

Coal Australia's submission to IPART on Muswellbrook Special Rate Variation

March 2026

Introduction

Coal Australia (CA) is pleased to make a submission in relation to Muswellbrook Shire Council's (MSC) application for a Special Rate Variation (SRV) for mining ratepayers.

CA represents several companies which operate coal mines in the MSC area, and there is genuine concern about the impact of the proposed total rate increase of 29% - given mining ratepayers would carry the full burden of this increase, the effective rate increase for that category is closer to 50%.

More broadly, CA works at a grassroots level to support coal mining communities and the important work they do in driving prosperity and economic growth. The coal mining companies which help sustain these communities should not be seen as bottomless pits or unlimited cash cows.

Companies mining across the Hunter Valley already pay royalties to the state, as is appropriate, along with corporate taxes, payroll taxes, and council rates – in addition, they bear the cost of specialised mining rates which increasingly form a disproportionately greater share of MSC's revenues.

There must be a limit.

IPART should also note these specialised mining category rates are over and above significant direct contributions made by mine operators to councils all over NSW through annual Voluntary Planning Agreements.

The companies will often hold open days, community events, and other voluntary promotional activities that deliver important resources into local communities such as Muswellbrook and its surrounds.

Record global demand for coal

The basis for MSC's push for this SRV stems largely from its concerns over a lack of planning approval applications for coal operations in the Shire beyond 2048; a full 22 years away.

The draft Integrated System Plan released by the Australian Energy Market Operator now indicates that quality Australian coal will remain a part of the domestic energy mix until 2049.

In addition, the Queensland Energy Roadmap outlines an extended role for coal, both in terms of quantities and timelines.

When considering export markets, the International Energy Agency figures released late last year showed that global coal demand reached record highs in 2025, up again from the previous year.

New record highs are forecast in the years ahead.

That growing demand for quality coal can be met by operators in the Muswellbrook Shire, potentially well beyond MSC's notional timeline of 2048.

Indeed, the greatest threats to ongoing coal production around Muswellbrook are posed by groups like the NSW Net Zero Commission, which somehow appears to think that coal mining and net zero emissions are mutually exclusive.

The Net Zero Commission's opposition to future coal mine extensions is not only intemperate, but to the quote NSW Premier Chris Minns, it would be "irresponsible".

In summary, IPART should place no store in MSC's self-imposed coal mining timeline of 2048, as quality coal from the Hunter will remain in strong demand.

Increased burden on mining ratepayers

There is an over-reliance on coal mining rate revenue by MSC, which is perversely now being used as a justification for even further rate hikes.

Analysis by the NSW Minerals Council shows that between 2011/12 and 2023/24, the mining category proportion of MSC total annual rates revenue has increased from 34% to 56%.

When viewed through the prism of MSC's concerns about coal operations winding down, it seems a bizarre leap of logic that existing producers should face an effective rates increase of close to 50% from 2026/27.

It must be noted that even as some mining operations are scaled back, such as BHP's Mount Arthur, years of rehabilitation work will continue on site, which remains rateable land.

There may also be the potential for underground mining to occur within the boundaries of existing mine site.

The Mount Arthur closure has been flagged for years, in part to give a range of stakeholders (most notably workers and MSC) time to best prepare for that.

Transition Arrangements and Obligations

The NSW Royalties for Rejuvenation program, following amendments to the Mining Act 1992, began on 21 October 2022.

One of the regions to benefit from that scheme was the Hunter, with the then NSW government setting aside at least \$25 million from coal mining royalties each year to help establish new industries and employment opportunities in those coal mining regions.

The current NSW government has since rebadged that program as the "Future Jobs and Investment Authority". The federal government has also developed programs to assist in this area.

This serves to demonstrate that MSC is not being left to fend for itself through this alleged transition from coal mining – indeed, for the reasons outlined earlier in this submission, the key transition we are seeing is one from ideology to reality.

Coal demand remains strong – the recent outbreak of war in the Middle East again demonstrates the enduring importance of coal as a reliable and affordable form of baseload power generation; coal's relevance remains.

In the event the pace of the alleged transition was to ramp up, it is clear that MSC already has access to programs and potential funding at both a state and federal level to assist.

It is not a reason to justify slugging coal mine operators ever increasing mining rates, which go against the general principles of taxation.

Conclusion

Coal mining has long been a key driver of investment and jobs in the MSC area and that will continue while ever sensible policy settings enable it.

That includes sustainable mining rates.

If mining rates should reflect council services, the councils with a capacity to impose those rates appear to be doing very well from it.

The fact that the proportion of MSC's revenues from mining rates has risen so sharply is further evidence of that – rather than crushing incentive and investment with heavy-handed approaches like this SRV, IPART should consider a more modest pathway.

Coal mining companies are already huge contributors to the communities in which they operate – in CA's submission, MSC is already too reliant on coal mining rates.

This proposed SRV will only heighten that, with no justification for the increases – if a coal mine operator needs a road altered, it pays; if it needs a power line moved, it pays.

The burden imposed on council and the broader base of ratepayers from coal mining operations is already thoroughly covered by a range of taxes and imposts, including council rates at current levels.

Coal Australia will continue to play an active role in support of our members which seek to lodge further planning applications to extend their operations and meet the rising global demand for coal.

MSC stands to be a beneficiary from that positive and proactive approach, without resorting to this SRV.



Coal Australia



Thomas Mitchell Drive
Private Mail Bag No. 8
Muswellbrook, New South Wales 2333
Australia

T +61 2 6544 5800
F +61 2 6544 5801
bhp.com

9 March 2026

Independent Pricing and Regulatory Tribunal (IPART)
PO Box K35
Haymarket Post Shop NSW 1240S
Via email: ipart@ipart.nsw.gov.au

Attn: IPART Review Panel,

RE: MUSWELLBROOK SHIRE COUNCIL - SPECIAL RATE VARIATION APPLICATION

Hunter Valley Energy Coal (HVEC), a wholly owned subsidiary of BHP, appreciates the opportunity to provide information to the Independent Pricing and Regulatory Tribunal (IPART) as part of its assessment of Muswellbrook Shire Council's (the Shire's) application to apply a permanent special rate variation (SRV), to be applied to the mining rate category only.

HVEC's feedback relates specifically to two of IPART's assessment criteria:

1. The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the special variation) is clearly articulated and identified; and
2. The impact on affected ratepayers must be reasonable.

Background

HVEC owns and operates the Mt Arthur Coal mine, an open-cut thermal coal mine, located five kilometres south of Muswellbrook in the Hunter Valley, on the traditional lands of the Wanaruah/Wonnarua people. Mt Arthur Coal employs around 2,200 people who predominantly live in the region and produces high-quality energy coal for domestic and international customers.

In June 2022, following a review of all available options, HVEC announced its intention to cease mining at the Mt Arthur Coal mine in June 2030, as part of a responsible pathway to closure for the operation. The eight-year timeframe was considered appropriate to provide the necessary time to work with stakeholders and make thoroughly considered plans for the future of the workforce, the land and the community of which the mine has been an important part for many years.

Our vision

HVEC has been clear that our vision for the closure of Mt Arthur Coal is centred on People, Planet and Prosperity, to deliver a positive legacy from BHP Mining in the Hunter Valley. In this, we seek to deliver positive environmental, social and economic outcomes through mine closure that go beyond current regulatory requirements.

HVEC has committed considerable resources to work towards this outcome and has engaged transparently and collaboratively with communities and all levels of government on what will be required to deliver this vision. Alternate mine land re-use outcomes have been identified as a key pathway to enable positive regional energy transition outcomes for all stakeholders.

Need and purpose must be clearly articulated and identified

Under the assessment criteria “the need for, and purpose of, a different revenue path for the Council’s General Fund (as requested through the special variation) is clearly articulated and identified”.

Muswellbrook Council has stated its position on the SRV is:

“The objective of the SRV is to ensure that Council can continue to provide services to the community as our revenue declines as a result of mine closures, whilst minimising the effect of the economic transition and seeking to manage the impact on residential and business rates in a way that supports population growth and business attraction.”

As the largest mine in the Shire to be actively working towards closure, HVEC is well-advanced with the implementation of - and significant investment in - work to not only address the possible impacts of mine closure, but also to minimise the effect of the economic transition through enabling the re-use of mining land to support ongoing and new economic activity and job creation in the region. Therefore, the proposed rate rise is duplicative and unnecessary.

Under current legislative requirements, HVEC is required to deliver a closure outcome that sees the mine site land returned to agricultural pasture and woodland – an outcome that requires the demolition and removal of all high-quality existing infrastructure, including world-class office and administrative facilities, industrial workshops, high-capacity electrical infrastructure, maintenance facilities, and rail lines.

HVEC believes there is a better way; adaptively reusing mining land and existing infrastructure to achieve social, environmental, and economic benefits for the Shire. This position has been supported through extensive stakeholder and community feedback and reflected in findings from the Parliamentary Inquiry into beneficial and productive post-mining land use¹ and we are voluntarily committing significant resources to drive this outcome.

As the freehold owner of the land and operator of the mine for more than 20 years, HVEC is best positioned to pursue re-use opportunities that have the potential to create jobs and support ongoing economic activity in the region after mine closure, through our deep understanding of the capability of the land and the legal rights to enter into commercial arrangements. This work is actively underway and includes:

- agreement with Acciona Energia to investigate the possibility of a pumped hydro energy storage system on site, which could support around 1,000 jobs in the construction phase and provide power for up to 500,000 homes across NSW every day; and
- agreement with neighbouring mine Malabar that could enable the development of its Maxwell North underground mining operation.

The potential for future use of the site and associated economic outcomes does not appear to have been contemplated by Council in its forward planning; rather it assumes a worst-case scenario, which is not reflective of the activities underway by HVEC. We believe that supportive policy settings that enable HVEC to continue our focus on land re-use will deliver greater long term community benefit than that which might be realised through the proposed rate rise.

Alongside the pursuit of alternate land re-use outcomes, HVEC has also made significant commitments to our people and the community, including, but not limited to:

- Commitment to a A\$30 million community fund to support the Upper Hunter region prepare for mine closure, with a focus on job creation, industry diversification, education and training opportunities and Indigenous economic empowerment.
 - Council will be eligible to apply for this funding and has been invited to participate in decision making under the governance framework for the fund.
- Provision of training and study support, career coaching and financial advice to our workforce, to support them prepare for mine closure and remain living locally, which to date has totalled:
 - More than \$560,000 in financial planning support
 - More than \$2M in education support commitment
- Constructive participation alongside Council in the master planning pilot project announced by Federal Minister for Industry and Innovation on 20 November 2025, with that funding aimed at

¹ <https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=3046#tab-reportsandgovernmentresponses>

'supporting the Hunter's transition and ensuring mining land re-use reflects the priorities of local communities and drives regional economic growth'².

An unbudgeted, 61.4% escalation in mandatory fixed holding costs (which is the estimated impact of the SRV for Mt Arthur Coal) fundamentally alters HVEC's late-lifecycle economics. This leaves HVEC faced with concurrently absorbing punitive rate rises and sustaining voluntary regional transition funding for ostensibly the same purpose.

Alongside the proactive closure-related initiatives underway, HVEC also makes significant annual financial contributions to governments and communities. In FY25, this includes the following payments:

- \$278m to the NSW State Government, including royalties.
- \$5m to NSW local governments, predominantly Muswellbrook Shire Council.
- \$965,524 in voluntary social investment to communities, primarily within the Muswellbrook local government area.

Further, Council has provided no evidence that it has considered the significant financial support that has been, and will continue to be, provided to the Local Government Area to support regional transition by industry, the NSW Government, and the Federal Government – notably but not limited to:

- \$5 million allocated by the Federal Government to support a master plan that intends to pave the way for repurposing former mine sites into productive, sustainable assets, creating new opportunities for jobs, investment, and innovation across the region³
- More than \$100 million allocated by the NSW Government to create the Future Jobs and Investment Authority and associated Fund, which will facilitate strategic planning and targeted site activation to enable new and emerging employment-generating industries, drive investment attraction activities to support the development of new industries, and develop initiatives to ensure workers are provided with the necessary assistance and opportunities to secure a stable future.⁴
- The Mt Arthur Coal \$30 million community fund, that will be delivered in partnership with the community through a shared decision-making model and will prioritise initiatives to support job creation, entrepreneurship and industry diversification, support education and training opportunities, enhance social, cultural and recreational wellbeing of local residents, and improve physical and mental health outcomes for residents of the Upper Hunter.

This existing funding reduces the need for service provision that may otherwise be provided by Council, while also supporting future industries and the community to specifically target the economic transition within the LGA. It does not appear from the Council's application that these pre-commitments have been considered, nor is there justification for how the proposed rate rise is necessary.

The impact must be reasonable

The assessment criteria also state *"the impact on affected ratepayers must be reasonable"*.

Muswellbrook Shire Council has formally estimated that HVEC's payable rates will increase by 61.4%, under the 'mining' rate category in 2026/27, should the SRV be applied. This increase is excessive and well above the currently approved peg rate of 3.1%.

Further, Council has failed to articulate the equivalent increase in service provision to mining ratepayers that would arise as a result of the SRV. Rather, Council's application notes that "The increased revenues will be invested into further improving Council's own productivity and efficiency, economic development activities to attract alternative industry to the LGA, and further investment in Council's future fund, reducing Council's dependence on rates revenue to fund services".

Mining ratepayers should expect an equivalent benefit arising from improved Council productivity and efficiency; however, it is not clear what these efficiencies will be.

² <https://www.minister.industry.gov.au/ministers/timayres/media-releases/funding-released-support-mining-land-re-use-hunters-future>

³ <https://www.minister.industry.gov.au/ministers/timayres/media-releases/funding-released-support-mining-land-re-use-hunters-future>

⁴ <https://www.nsw.gov.au/regional-and-primary-industries/future-jobs-and-investment-authority>

The purpose of rates and avoiding a shadow royalty

Local Government rates are a tax on land value to fund local services, not a tax on corporate operations. Council has failed to demonstrate that HVEC's consumption of local infrastructure will increase by 61.4% over the next year. Justifying an SRV based on an industry's perceived 'capacity to pay' rather than the 'cost of service' is an inappropriate use of the rating system.

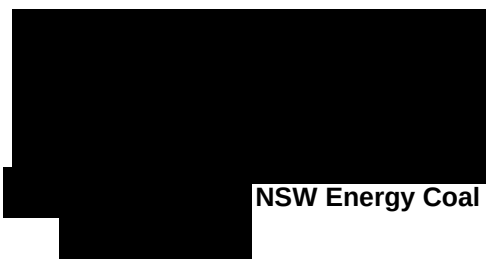
IPART's 2016 Review of the Local Government Rating System specifically considered mining rates, with recommendation 34 stating *"Any difference in the rate charged by a council to a mining category compared to its average business rate should primarily reflect differences in the council's costs of providing services to the mining properties"*.⁵

IPART noted this recommendation was needed because its analysis showed that the rates applied to mining land vary widely, with *"differentials unlikely to reflect differences in costs of providing council services to these properties"*, noting that *"the data suggests some councils may be using the mining category as a profits tax to fund local services"*.⁶

Targeting a single industry category with a compounded 61.4% rate increase acts as a 'shadow royalty'. The taxation of resource extraction revenue is the exclusive jurisdiction of the NSW State Government, to which HVEC contributed \$278m in FY25. Local councils attempting to mimic state royalty regimes via targeted SRVs undermines the State's taxation framework.

HVEC is committed to working collaboratively with governments and the community through this period of change and transition to achieve long-term mutual value. We are investing significantly to enable land re-use outcomes that will drive greater social and economic benefit than the currently approved 'base case' of agricultural pasture and woodland outcomes for the mine site. We are concerned that the purpose of the SRV is duplicative of work already underway to address the economic transition, dilutes focus from the Shire's core purpose of service delivery and unreasonably penalises HVEC through a rate rise that is ostensibly for the same purpose as our voluntary regional transition funding and closure aspirations.

Yours sincerely



NSW Energy Coal (HVEC)

⁵ https://www.ipart.nsw.gov.au/sites/default/files/documents/final-report-review-of-the-local-government-rating-system-december-2016_0.pdf p145

⁶ https://www.ipart.nsw.gov.au/sites/default/files/documents/final-report-review-of-the-local-government-rating-system-december-2016_0.pdf p145

Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240s

To whom it may concern,

Submission to the Independent Pricing and Regulatory Tribunal (IPART) Special Rate Variation Application by Muswellbrook Shire Council

As the owner of the Mount Pleasant colliery just outside of the town of Muswellbrook, MACH Energy welcomes the opportunity to make a submission regarding the Muswellbrook Shire Council's (**MSC**) application for a Special Rate Variation (**SRV**) for its mining ratepayers.

The SRV represents a total rate increase of 29%, including the 2026-27 rate peg set by IPART of 3.1% and the proposed SRV of 25.9%.

The proposed permanent increase to rates will apply exclusively to the Mining rate category, resulting in the category being exposed to an increase in rates of around 50% from 2026/27.

MACH Energy recognises the financial pressures facing local government and the importance of long-term planning for the region. At the same time, we hold genuine concerns about the scale and permanency of the proposed increase, and the implications for investment certainty, employment stability, and the broader economic objectives shared by both MSC and industry.

Objections to the Proposed SRV

1. Limited reliance on Council services

MSC's application suggests that higher rates for mining operations reflect the cost of providing services to these properties. In practice, mining operations require comparatively few council services. For example, mines typically:

- Collect, store and transport their own refuse/waste;
- Operate their own sewerage and water treatment facilities;
- Are usually responsible for the ongoing maintenance of the road network in and around their mines, to account for the increased traffic on those roads.

MACH Energy also makes a significant annual contribution to the MSC pursuant to a Planning Agreement whereby in excess of \$600,000 is paid per annum for the MSC to use for the benefit of the broader community. Given this context, the scale of the proposed increase appears disproportionate to the level of services utilised.

2. Permanency of the increase

MSC has applied for a one-off (single year) increase that remains permanently in the rate base. The rationale relies on the permanent increase being applied while mining companies are still operating to alleviate the rates burden being shifted to residents and businesses as the mines cease their operations.

The two mines within the shire that are scheduled to close will only do so in 2030. This means MSC would receive several years of elevated revenue before any closures occur.

Given MSC's stated objective of supporting a transition over time, a permanent increase applied solely to one category may not be the most balanced or equitable approach.

3. Duplicating other Mining Region Transition Funding

If approved, the additional rates will be invested in a mix of efficiency and productivity initiatives aimed at economic development activities to attract alternative industries and jobs to the area to replace mining.

This appears to duplicate funds committed to by the State and Commonwealth Governments, as well as private investment committed towards managing the transition in mining regions. These initiatives are referenced in the MSC application.

The NSW Government's 'Future Jobs and Investment Authority' (FJIA), designed to help guide the future economic development of coal mining regions including the Hunter, includes \$27.3 million funding over four years. The FJIA will initially focus on the Hunter and Central West regions, backed by the Future Jobs and Investment Fund to unlock more than \$100 million previously collected under the NSW Royalties for Rejuvenation scheme.

While the MSC application references these initiatives, it's unclear the SRV application and the single scenario model has reasonably accounted for the impact of these additional funds which are tasked with delivering similar or duplicated initiatives to those proposed by MSC.

4. Future coal project extensions

A key reason put forward for the SRV application is the "phasing out of coal as a source of power which will have widespread impacts on the region, its communities and the Council". MSC further notes there are currently no planning approvals for mining operations in the Muswellbrook Shire beyond 2048.

MSC's assertion around the timing for the closure of existing coal mining operations as a basis for extracting additional income from the coal mining industry is not supported. The position fails to account for potential future coal mining extension projects in response to continuing global demand for NSW's high quality coal.

Global coal demand is being driven by several factors, including growing energy demand, and a slower roll-out of alternative energy sources in almost every country trying to deploy them. Most respected international analysts also expect strong demand to continue in the short to medium term, with longer term changes to be determined by the pace of change elsewhere but still see coal in use for energy generation right through to 2050 and beyond.

In response to likely ongoing strong demand for high quality NSW coal, a range of existing mines (e.g Maxwell, Mount Pleasant and Bengalla) are expected to seek future extensions to continue mining beyond the notional 2048 date.

5. Cumulative impacts

Since the introduction of mining rates in 2011/12, MSC has increasingly relied on the Mining category to support its revenue base..

Since 2011, MSC has submitted five separate SRV applications with IPART, with the following four approved:

1. 2011-12: Application - 6.8% permanent increase for road maintenance (4.0% + 2.8% rate peg)
 - IPART approved a temporary 1 year increase
 - Only Mining ratepayers were exposed to the 4.0% increase above the rate peg
2. 2012-13: Application - 7.6% permanent increase of mining rates category for continued road maintenance (4.0% + 3.6% rate peg)
 - IPART approved the permanent increase at 7.6%
 - Only Mining ratepayers were exposed to the permanent 4.0% increase above the 3.6% rate peg
3. 2018-19: Application - Approve a 14.7% permanent increase (12.4% + 2.3% rate peg)
 - IPART approved a temporary 1-year increase for the upgrade of the Olympic Park Precinct and development of the Regional Entertainment and Conference Centre.
 - The Mining rates category was to be increased by 18.3%, all other categories increased by 12.3%
4. 2019-20: Application - Retain the approved temporary 12.4% increase above the rate peg permanently (total increase of 15.13%)
 - IPART approved the application in full, approving a cumulative increase of 15.13%
 - The decision allowed an increase above the rate peg for the average Mining rates by 15.6%, compared to the average residential rate increase of 11.5%, the average farmland rate of 9.4% and the average business rate of 9%.

The above approved rate increases have resulted in the following:

- Mining's share of total rates revenue has increased from 34% in 2011–12 to 56% in 2023–24.
- Over the same period, the Residential, Farmland and Business categories have all decreased as a proportion of total rates.
- If the proposed SRV is approved, Mining would contribute approximately 65% of total rates revenue in 2026–27.
- Mining rates revenue would increase from \$12 million in 2023–24 to approximately \$20.3 million in 2026–27, an increase of around \$6.7 million in a single year.

This is in addition to approximately \$5.5 million in annual Planning Agreement contributions from mining companies.

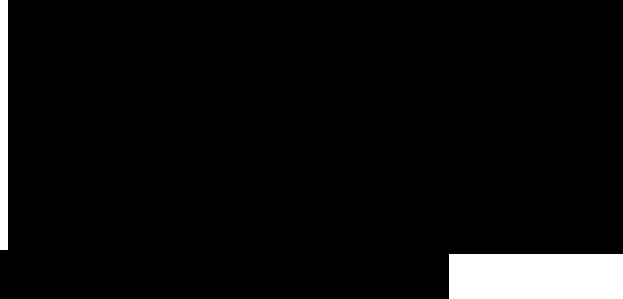
The cumulative effect is a growing reliance on a single category to subsidise the broader rate base. MACH Energy is concerned that this approach is not sustainable and may undermine the shared goal of long-term economic resilience.

Conclusion

MACH Energy values its relationship with Muswellbrook Shire Council and remains committed to supporting the region's economic and social wellbeing. We respectfully submit that the scale, permanency and cumulative impact of the proposed SRV on the Mining category are not

justified on the evidence presented and may have unintended consequences for investment confidence and regional stability.

Regards,





NSW MINERALS COUNCIL
ABN 42 002 500 316
PO BOX H367, Australia Square, NSW 1215

T 02 9274 1400
f i t
nswmining.com.au

Submission to Independent Pricing and Regulatory Tribunal (IPART) Special Rate Variation Application by Muswellbrook Shire Council

NSW Minerals Council Submission – March 2026

The NSW Minerals Council (**NSWMC**) welcomes the opportunity to make a submission to the Muswellbrook Shire Council's (**MSC**) application for a Special Rate Variation (**SRV**) for its mining ratepayers.

A number of our member companies operating coal mines in the MSC area have raised concern about the proposed introduction of the SRV to be levied on mining properties only, and have requested NSWMC make representations to the IPART process on their behalf.

The SRV represents a total rate increase of 29%, including the 2026-27 rate peg set by IPART of 3.1% and the proposed SRV of 25.9%.

The proposed permanent increase to rates will apply exclusively to the Mining rate category, resulting in the category being exposed to an increase in rates of around 50% from 2026/27.

Since the introduction of mining rates in 2011/12, the MSC has increasingly relied on the Mining category, effectively subsidising income from the other rating categories. The proposed SRV represents a significant and further disproportionate escalation of council rates on a single category that potentially undermines investment certainty, employment stability, and MSC's own economic objectives.

The companies understand and accept their key role in contributing to MSC's rates revenues. While there will be challenges associated with lost revenue from future mine closures, a financial model that creates a disproportionate reliance on a single industry is unlikely to be sustainable in the long term.

Objections to the Proposed SRV

With reference to the criteria established by the Office of Local Government (**OLG**) for special rate variation applications, the concerns against the relevant criteria are outlined below.

Criteria 1: Demonstrated need for additional income

Mining rates should reflect council services

In its 2016 Review of the Local Government Rating System - Final Report, IPART recommended that:

- 34 Any difference in the rate charged by a council to a mining category compared to its average business rate should primarily reflect differences in the council's costs of providing services to the mining properties.*

The rationale for the recommendation was that Mining rates should be set relative to other business categories primarily to reflect differences in the cost of providing council services to these properties.

By contrast, the data collected by IPART suggested some councils may be using the mining category as a profits tax to fund local services. An IPART-recommended reform not adopted by the Government was intended to make the mining rate more cost reflective and promote other tax principles, ensuring the rate is not just based on capacity to pay¹.

IPART went further, noting mining rates should not be above the business rate for a council unless the council can demonstrate additional costs in providing services to the mining properties, and the higher rate primarily reflects these additional costs.

The MSC SRV application is largely based on the premise that mining companies have the capacity to pay, and should therefore pay more to future-proof MSC services at existing levels even when mining operations eventually cease operations. This approach fails to reasonably argue that the mine operations who will bear the full impact of the rate increase require additional services.

Special Variation Scenarios

MSC has applied for a one-off (single year) increase that remains permanently in the rate base. The rationale relies on the permanent increase being applied while mining companies are still operating to alleviate some of the rates burden being shifted to residents and businesses as the mines cease their operations and pay less rates².

If approved, the SRV would apply in the 2026/27 financial year. Two mines are scheduled to close in the LGA at or just beyond the end of 2030, meaning MSC will accrue four years' of additional revenue generated by the SRV prior to any loss of revenue from the Mining category.

To demonstrate the need for the SRV, councils are required to indicate the financial impact in its Long Term Financial Plan (LTFP) by applying the baseline and special variation scenarios. MSC notes its 2026-36 LTFP models two scenarios: a baseline scenario; and the special variation scenario³ - no other SRV scenarios are modelled.

Given the scale of the increase and its permanency, and the other factors discussed below, it is reasonable that a range of other SRV scenarios could have been modelled, including alternate percentage increases for the Mining category, and/or the type of SRV increase (such as permanent, successive, temporary etc) as outlined in the OLG SRV Guidelines.

Duplicating other Mining Region Transition Efforts & Funding Sources

If approved, the additional rates will be invested in a mix of efficiency and productivity initiatives aimed at reducing MSC's ongoing costs, economic development activities to attract alternative industries and jobs to the area to replace mining, and to further invest in the Future Fund to create an alternative income stream to rates into the longer term.

The economic development initiatives duplicate significant efforts committed to by the State and Commonwealth Governments, as well as private investment committed towards managing the transition in mining regions. These initiatives are referenced in the MSC application.

The NSW Government's 'Future Jobs and Investment Authority' (FJIA), designed to help guide the future economic development of coal mining regions including the Hunter, includes \$27.3 million funding over four years.

The FJIA will initially focus on the Hunter and Central West regions, backed by the Future Jobs and Investment Fund to unlock more than \$100 million previously collected under the NSW Royalties for Rejuvenation scheme.

¹ [Review of the local government rating system](#)

² https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Muswellbrook-Shire-Council-Attachment-Other-Attachment-10-SRV-Background-Paper.PDF

³ Pg13 https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Muswellbrook-Shire-Council-Application-Part-B.PDF

The FJIA initiatives will also be undertaken in collaboration with the Federal Government's Net Zero Economy Authority⁴ and its Regional Workforce Transition Officers to help business, industry, and communities, navigate and coordinate the transition to net zero, including in the Hunter⁵.

This public activity and funding is in addition to future private industry investment associated with mine closure such as BHP's \$30 million Upper Hunter community fund⁶ which will be delivered in partnership with the community (including MSC) through a shared decision-making model and will deliver a range of initiatives including job creation, entrepreneurship and industry diversification and supporting education and training opportunities.

While the MSC application references these initiatives, it's unclear the SRV application and the single scenario model has reasonably accounted for the impact of these additional funds which are tasked with delivering similar or duplicated initiatives to those proposed by MSC.

Future coal project extensions

A key reason put forward for the SRV application is the "phasing out of coal as a source of power which will have widespread impacts on the region, its communities and the Council". MSC further notes there are currently no planning approvals for mining operations in the Muswellbrook Shire beyond 2048.

MSCs assertion around the timing for the closure of existing coal mining operations as a basis for extracting additional income from the coal mining industry is not supported. The position fails to account for potential future coal mining extension projects in response to continuing global demand for NSW's high quality coal.

Global coal demand is being driven by several factors, including growing energy demand, and a slower roll-out of alternative energy sources in almost every country trying to deploy them. Most respected international analysts also expect strong demand to continue in the short to medium term, with longer term changes to be determined by the pace of change elsewhere, but still see coal in use for energy generation right through to 2050 and beyond.

In response to likely ongoing strong demand for high quality NSW coal, a range of existing mines (e.g Maxwell, Mt Pleasant and Bengalla) are expected to seek future extensions to continue mining beyond the notional 2048 date.

Criteria 2: Community awareness of the need and extent of the proposed rate rise

It is acknowledged that MSC undertook various forms of community engagement to promote awareness of the Proposed SRV.

However, MSC's community engagement for the Long Term Financial Plan occurred from 3 December 2025 to 12 January 2026 - during the Christmas and holiday period.

MSC's extension of the consultation period from 7 January 2026 to 12 January 2026 was welcome, but questions remain about the reasonableness of consultation, and whether the local community had sufficient time to consider the proposed SRV.

It's noted MSC commissioned a Community Engagement Outcomes Report analysing the community response to the proposed SRV.

The key findings of the community consultation was summarised as follows:⁷

⁴ [FJIA NSW Govt media release](#)

⁵ [Regional Workforce Transition Officers \(RWTOs\) - Department of Employment and Workplace Relations. Australian Government](#)

⁶ [\\$30 million community fund for Upper Hunter](#)

⁷ Pg 2 MSC IPART Application, Community Engagement Outcomes Report

Feedback showed high awareness of the proposal but low support for the SRV. Many respondents expressed concerns about Council's financial management, the fairness of targeting a single rate category, and potential economic impacts in the region. Respondents also questioned the link between the SRV and service reductions, raised issues with current service levels, and suggested alternative approaches such as improved efficiencies and economic diversification. A smaller group supported the SRV as a proactive response to long term transition.

Criteria 3: Impact on Affected Ratepayers

Since the introduction of mining rates in 2011/12, they have increasingly been used by MSC to subsidise Council revenue obtained from the other rating categories.

Since 2011, MSC has submitted five separate SRV applications with IPART, with the following four approved:

1. 2011-12: Application⁸ - 6.8% permanent increase for road maintenance (4.0% + 2.8% rate peg)
 - IPART approved a temporary 1 year increase
 - Only Mining ratepayers were exposed to the 4.0% increase above the rate peg
2. 2012-13: Application⁹ - 7.6% permanent increase of mining rates category for continued road maintenance (4.0% + 3.6% rate peg)
 - IPART approved the permanent increase at 7.6%
 - Only Mining ratepayers were exposed to the permanent 4.0% increase above the 3.6% rate peg
3. 2018-19: Application¹⁰ - Approve a 14.7% permanent increase (12.4% + 2.3% rate peg)
 - IPART approved a temporary 1-year increase for the upgrade of the Olympic Park Precinct and development of the Regional Entertainment and Conference Centre.
 - The Mining rates category was to be increased by 18.3%, all other categories increased by 12.3%
4. 2019-20: Application¹¹ - Retain the approved temporary 12.4% increase above the rate peg permanently (total increase of 15.13%)
 - IPART approved the application in full, approving a cumulative increase of 15.13%
 - The decision allowed an increase above the rate peg for the average Mining rates by 15.6%, compared to the average residential rate increase of 11.5%, the average farmland rate of 9.4% and the average business rate of 9%.

Each of the above approved rate increases has been almost exclusively and disproportionately applied to the Mining category.

In terms of revenue received, the increased reliance of MSC on Mining category rates makes it the dominant source of rates income by far, effectively subsidising revenue from other rating categories.

Between 2011/12 and 2023/24, the Mining category contribution to the MSC total annual rates revenue has increased from 34% to 56%. During the same period all other categories' relative contributions to

⁸ [IPART Determination 2011](#)

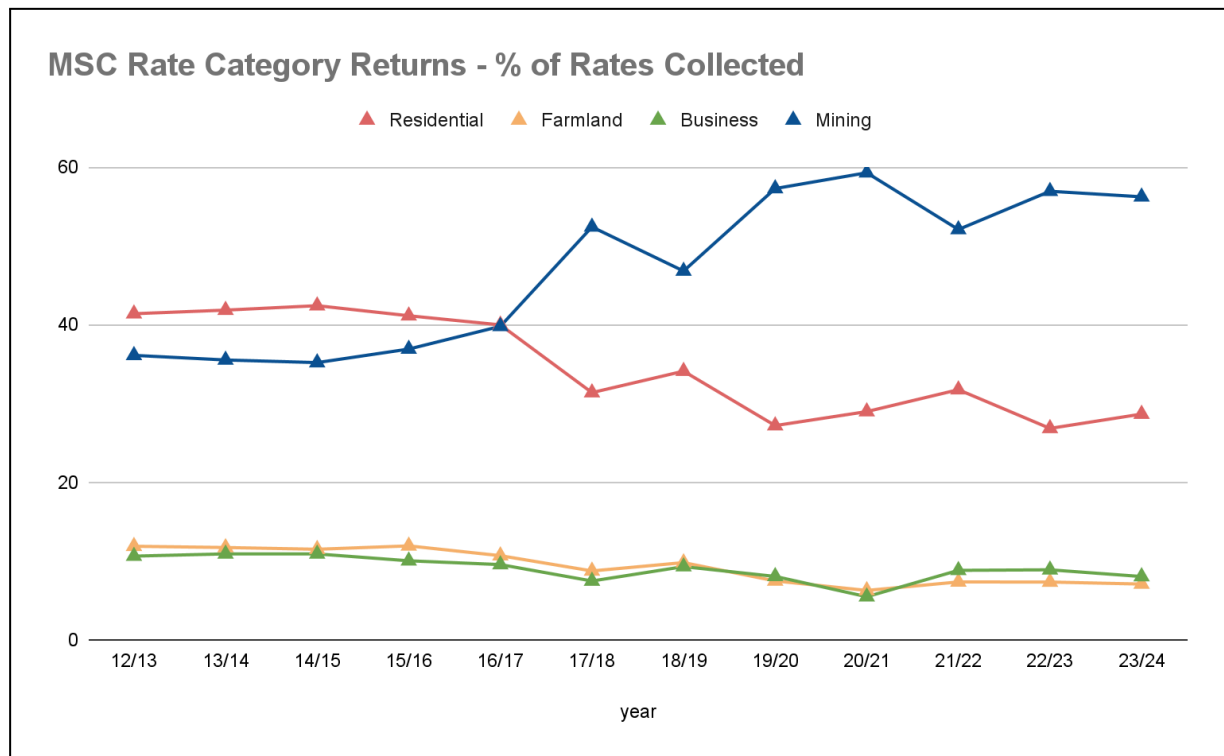
⁹ [Muswellbrook Shire Council's application for a special variation 2012/13](#)

¹⁰ [Special variation increase Muswellbrook Shire Council 2018-19 | IPART](#)

¹¹ <https://www.ipart.nsw.gov.au/sites/default/files/documents/lq-determination-muswellbrook-shire-councils-application-for-a-special-variation-for-2019-20.pdf>

total rates in MSC has decreased. The Residential category decreased from 42% to 29%, Farmland decreased from 13% to 7% and Business decreased from 11% to 8%.

The proposed SRV will result in the Mining category contribution to total rates increasing to approx 65% in 2026/27. Residential rates will decrease to 23%, Farming will decrease to 5.5% and Business will decrease to 7.6% of total rates income.



Source: Local Government Time Series Data - Refer to Attachment A

Over the same period Mining revenue jumped by 281% - increasing from \$3.2 million in 2011/12 to over \$12 million in 2023/24.

If the SRV is applied, Mining revenue will increase to approximately \$20.3 million in the 2026/27 rating year, an approximate \$6.7 million increase from the Mining category in a single year.

When accounting for the rate peg and SRV, the total rate revenue will increase to \$31.6 million in 2026/27, up from \$24.5 million in 2024/25.

The Mining rates revenue is in addition to the significant direct contributions mining companies pay to MSC through annual Voluntary Planning Agreements, which totalled around \$5.5 million in 2023/24, as well as other direct voluntary community contributions.

This is in addition to other local and community contributions as noted below.

Muswellbrook Shire Council	202/21 \$	2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	Total \$
Voluntary Planning Agreement	3,452,437	3,859,420	4,873,666	5,537,559	4,516,673	22,239,755
Other	859,606	57,468	60,724	84,293	115,748	1,177,840
Community	1,652,663	1,710,843	1,511,246	1,769,019	3,367,866	10,011,636

NSWMC and its member companies have previously noted the risk to MSC of relying on a single industry for the majority of its rates revenue stream. Despite this, Council has continued to increase its reliance on the coal mining industry by increasing the portion of mining rates revenue relative to the other rating categories.

While there will be challenges associated with lost revenue from future mine closures, a financial plan that creates a disproportionate reliance on the mining industry is not likely to be sustainable in the long term. It is imperative that Council identifies a long term sustainable plan that does not increasingly and disproportionately penalise or create an ever greater reliance on a single industry.

Based on the significant increases being applied solely to the Mining category, we submit the proposed SRV will disproportionately and unfairly impact mining ratepayers and is unreasonable.

Capacity to pay analysis

As part of its consideration on the impact on the Mining category, and the capacity to pay, MSC has made reference to saleable coal production at Bengalla, Mangoola, Mt Arthur and Mt Pleasant¹² to estimate revenue.

This approach is questioned as it fails to account for:

- The dynamic nature of the coal price - like any commodity the coal price is cyclical. As the graph below indicates, coal prices are generally low for the last 5 year period.
- The cost of production - production costs have risen significantly over the last few years due to factors like inflation. When the coal price is low production costs can exceed saleable coal prices meaning the mine is not making money.
- Increased royalties - In 2024 the NSW Government increased royalties on coal mines coal royalty rates by 2.6 percentage points which at the time were projected to increase state revenue by over \$2.7 billion over the four years from 2024 to 2028¹³.

¹²

¹³<https://www.nsw.gov.au/media-releases/coal-royalties-to-deliver-budget-repair-fairer-return-for-nsw#:~:text=Published:%206%20September%202023%20Released.cost%2Dof%2Dliving%20relief>



Source <https://tradingeconomics.com/commodity/coal>

Further, the MSC application makes reference to BHPs global profits reported in 2025(Mt Arthur), and the New Hope Groups overall profits.¹⁴ Whilst the overall group may be profitable, it does not properly or reasonably account for actual profit and subsequent capacity to pay at the actual mine site.

Conclusion

NSWMC member companies operating in the MSC area understand and accept their key in contributing to MSC's rates revenues, in addition to other contributions to the local area.

While there will be challenges associated with lost revenue from future mine closures, a financial plan that creates a disproportionate reliance on the mining industry is not likely to be sustainable in the long term.

In this regard, NSWMC is heavily engaged in supporting applications lodged by several Hunter coal mining operations for extensions to their planning consents to help ensure their contributions to the local economy (and MSC rate revenues) can continue for longer.

NSWMC
March 2026

¹⁴Pg 28 https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Muswellbrook-Shire-Council-Application-Part-B.PDF

ATTACHMENT A

Table: MSC rates analysis by rating category since 2011

year	Total Residential Rating Revenue (\$)	% Res Rates	Total Farmland Rates Revenue (\$)	% Farm Rates	Total Business Rates Revenue (\$)	% Bus rates	Total Mining Rates Revenue (\$)	% Mining Rates	TOTAL RATES COLLECTED
23/24	6,170	29	1,522	7	1,728	8	12,111	56	21,531
22/23	5,271	27	1,439	7	1,744	9	11,186	57	19,640
21/22	6,227	32	1,439	7	1,728	9	10,216	52	19,610
20/21	5,564	29	1,202	6	1,049	5	11,389	59	19,204
19/20	5,178	27	1,422	7	1,531	8	10,910	57	19,041
18/19	4,994	34	1,434	10	1,359	9	6,856	47	14,643
17/18	4,670	31	1,300	9	1,110	7	7,801	52	14,881
16/17	4,802	40	1,282	11	1,146	10	4,780	40	12,010
15/16	4,716	41	1,366	12	1,149	10	4,231	37	11,462
14/15	4,653	42	1,260	11	1,195	11	3,860	35	10,968
13/14	4,450	42	1,245	12	1,159	11	3,777	36	10,631
12/13	4,165	41	1,194	12	1,068	11	3,633	36	10,060
11/12	3,895	42	1,161	13	1,022	11	3,176	34	9,254
TOTAL	64,755		17,266		16,988		93,926		192,935

Source: Local Government Time Series Data¹⁵

¹⁵ [Your Council Report - Office of Local Government NSW](#)

Author name: M. Kelly

Date of submission: Monday, 9 March 2026

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).

Submission on behalf of Muswellbrook Chamber of Commerce & Industry Muswellbrook Chamber represents over 180 local businesses and does not support the MSC SRV application for increases to the Mining Rate. The mining industry is the main economic driver for our local economy and businesses directly and indirectly connected to the industry are dependent on the economic inputs from mining. Over 70% of our membership are SME's with less than 20 employees. At a time when the mining industry is under increasing pressure and BHP Mt Arthur mine is planned to cease mining in 2030, it is important to support the industry in every way possible. Our membership feels that MSC should be supporting the industry rather than penalizing the hand that feeds the local economy and the Council. It is understood that the rate income from mining will reduce over decades, but the proposed increase now seems premature and heavy handed. There needs to be more evidence of the progressive loss of rate income and the justification for rate increases. The decline in rate revenue is projected to occur over many years and any rate increase should be only considered in parallel with that decline. There need to be thorough investigation of how Council will use the increased revenue to make investments that show real returns to the benefit of all rate payers and local businesses. Council has been operating a Future Fund for over 15 years with little evidence of benefits to the local economy. We urge IPART to examine that fund's performance and compare it to Council's projection of future performance. We have attached our submission to Council and thank IPART for the opportunity to submit our views. Mike Kelly President MCCI

Derek Finnigan
General Manager
Muswellbrook Shire Council
PO Box 122
Muswellbrook NSW 2333

12TH January, 2026

Dear Derek,

RE – PROPOSED SPECIAL RATE VARIATION

Council is proposing a far reaching and significant change to the mining rate which can have major implications for present and future businesses in the Shire.

With the public exhibition period commencing in December and scheduled to conclude on 7th January, the Chamber was concerned that businesses have not had sufficient time to examine the documents and consider their position over the Christmas trading and holiday period.

The Chamber acknowledges Councils response to our request with an extension of the Public Exhibition period to 12th January and the briefing provided by Council today.

At todays briefing The Mayor and General Manager explained the intention and purpose of the SRV Proposal and that mines had been consulted and, in general, were accepting of the proposal. Council also expressed an intention to support mining and continue to lobby State Government to provide assistance to Council to compensate for the reduction of mining rate income over the next 10 years and beyond.

The Muswellbrook Chamber does not question the need for a Long Term Financial Plan, but has reservations about the reliance on increased mining rates and returns on Future Fund investments and debt.

In the time available to the Chamber, it was not possible to make an in depth and detailed analysis of the financial modelling on which the SRV Proposal is based.

In the absence of detailed analysis, the Chamber can only share concerns expressed by Chamber member businesses, including –

1. It appears that Council is 'biting the hand that feeds it'.
2. Council should be encouraging Mines to operate as long as possible.
3. Council commits in the LTFP to improve efficiencies in the cost of operation, without detail of what the measures and benefits might include.

4. Council has been receiving mining rates for over fifty (50) years and has operated a Future Fund for the last fifteen (15) years. With mining expected to continue in the Shire to 2048 or beyond, why is there a need for such a large rate increase now?
5. Council appears to be focussed on long term economic development but is seen by many to be overlooking immediate core business matters like roads in the Shire.
6. There needs to be more focus on how revenue is spent so there can be confidence that investments have a sustainable balance of return and associated risk.

In light of the above, the Chamber does not support the proposal as it stands and would welcome a staged incremental increase in the mining rate over coming years as the need becomes clearer.

Yours sincerely,



Mike Kelly
President MCCI

Author name: W. Seabrook

Date of submission: Monday, 2 March 2026

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).

Dear Independent Pricing and Regulatory Tribunal, Please find attached a written submission on behalf of Malabar Resources Limited (Malabar). In summary, Malabar has significant concerns regarding the proposed SRV, and considers that it represents a substantial and disproportionate increase in council rates. This escalation risks undermining investment certainty, employment stability, and Muswellbrook Shire Councils own economic objectives. Muswellbrook Shire Council has not demonstrated a clear need for additional income, and the burden on mining ratepayers would be disproportionate. Malabar makes significant contributions to the Muswellbrook community and has plans for continued investment and expansion in the area. Malabar is grateful to the Tribunal for the opportunity to make this submission in relation to the proposed SRV. Should the Tribunal have any queries following its review of our submission, please do not hesitate to contact us. Kind regards, Malabar Resources / Wayne Seabrook

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

26 February 2026

By Email: ipart@ipart.nsw.gov.au

**Subject: Submission to Independent Pricing and Regulatory Tribunal (IPART) Regarding
Special Rate Variation Application by Muswellbrook Shire Council**

Dear Members of the Tribunal,

1 Background

- 1.1 Malabar Resources Limited (**Malabar**) is grateful for the opportunity to comment on Muswellbrook Shire Council's (**MSC**) application for a Special Rate Variation (**SRV**) for its mining ratepayers.
- 1.2 Malabar is an independent Australian-owned resources company. As of 2020, we are the owners and operators of the Maxwell Underground Mine (**Maxwell Mine**) within the Muswellbrook Shire local government area, with development consent to carry out mining operations until 31 December 2047. We also own the Maxwell Solar Farm (which sits on the rehabilitated site of the former Drayton coal mine site), the Maxwell North, Maxwell West and Spur Hill underground projects, the Mayfield meg-scale battery, Edderton Solar Farm and Edderton Battery Energy Storage among other ventures in the area.
- 1.3 Our operations are foundationally located in Muswellbrook, with our head office and 99% of our employees being located there. We are committed to supporting the long-term strength of the NSW economy and continue to make a significant contribution to local jobs and local investment in the Upper Hunter.
- 1.4 Malabar is deeply concerned that the proposed SRV represents a significant and disproportionate escalation of council rates that risks undermining investment certainty, employment stability, and MSC's own economic objectives. Under the proposed SRV, the Maxwell Mine's rates burden would be significantly higher than industry standard for underground coal operations in New South Wales.

2 Objections to the Proposed SRV

- 2.1 With reference to the criteria established by the Office of Local Government (**OLG**) for special rate variation applications, Malabar objects to the proposed MSC SRV for the reasons outlined below.

Criteria 1: Demonstrated need for additional income

- 2.2 MSC has failed to clearly demonstrate its need for additional income. Council cites as their overarching reason for the SRV that there are currently no planning approvals for mining operations beyond 2048 in the Muswellbrook Shire. We note however that this situation is subject to change, and of course mining companies can and frequently do apply for mining expansions and extensions that may continue mining past this date. Indeed, Malabar is undertaking work to support an application for its' Maxwell North Expansion Project. In any event this is clearly not a satisfactory reason for the SRV to be granted.

- 2.3 Despite this application, the Council publicly contends that they are in a strong financial position, and that the Council has a 'track record' of 'strong and responsible financial management.'¹ However, while representing that they are in a 'strong financial position', MSC also represents that they are economically reliant on coal mining, and that without investment in attracting alternative industry into the area, the area is likely to experience lower socio-economic conditions.² They forecast a 'growing gap' between 'Council resources and the services [their] residents rely on'.³ MSC further says, 'the Mines have the capacity to contribute more now, while they are in operation, to reduce the burden on residents and other ratepayers to cover the projected shortfall.'
- 2.4 We submit that the proposed SRV is not the appropriate vehicle to address any reduction of mines over the coming years in the Muswellbrook Shire. We note that there is significant interest from state and federal government agencies in assisting communities' transition away from coal, with agencies such as the Future Jobs and Investment Authority established specifically to address the issue of transitioning from coal production toward other economic opportunities and employment. We also note various investments made by private industry to support industry diversification, such as BHP's \$30 million Upper Hunter community fund. By contrast, MSC's proposed SRV appears to penalise the mining industry rather than encouraging the development of other commercial opportunities.
- 2.5 Further, Malabar disputes Council's forecasts. MSC's reliance solely on 'expected mine closures' to justify the SRV assumes that mines are and will continue to be able to pay higher rates and assumes all mining operations will cease after 2048. We believe these projections underestimate the level of continued investment MSC will experience from mining operators, renewable energy and other parts of industry. In addition, and as noted above, this assertion also assumes that there will be no opportunity for mining operators to have their operations extended beyond 2048 which cannot be justified.
- 2.6 In addition, MSC's application fails to recognise that the relevant dates in planning approvals relate to the cessation of mining operations only, where rehabilitation and other closure activities can occur after those dates (generally for an indefinite period of time). We also note that Malabar and other mining ratepayers will still be required to continue paying rates during mine closure and rehabilitation.
- 2.7 While Malabar's Maxwell Mine currently has approval to operate until 20248, we plan to continue investing in and expanding our operations both in mining and outside of mining. Given our extensive additional reserves in Maxwell North, Maxwell West and Spur Hill, we are also in the process of developing additional mining capabilities and are actively progressing significant projects including a mega-battery, large scale solar developments, skills development, and community and agricultural investment initiatives within the Muswellbrook LGA. However, these projects require significant investment, and the projects must be economically viable in light of the proposed SRV's increase in operational costs for the company.

Criteria 2: Community awareness of the need and extent of the proposed rate rise

Community awareness

- 2.8 We understand that MSC used various forms of community engagement to promote awareness of the Proposed SRV. However, this community engagement occurred from 3 December 2025 to 12 January 2026, which was over the Christmas and holiday period.

¹ <https://www.muswellbrook.nsw.gov.au/srv/>

² MSC IPART [Application Part B](#), pp. 12-13

³ <https://www.muswellbrook.nsw.gov.au/srv/>

While MSC extended the original consultation period from 7 January 2026 to 12 January 2026, this still did not provide business and the community sufficient time to return from the holiday break and consider the proposed SRV.

- 2.9 Further, we note that the exhibition period was non-compliant with MSC's own standards, with the Community Engagement and Participation Plan falling short of the required 28 day period (excluding 25 December to 9 January), as well as it occurring over the Christmas/New Year period.⁴ We believe this would have negatively impacted community awareness and the community's engagement with MSC over the proposal, and amounts to a denial of procedural fairness.
- 2.10 During public consultation, MSC commissioned Morrison Low Advisory to prepare a Community Engagement Outcomes Report. The report analysed the community response to the proposed SRV, looking at the various engagement methods and tools utilised by MSC and any responses or submissions MSC received.
- 2.11 The report showed that out of a population of 16,778 people in the Muswellbrook Shire, the survey on the MSC webpage received only 337 responses.⁵ Of these responses, 88% of respondents said that they were aware of MSC's application for an SRV, with 67% of respondents saying they were not supportive of the proposals.⁶
- 2.12 The key findings of the community consultation was summarised as follows:⁷
- Feedback showed high awareness of the proposal but low support for the SRV. Many respondents expressed concerns about Council's financial management, the fairness of targeting a single rate category, and potential economic impacts in the region. Respondents also questioned the link between the SRV and service reductions, raised issues with current service levels, and suggested alternative approaches such as improved efficiencies and economic diversification. A smaller group supported the SRV as a proactive response to long term transition.*
- 2.13 Respondents to the survey voiced:⁸
- (a) Distrust in Council's financial management (with many respondents expressing low confidence in Council's budgeting, spending discipline and transparency);
 - (b) That the SRV seems to unfairly target the mining sector;
 - (c) Concerns about the burden of the increased rate shifting to residents and businesses once the mines close;
 - (d) Concerns about economic consequences for the region (that the proposed SRV could reduce mining's viability, damage business confidence, accelerate population decline, reduce job opportunities and local supply chains);
 - (e) Scepticism that the closure of mines would require service reductions if the proposed SRV was not approved;⁹
 - (f) Calls for clearer plans and assurance that the funds will be used responsibly;

⁴ [2024-2028-Community-Engagement-and-Participation-Plan-ADOPTED.pdf](#) pp. 12-13

⁵ MSC IPART Application, Community Engagement Outcomes Report, p. 10

⁶ MSC IPART Application, Community Engagement Outcomes Report, pp. 12-14

⁷ MSC IPART Application, Community Engagement Outcomes Report, p. 2

⁸ MSC IPART Application, Community Engagement Outcomes Report, p. 15-17

⁹ Noting that Respondents were asked to select which services should be reduced by MSC should the SRV be unsuccessful, directly after a question which asked them whether they support the proposed SRV.

- (g) Criticism that Council should have prepared for mine closures decades earlier, and that transition should not be funded by a single industry;
 - (h) Requests for alternative revenue options;
 - (i) Concerns about current service levels; and
 - (j) Concerns that the SRV could damage the cooperative relationship between Council and the mining companies, damaging employment and investment in the local community.
- 2.14 Although it may be said that the community respondents to the survey were aware of the proposed SRV, it cannot be said that they were aware of the alleged need for the rate rise or agree that the rate rise is necessary.

Submissions to MSC

- 2.15 In addition to the lack of community support for the proposed SRV, MSC received submissions from various community bodies who outlined their concerns with the proposal and questioned the sudden need for the rate rise.
- 2.16 The Muswellbrook Chamber of Commerce and Industry expressed concerns about several aspects of the proposal. Although the chamber accepted the need for a long-term financial plan, they were critical of the plan's heavy reliance on higher mining rates, future fund returns and debt. They noted that the LTFP lacks clarity about how operational efficiencies will be achieved and requested greater transparency around how revenue will be spent and how investments balance risk and return.
- 2.17 The NSW Minerals Council submitted that mining already contributes a 'significant and growing share' of total rates revenue, with the proposed SRV creating an increasing and unsustainable reliance on mining to subsidise other categories. They also expressed active support for planning applications to extend the life of mines in the Hunter region.
- 2.18 Further, Ridgeland Residents Incorporated raised concerns about transparency, financial management and audit practices within MSC. They expressed that the justification used by MSC lacked clarity and failed to demonstrate a clear link to community outcomes.
- 2.19 We note that MSC did not address the concerns raised during this community feedback, outside of the five-day extension granted for community consultation. Council's statement that there was 'little other feedback for Council to respond to' is incorrect and misrepresents the nature of the feedback they received from the community.
- 2.20 The volume and nature of the feedback from the community suggests that the community does not consider that there is a need for the proposed SRV.

Extent of the SRV

- 2.21 MSC has represented to the community that it is pursuing a permanent increase in total rates by 29%, with mining companies alone bearing the full cost of the increase. However, it appears that the full extent of this increase has not been communicated to the community.
- 2.22 The sole focus on mining ratepayers will result in mining rates increasing by almost 50%, which will amount to hundreds of thousands of dollars in additional costs for mining operators. MSC's presentation of the proposed SRV as only a 29% increase lacks transparency and minimises the impact that the proposed SRV will have on Muswellbrook Shire's mines.

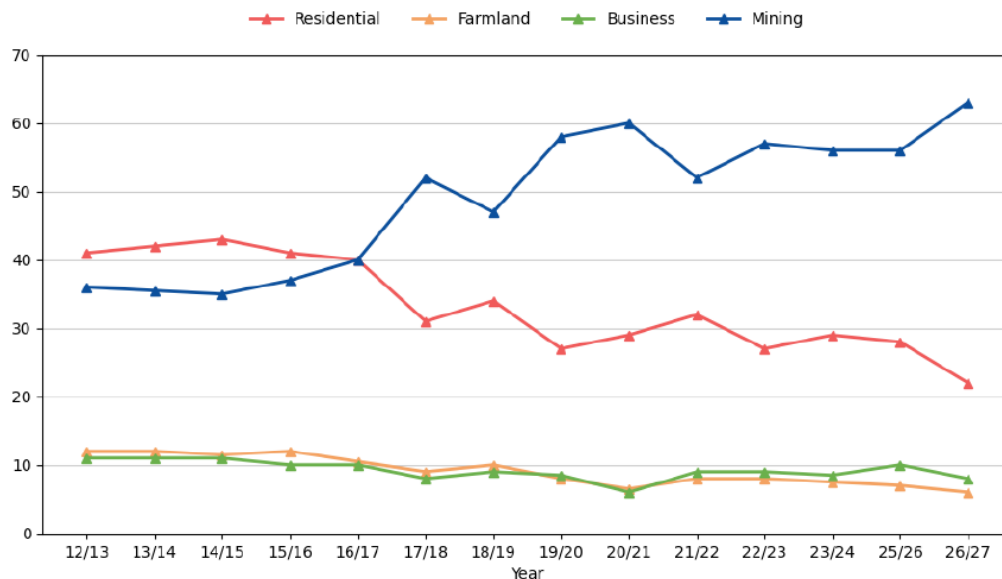
- 2.23 Malabar has concerns about the lack of transparency in representing the extent of the SRV and feels that the community does not appreciate the value and impact of the proposed increase.

Criteria 3: Impact on affected ratepayers

Consistent SRV increases

- 2.24 Over the years, ratepayers have been subject to frequent increases in their rates as a result of MSC's consistent SRV applications to IPART. In recent years, MSC has made the following applications to IPART:
- (a) In 2011, application for a temporary SRV of 6.8% for a period of one year - approved by IPART;
 - (b) In 2012, application for a permanent SRV of 7.60% - approved by IPART;
 - (c) In 2017, application for a temporary SRV of 20.39% to fund loan repayments for three key community projects - rejected by IPART;
 - (d) In 2018, applied for a temporary SRV of 14.73% for one year for new infrastructure investment, maintenance and renewals – partly approved by IPART;
 - (e) In 2019, applied for a permanent SRV of 15.3% to improve infrastructure and services – approved by IPART; and
 - (f) In 2022, applied for ASV of 2.50% - approved by IPART.
- 2.25 Each of the above approved rate increases has been disproportionately applied by MSC to the mining category and has therefore burdened the mining industry significantly more than other categories of ratepayers in the Muswellbrook area.
- 2.26 Although not all these applications were granted, the frequency of these applications demonstrates an increasing reliance on rate variations by MSC as a means of increasing cash flow. Notably, the proposed increase is a substantial increase from prior applications for only one category of ratepayer.
- 2.27 From the 2011/12 financial year to the 2023/24 financial year, mining ratepayers' contribution to MSC's rates revenue has increased from 34% to 56%. During this same period, the contribution of residential, farmland and business ratepayers has decreased. This is outlined in the diagram below.

MSC Rate Category Returns - % of Rates Collected



- 2.28 Since acquiring the Maxwell assets in 2018, Malabar's MSC rates have increased by approximately 2.5 times the amount that the previous owners (Anglo American plc and ors) were paying. Approval of the proposed SRV would result in a cumulative increase of almost 4 times.

Disproportionate burden on Mines

- 2.29 The proposed SRV will disproportionately affect the mining operators in the area. For a long time, mining ratepayers have shouldered the bulk of an ever-increasing share of Council's rates revenue, with cumulative increases far exceeding those applied to other categories.
- 2.30 Currently, MSC's annual notional general income is estimated to be \$24,526,752 - of this amount, mining ratepayers contribute an estimated \$13,547,579.¹⁰ While there are 6,950 residential ratepayers, 618 business ratepayers and 468 farmland ratepayers, there are only eleven mining ratepayers.
- 2.31 Under the proposed SRV, just eleven parcels of land will generate an additional \$6 million in revenue. This will bring mining ratepayers expected contribution to an estimated \$20,278,290 annually and will result in a total annual revenue of \$31,592,557 for MSC.¹¹
- 2.32 The substantial increase in rates from the proposed SRV will be a substantial and unprecedented increase for a single category of ratepayer. Where the number of mines in the Muswellbrook Shire will decrease in coming years, this burden will only become more disproportionate.

Community contributions

- 2.33 Malabar contributes to the local community in multiple ways including through:
- (a) Annual Voluntary Planning Agreement payments to the MSC which consist of:¹²

¹⁰ MSC IPART [Application Part A](#) – WS3 – Notional General Income

¹¹ MSC IPART Application Part A – WS 4 – Yr 1 Yield

¹² Malabar [Media Release](#), 'Maxwell Mine Planning Agreement to deliver jobs and community funds, 29 September 2021

- (i) Minimum annual payments of \$120,000 during construction;
 - (ii) Annual payments of \$370,000 during longwall mining; and
 - (iii) In years where coal sales exceed 1.5 million tonnes during construction or 5 million tonnes once the longwall is operational, an additional 7 cents per tonne;
 - (b) Direct financial support to local community organisations, schools and supporting groups;
 - (c) Spending of approximately \$25 million within the Shire over the past 12 months on local goods and services, not including salaries and wages; and
 - (d) A commitment to employ four new apprentices annually at the Maxwell mine, supporting long-term skills development within the community.
- 2.34 MSC represents that the proposed SRV will have minimal impact on mining ratepayers and their capacity to pay, and that the variation will only lead to an average increase in \$571,000 in rates annually.¹³ However, this is a substantial increase for many operators, especially for those already investing in the community and looking to assess the viability of their longevity in the region. The proposed SRV, if approved, will materially alter the cost base in a way that affects investment allocation decisions for mining ratepayers.
- 2.35 As outlined above, Malabar has plans for continued investment and expansion in the Muswellbrook area. Our initiatives represent significant capital investment into long-term power generation and storage infrastructure in Muswellbrook Shire. However, the scale and timing of our decisions around capital allocations are sensitive to changes in operating costs.
- 2.36 The proposed SRV risks deferring or slowing transition-related investments which are crucial to these projects. And further, if the proposed SRV is approved by IPART, Malabar will be effectively penalised for the closure of its competitors' operations as the rates burden falls to less mines over future years.
- 2.37 We therefore submit that the proposed SRV, and its focus solely on mining ratepayers, will disproportionately impact mining ratepayers and lead to negative investment outcomes.

Criteria 4: Exhibition of IP&R documents

- 2.38 Malabar acknowledges that MSC has exhibited and adopted the relevant IP&R documents. This includes the Community Strategic Plan (adopted 27 May 2025), Delivery Program (adopted 24 June 2025), Long Term Financial Plan (adopted 27 January 2026), and the Asset Management Plan (adopted 24 June 2025).
- 2.39 However, we do note our concerns raised about the timing of the exhibition of the Long Term Financial Plan which was exhibited over the Christmas/ New Year break, and further we query the transparency and lack of detail provided in these documents regarding the need for the SRV, current Council funding and how funds from the SRV will be used in practice.

Criteria 5: Productivity improvements and cost containment strategies

- 2.40 Council states in its application that it is in a strong financial position and has a strong level of efficiency and productivity.¹⁴ However, if this is the case, we query why there is need for such an urgent injection of money from the proposed SRV.

¹³ MSC IPART Application Part B, p. 24

¹⁴ MSC IPART Application Part B, pp. 33-34

- 2.41 MSC have submitted they have already implemented a variety of initiatives to help increase productivity and reduce costs for ratepayers. They outline on their website that to date they have:¹⁵
- (a) Established a 'Future Fund';
 - (b) Built internally allocated cash reserves;
 - (c) 'Continually improved' Council procurement practices;
 - (d) Deployed software; and
 - (e) Brought new industry and investment to the Shire.
- 2.42 However, the 'Future Fund' was established fifteen years ago, and Council notes that at the current level of investment it is still not 'sufficient to fully cover the revenue gap that will be created.' If after fifteen years the Future Fund is incapable of filling this gap, we consider that either the gap is overstated, or the funding model which the Future Fund is based upon is fundamentally flawed and requires redevelopment rather than a rate variation.
- 2.43 Further, in their application to IPART, MSC projects that without the proposed SRV there would be no revenue generated from the Future Fund within the next decade.¹⁶ We are critical of this representation, as the Fund's property investments would surely increase in value over the course of the decade. Further, we are critical of why there is now a need for such a large rate increase, given that the fund has now existed for a prolonged period, and mining is expected to continue in the Shire until 2048 and potentially beyond.
- 2.44 Despite MSC's claims that it is seeking to diversify industry and investment, an increase in the SRV would only increase MSC's reliance on mining funds. Increased revenue from the SRV will widen the expected 'revenue gap' the Future Fund is expected to offset. If after fifteen years the Fund has been unable to fill this 'revenue gap', Malabar queries how MSC intends for this wider gap to be filled.
- 2.45 However, MSC contends that they have identified 'several improvement initiatives', including:
- (a) Developing and implementing a digital transformation aimed at improving software and systems;
 - (b) Implementing an asset management improvement plan; and
 - (c) Implementing further energy, water, plant and fleet management efficiencies.
- 2.46 By MSC estimates, they will pay over the next decade:¹⁷
- (a) \$21,995,769 for Future Fund loan interest,
 - (b) \$19,019,401 for Future Fund principal payments,
 - (c) \$5,625,321 for software;
 - (d) \$1,336,782 in 'other operational efficiency and asset rationalisation initiatives'; and
 - (e) \$22,763,311 for investment in Economic Development and Tourism initiatives.

¹⁵ <https://www.muswellbrook.nsw.gov.au/srv/>

¹⁶ MSC IPART Application Part A – WS10 – LFTP – Table 10.4

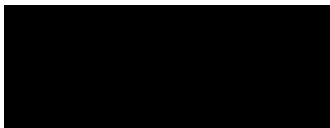
¹⁷ MSC IPART Application Part A – WS8 – Expenditure Program

- 2.47 The productivity improvements outlined by MSC are vague, and do not provide any detail of what the measures outlined above include, and what the benefits of these measures have and will be. The loan repayments mentioned for the Future Fund also warrants further query. Where MSC has taken on such a large quantity of loans and expenditure, they should be required to provide further information to the community on this investment.
- 2.48 The lack of information about how revenue to date has been spent does not create confidence that investments have had a sustainable balance of return and associated risk.

3 Conclusion

- 3.1 In conclusion, Malabar has deep concerns regarding the proposed SRV and believe it represents a substantial disproportionate escalation in council rates. Under the proposed SRV, Malabar will experience some of the highest rates in NSW, which threatens planned capital investment in the Muswellbrook Shire. The proposed SRV clearly does not satisfy the specific standards established by the OLG criteria and therefore should be refused.
- 3.2 Malabar has demonstrated a continued commitment to the Muswellbrook community, with its contribution extending well beyond rates. These contributions encompass substantial voluntary planning agreements, direct community investment, and ongoing support for local organisations, infrastructure, and skills development.

Yours Sincerely,



Wayne Seabrook – Chairman Malabar Resources

Submission to IPART regarding request by Muswellbrook Council for SRV

I note the detailed information provided by Muswellbrook Council (**Council**) in respect of the current SRV application.

1. Qualitative summary

Council states:

Council is making the prudent decision to apply for an SRV to address the decline in revenue now, while mines are still operating, to avoid higher rates for residents and businesses as the mines move towards closure.

The proposed mining rate increase will be invested towards:

- Making Council more efficient, cost effective, and customer focused;
- Activities to bring new industry, jobs, and investment to the Shire; and
- Council's existing Future Fund to support a reliable income stream to offset the loss of mining rate revenue

2. Quantitative summary

In terms of these objectives there are specific comments by Council on cost savings on Council efficiency. Attracting new industry to the Shire is a medium to long term reasonable aspiration.

The expansion of the Future Fund is a key part of the platform for the replacement of future mining rate reductions but it is inadequately explained. This strategy includes:

- (a) Additional borrowing of \$50m at an estimated rate of 4.5%pa to purchase property or other interests
- (b) Investment of these funds to earn a rate of return of 8%pa, described as "Initiatives Revenue" of \$4m pa.
- (c) The operating performance shows strong growth in revenue from the above
- (d) Operating expenses are expected to remain steady over 10 years despite strong growth in revenues.
- (e) A more rigorous evaluation of these objective is required.

3. Comments on Future Fund

In order to justify a major increase in the Future Fund assets and liabilities it is necessary to:

- (a) Examine past performance of the fund on the basis of cash flow generation including asset renewals and repayment of debt
- (b) Provide evidence that assets can be acquired at a net yield of 8%pa which are of acceptable quality

- (c) An understanding of assets in terms of property location and class
- (d) A sensitivity analysis in terms of variation in asset yields and future borrowing costs.

4. Consideration of other regulatory requirements

As part of the SRV approval process it may also be necessary to refer to:

- (a) Requirements of the Office of Local Government in relation to Council investment in property assets. This includes not only the purchase of property assets but acquisition of such assets by the use of debt leverage.
- (b) Consideration of any relevant Ministerial Investment Orders.

Author name: P. Morrissey

Date of submission: Monday, 2 March 2026

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).

As per my original submission to Muswellbrook council on their survey last year, this is a short-term, poor decision. What happens in future, as mines close, the rate increase will become zero? All Muswellbrook Council is doing is placing a burden of unfunded budgets on future people and council in the Muswellbrook LGA. This is not a sound financial decision to place on future generations this impost. Council has not looked at future business attraction to build the region and therefore the number of ratepayers that could be contributing, both in business and housing. There has been no economic roadmap of the potential in the Upper Hunter to attract a diversity of new business operations and activities. The AGL site still sits idle after more than 10 years of slide shows and platitudes that there will be this massive energy hub. Utilisation of post mining land use to attract business has not been explored.