



11 May 2022

Our Reference 8573323  
Contact Tony Chahine  
Telephone 8757 9701

Independent Pricing and Regulatory Tribunal  
Level 16, 2-24 Rawson Place  
Sydney NSW 2000

Attention Edward Jenkins, Principal Analyst

Dear Mr Jenkins

### **CUMBERLAND CITY COUNCIL – PERMANENT ADDITIONAL SPECIAL VARIATION APPLICATION**

I refer to your email dated 10 May 2022 highlighting your concerns with respect to Councils resolution (Min.068, C04/22-39 – Rates Income Additional Special Variation (ASV) Application) and its potential non-conformance with the requirements of the Office of Local Government (OLG) Circular to Councils (22-03 / 7 March / A811946).

I would also like to thank you for taking the time to discuss this matter with me on 10 May. Following that discussion and the clarifications you provided, I would like to draw your attention to Councils adopted Long Term Financial Plan (LTFP) as adopted by Council on 28 June 2017 (Min.141) and its assumptions that Council's long term financial sustainability is predicated on the reasonable assumption that Council's general income will increase by 2.5% year on year over the life of the plan. An extract of the LTFP is included below.

Rates Revenue										
	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Rate Cap	1.900%	2.200%	2.500%	2.500%	2.500%	2.500%	2.500%	2.500%	2.500%	2.500%
Dwelling growth @50%	1.492%	1.49%	1.49%	1.49%	0.77%	0.73%	0.73%	0.74%	0.73%	0.73%
SRV	7.00%	7.00%								
Average Increase	5.20%	5.35%	3.99%	3.99%	3.27%	3.23%	3.23%	3.24%	3.23%	3.23%

*Rates Revenue assumptions table from 2017/18 resourcing strategy, incorporating the LTFP*

Secondly, I refer to the Council report dated 6 April 2022 (Item no: C04/22-39, Rates Income – Additional Special Variation (ASV) Application) and the subsequent impact of the 2022/23 rate peg assessment which reduced Council's base budget income by \$1.35 million in 2022/23 which in turn results in an overall shortfall of \$16 million over the next 10 years to Council's general income, thus limiting Council's ability to sustainably service the community over the longer term.

16 Memorial Avenue, PO Box 42, Merrylands NSW 2160  
T 02 8757 9000 E [council@cumberland.nsw.gov.au](mailto:council@cumberland.nsw.gov.au) W [cumberland.nsw.gov.au](http://cumberland.nsw.gov.au)  
ABN 22 798 563 329

**Welcome Belong Succeed**

Any non conformity of Council's resolution of 10 May 2022, respectfully, is of a technical nature only. Council has considered the future year impacts to be reasonable and it is clear that Council has reasonably assessed the rate payer impact over the long term, which is identified in the report itself, a copy of which I attach. In particular, I refer you to pages 2 and 3 of the report which identifies the shortfall of \$1.35 million per year leading to a shortfall of \$16 million over the next 10 years as a result of the low rate peg assessment and the subsequent financial analysis on page 2 of the report which highlights the long term impact of retaining a permanent ASV in Council's base budget.

On the basis of the data provided in this report Council resolved to approve an application for a permanent ASV to be retained in Council's rates base. The unavoidable inference is that Council has assessed the long term impacts of the ASV and has considered it to be reasonable.

Lastly, I draw your attention to the confidential Councillor briefing session held on 30 March 2022, which highlighted directly to the Councillors the impacts of retaining a permanent ASV within Council's rates base. Attached for your reference is a copy of the briefing slides which demonstrates Council's depth of knowledge of the impact that the retention of a permanent ASV will have on Council's income.

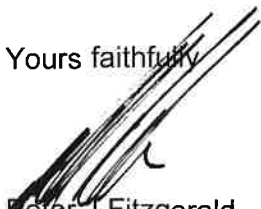
On the basis of the evidence and supporting documentation, I can confirm that Council considers the retention of a permanent ASV within its rates base and its future year impact to be reasonable (and indeed financially necessary). It was on this very basis that Council resolved to submit an application for permanent ASV (Min. 068).

For your ease of reference, I have attached the following supporting documentation

1. Min.068, C04/22-39 – Rates Income Additional Special Variation (ASV) Application
2. Min.141 – Adoption of the delivery program and the Operational Plan
3. 2017 / 2018 Cumberland Council Resourcing Strategy (Inclusive of Council's LTFP)
4. C04/22-39, Rates Income – Additional Special Variation (ASV) Application
5. Briefing Slides 30 March 2022 (Confidential)

If I can be of any further assistance, please do not hesitate to contact me directly.

Yours faithfully



Peter J Fitzgerald  
GENERAL MANAGER