

Council Reference:
Your Reference:



24 November 2022

Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET POST SHOP NSW 1240



Lodgement: via Council Portal

Dear Sir/Madam

Intention to apply for a Special Rate Variation 2023/24

Tweed Shire Council (Council) on 17 November 2022 resolved to make applications for a special rate variation for the 2023-24 financial year.

Council is facing increased challenges over and above the 4.0% rate peg (with population growth) announced for 2023-24.

Apart from the obvious increase in operating costs due to inflation and the likely negotiated increase in the NSW Local Government Award, taking the vast majority of the announced 4.0% increase for Council, the following additional costs cannot be funded by cost reductions or increases in other revenue sources:-

- the NSW Government recently abolished Council's ability to charge an environmental enforcement levy on development applications that fund 2 Compliance Officers. These officers deal annually with an average of 200 compliance matters. The ability to charge Cost Notices is in most instances impossible for a range of reasons but most commonly including illegal dumping where the perpetrator is not known.
- Increases in insurance premiums in Property, Liability and Councillor insurance premiums as a result of increased global claims brought on by increased risk and natural disasters.
- Increase costs for defence capability for cyber security to comply with the Essential 8 and ISO 27001 (Strategies to Mitigate Cyber Security Incidents).
- The forced transition of Council's on premise core business systems to a cloud platform. This is forced as the on premise system has been given an end of life and support date of September 2024. The move to the cloud comes with significantly increased recurrent licensing costs, hosting costs and additional bandwidth requirements.

- An increase in staff to assess the large backlog/increase in development applications confronting the Council. Whilst council would rather recoup these funds through the fees that are charged for DA assessments, this not possible as these fees are statutory and the State refuses to index them annually or increase them to a level that reflects the cost of service provision. Further Council has a statutory obligation to assess and determine applications, without any ability to simply refuse lodgement. Unfortunately this means that the cost of new development continues to be subsidised by the broader rate base. Tweed currently has over 450 applications awaiting determination (where there are usually around 200 applications) with assessment times double the state average. Additional resourcing is required to address the growing back log and increased assessment times (which are in turn leading to deemed refusals being lodged in the land and environment court).

The increase in costs and rate revenue is as follows:-

Environmental Enforcement Levy	\$288,954
Insurance premiums	\$151,000
Cyber Security strategies	\$268,000
Core business systems to the cloud	\$500,000
Additional staff assessing development applications	\$360,000
	\$1,567,954
 22/23 Permissible Income (excluding Special Rates)	 \$66,175,697
 Percentage of variation (\$1,555,129)	 2.35%

The 2.35% is to be permanent change to the permissible income with the total increase for 23/24 proposed to be: 3.7 (rate peg) + 0.3 (population growth) + 2.35 (special variation) = 6.35%

In addition to the above, Tweed Shire Council has recently received new land valuation to be effective 1 July 2023. Whilst the overall increase of 6.35% is proposed, it may be accompanied by an increase to the minimum rate to distribute the rating burden more fairly. More detailed analysis is needed before this decision can be made.

The proposed 2.35% rate variation was included in the adopted 22/23 Integrated Planning & Reporting documents placed on exhibition during April to May 2022.

For further information, please contact Councils' Manager Financial Services, Mr Michael Chorlton on [REDACTED]

Yours faithfully

[REDACTED]

Date: 24/11/2022

Troy Green PSM
GENERAL MANAGER