



File reference: 30/08/0002

14 August 2017

Ms Cherri Buffett
President
Chamber of Commerce
PO Box 370
NORFOLK ISLAND 2899

By Email to: nichamberofcommerce@gmail.com

Dear Ms Buffett

RE: Ordinary Council Meeting Agenda 19 July 2017 Item 12.1: Electricity Budget 2017 – 2018

I refer to your letter of 18 July 2017, noting that there is a letter of the same title of 1 August, 2017 to which a reply was forwarded 4 August 2017.

I note the Mayor's email to you 14 August 2017 which states in part: "*I note that in the weekend press you have published a number of letters addressed to me as Mayor. I would be pleased to have your assurance that you will also be publishing the responses provided to you by regional council so that the community has all the facts before it. Please let me know if that is not your intention.*"

In response to your points:-

1. Under the subtitle **Relevance to the Strategic Plan Resourcing Strategy**, the only reference made is to Direction 5: An informed and accountable community

Response:-

As "*The purpose of this report is to provide Council with the **information** required to make decisions..*" the decision was made to refer to Direction 5.

2. Under the subtitle **Budget**, reference is made to a developed pricing methodology based on Council's aim of having business units financially sustainable in the next two (2) years.

Response:-

Council considered the impost on the community of pricing required to return to sustainability in the current year, and considered that two years was a preferred timeframe, with a 75% increase in the current year.

Allocated Overheads are the overheads allocated to each business area so as to reflect the true cost of operation. Examples of allocated overheads are accounts, payroll and human resources functions.

Reducing the overheads allocated to the electricity operation would necessitate increases of a similar magnitude to some or all other areas of operation. Is there an area the Chamber of Commerce wishes to nominate to receive an additional allocation?

Assessment on the impact has not been undertaken. Should the Chamber of Commerce carryout such assessment on their members, Council would be interested in the results.
Council will work with available information at the time of preparation of next year's budget, rather than making predictions ten months in advance.

Council requests the outcomes of Chamber of Commerce initiated utility price regulator investigation.

Yours sincerely



Bruce Taylor
GROUP MANAGER SERVICES

CC via Email:

Mayor, Cr John McCoy, Cr Rob Buffett, Cr David Porter and Cr Lisle
Snell of the Norfolk Island Regional Council
