the balance between each of the fees charged.	Full Cost Recovery
Fees for services that can be provided by alternate commercial providers (Core Services)	These are services which the Council is legally required to provide but which can also be outsourced to competitively priced local commercial operators. Council will need to consider the full cost of providing the service compared with the costs of outsourced service provision.	Market Price aimed where possible to recover full cost plus an element of surplus
Fees for services that can be provided by alternate commercial providers (Non-core services)	These are discretionary services that can also be provided directly to the public by several commercial organisations. Examples are the photocopying, and faxing services offered by the library. Council needs to review the need for continuation of non-core services and the equivalent commercial fees when setting prices.	Market price aimed to recover full cost plus an element of surplus
Fees for services provided as a normal function of Council (compulsory services –	These are services that require the support of significant infrastructure and which the public are required to use as there are no significant commercially operated alternatives. An example is the residential waste disposal service. In setting fees for this service Council will consider the	Full cost including a provision for asset replacement

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requiring significant Council infrastructure)	ultimate cost of replacement of the asset and the utilisation of the service provided by the facility.	
Fees for services provided as a normal function of Council (elective services – requiring significant Council infrastructure)	Elective services are those which members of the public use as a matter of choice. Examples are fees charged for the use of the Council's sporting facilities. Council needs to consider the long-term replacement of these facilities as well as the need to encourage or limit the use such facilities.	Full cost up to a level of perceived fee resistance with adjustments considered to ensure community benefits are achieved. If full cost is not recovered, then the fee is classified as partial cost.
Fees for services provided as a normal function of Council (community service obligations)	Many of the services provided by Council are by way of community service obligations and as such are funded by rates, grants, or contributions. The public uses these services on an elective basis and as such there is the opportunity to recover a portion of the cost of providing these services by implementing user charges. An example is the provision of public swimming pool facilities. Council will consider the full costs of delivering the services, the level of usage, the opportunity for grants or other subsidies, alternative service providers and comparability with other jurisdictions when setting charges for these services.	Full cost up to a level of perceived fee resistance with adjustments considered to ensure community benefits are achieved. If full cost is not recovered, then the fee is classified as partial cost.

4 Definitions

Nil

5 Legislative references

The *Local Government Act 2019* (NT)

A *New Tax System (Goods and Services Tax) Act 1999*

6 Procedures and related documents

Fees & Charges Procedure

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7 Responsibility and application

General Manager Corporate is responsible for managing the implementation of this policy. This policy should be reviewed once in the term of each Council or more often as required.

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