



Special Variation Application Form Part B

Muswellbrook Shire Council

Application Form

2026-27

Local Government »



Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

Contact details

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The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

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Council Information

Please fill out the table below.

| | |
|--------------------------------|----------------------------|
| Council name | Muswellbrook Shire Council |
| Date submitted to IPART | 2 February 2026 |

1 About this application form

This application form is to be completed by councils applying for a special variation (SV) to general income for 2026-27 under section 508(2) or 508A of the *Local Government Act 1993* (LG Act). The application form is in two parts:

1. Application Form [Part A](#) (separate Excel spreadsheet)
2. Special Variation Application Form Part B (this MS Word document)

The SV Application Form Part B collects:

- Description and Context information for the SV
- Evidence against:
 - Criterion 1: Need for the variation
 - Criterion 2: Community awareness and engagement
 - Criterion 3: Impact on ratepayers
 - Criterion 4: Integrated Planning & Reporting (IP&R) documents
 - Criterion 5: Productivity improvements and cost containment strategies
 - Criterion 6: Other relevant matters
- Council certification and contact information

It also provides a List of attachments and checklist to assist councils.

When completing this Application Form, councils should refer to:

- The 'Apply for a SV or minimum rates (MR) increase' page of IPART's [website](#)
- The Office of Local Government (OLG) [Guidelines](#) issued in November 2020
- IPART's SV Guidance Booklet – *Special Variations: How to prepare and apply* available on our [website](#).

We encourage Councils to contact IPART early in their preparation to apply, or potentially apply, for an SV.

2 Description and Context

These questions seek information not tied to a specific criterion in the OLG guidelines.

Question 1: What type and size of SV is the council is applying for?

In Table 1, please use the checkboxes to indicate the type of SV the council is applying for. In Table 2, please provide, rounded to **1 decimal place**, unless otherwise specified in Table 3:

- the total percentage increase (including the rate peg) and,
- for a section 508A SV, the cumulative percentage increase over the SV period.

The percentage increases applied for should match any percentages specified in the council resolution to apply for an SV. That is, the council resolution should be specified to 1 decimal place unless the council specifically wants a different number of decimal places.

Should an SV be approved, the instrument will list the approved percentage(s) and the maximum permitted cumulative increase. If the cumulative increase is not specified in the council resolution, we will use 1 decimal place unless a different number of decimal places is specifically requested in Table 3.

If applying for a Crown Land Adjustment (CLA), please **do not** include the CLA percentage in Table 2. Information about CLAs is collected in Question 2 below.

In Table 3, please explain if the council would like its instrument issued to a different number of decimal places and if it has used an assumed rate peg that is not 2.5%.

Our [Guidance Booklet - Special variations: How to prepare and apply](#) has an example of these questions completed.

Table 1 Type of special variation

| | | | |
|---|--|---------------------------------------|--|
| What type of SV is this application for? | <input checked="" type="checkbox"/> Section 508(2) | <input type="checkbox"/> Section 508A | |
| Are you applying for Permanent or Temporary? | <input checked="" type="checkbox"/> Permanent | <input type="checkbox"/> Temporary | <input type="checkbox"/> Permanent + Temporary |

Table 2 The council's proposed special variation

| | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Is this year in the SV period? | Yes | No | No | No | No | No | No |
| Percentage increase | 29.0% | | | | | | |
| Rate peg | 3.1% | | | | | | |

| | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 |
|--|-----------|---------|---------|---------|---------|---------|---------|
| Cumulative percentage increase over the SV period for s 508A | 29.0% | | | | | | |
| Indicate which years are permanent or temporary | Permanent | | | | | | |

Table 3 Further questions

| Question | The council's response |
|---|--|
| Does the council wish its potential SV instrument to be issued with a different number of decimal places? | No |
| If the council used an assumed rate peg that is not 2.5%, please briefly justify why it did so. | Council has used the approved rate peg for 2026-27 of 3.1% and 2.5% as the assumed rate peg of all other years in its Long Term Financial Plan (LTFP). |

Question 2: Is the council applying for a Crown Land Adjustment (CLA) in 2026-27?

Please fill out the table below if the council is also applying for a CLA, otherwise leave it blank.

| | |
|--|-----|
| Is the council also applying for a CLA? | No |
| If so, by what percentage? | n/a |
| What is the dollar (\$) value for the CLA? | n/a |
| Who was the prior owner of the Crown Land? | n/a |
| Briefly outline the reason for the land becoming rateable. | n/a |

Question 3: What is the key purpose of the requested SV?

In the text box below please summarise the key purpose(s) of the proposed SV.

The key purpose of this SV is to ensure Council's ongoing financial sustainability and its ability to maintain existing services and service levels, generally as most of the mining operations in the Local Government Area (LGA) wind down and close.

Council currently receives 56% of its rates revenue from the mining rates category, which is made up of 11 coal mine assessments, eight of which are currently operational. Over the next 15 years, these mine operations will close, and this is expected to significantly reduce Council's total permissible rates revenue.

This proposed SV is targeted at mining assessments only. 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.

Investment in these three areas will reduce the need to burden residential, business and farmland rates categories with significant rate increases when the mines start to close. The residents, farms and business in the local government area have less capacity to pay than mine operations and are also likely to feel the economic adverse effects of mine closures, particularly if alternative industry is not found to replace it.

Question 4: Is the council proposing to increase minimum rates in conjunction with the special variation?

Complete Table 4 if the council proposes to increase minimum ordinary rates and/or Table 5 if the council proposes to increase special rates in conjunction with the SV for 2026-27. Otherwise, leave it blank. IPART will also use data provided in Application Form [Part A](#) to understand the details of the proposed SV and minimum amounts of rates.

In some situations, a minimum rates increase will be subject to IPART approval. In these cases, councils will need to also complete *Minimum Rate Increase Application Form Part B 2026-27* (Word document) available on our [website](#). Please see Table 2.4 of the [Guidance Booklet - Special variations: How to prepare and apply](#) for further information on when an additional MR increase application may be required. Councils do not need to submit another Application form Part A (Excel document).

Table 4 Minimum rates increase for ordinary rates

| | |
|--|--------------------|
| Does the council have an ordinary rate(s) subject to a minimum amount? | No |
| Does the council propose to increase the minimum rate(s) above the statutory limit for the first time? (If yes, you must complete a separate minimum rate increase application form.) | No |
| Does the council propose to increase the minimum rate(s) above the proposed SV percentage(s)? (If yes, you must complete a separate minimum rate increase application form, even if the council has been approved to increase its minimum rate above the statutory limit in the past.) | No |

| | |
|---|----|
| Has the council submitted an application for a minimum rate increase? | No |
|---|----|

In the text box below, provide the council's proposed minimum rates increase (both in percentage and dollar terms) and to which rating category (or sub-category) the increase is to apply for each year (this can be in table form).

| |
|------|
| n/a. |
|------|

Worksheets 4, 5 and 7 (WS 4, 5 and 7) of the [Part A](#) application form collects more detailed information about the proposed minimum rates increase.

Table 5 Minimum rates increase for special rates

| | |
|--|-----|
| Does the council propose to increase the minimum amount of a special rate above the statutory limit? | No |
| What will the minimum amount of the special rate(s) be after the proposed increase? | n/a |
| Has the council submitted an application for a minimum rate increase? | No |

The council must ensure that it has submitted [MR Increase Application Form Part B](#), if required. No separate Part A is required.

Question 5: Does the council have an expiring SV?

Complete the table below if the council has a temporary SV which is due to expire:

- on 30 June 2026, or
- at the end of any year in the period the requested SV would apply.

To calculate the amount to be removed from general income when the SV expires, councils must follow the terms of the relevant condition in the SV instrument. Councils may find the example in Attachment 1 to the [OLG SV Guidelines](#) useful. The OLG's SV Guidelines also specify that councils must contact the OLG to confirm the calculation of this amount.

| | |
|---|----|
| Does the council have an SV which is due to expire on 30 June 2026? | No |
| Does the council have one or more SV/s due to expire during the proposed SV period? | No |

| | |
|---|-----|
| If Yes to either question: a. When does the SV expire? | n/a |
| b. What is the percentage to be removed from the council's general income? | n/a |
| c. What is the dollar amount to be removed from the council's general income? | n/a |
| Has OLG confirmed the calculation of the amount to be removed? | n/a |

Attachments required:

- Instrument(s) approving any SV which expires at 30 June 2026 or during the period covered by the proposed SV.
- OLG advice confirming calculation of the dollar amount to be removed from general income as a result of the expiring SV.

Question 6: Does the council have an existing (ongoing) section 508A special variation which applies in 2026-27?

Complete this question if the council has an existing section 508A multi-year SV instrument which approves an increase to general income above the rate peg for 2026-27 and future years within the period covered by the council's SV application.

If the council has an ongoing section 508A SV and is seeking additional changes to general income during the term of that existing SV, IPART will need to vary the original instrument if the application is approved, rather than issuing a separate SV instrument to apply for 2026-27 (or later years).

| | |
|--|----|
| Does the council have a section 508A multi-year SV instrument that applies in 2026-27? | No |
|--|----|

If yes to the above question, in the text box below:

- Specify the percentage increase(s) and duration of the SV
- Outline the council's actions in complying with conditions in the instrument approving the original SV
- Describe any significant changes relevant to the conditions in the instrument since it was issued.

Supporting documents could include extracts from annual reports or any other publications in which compliance with the terms of the SV has been reported to ratepayers.

n/a

Attachments required:

- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument on the council's official letterhead.
- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument. For example, extracts from annual reports or any other publications in which compliance with the terms of the SV has been reported to ratepayers.

Question 7: Has IPART *ever* approved a special variation (including additional special variations in 2022-23)?

Complete this question if IPART has ever approved an SV for the council.

You **do not need** to complete the text box for this question if the relevant information has been provided in the council's response to Question 6.

Does the council have a section 508(2) or 508A SV which IPART has approved?

Yes

If yes, in the text box below, for each SV approved by IPART, briefly:

- Specify the type of SV and the increase to general income approved.
- Outline the council's actions in complying with conditions in the SV instrument(s) or where the council has failed to comply with the conditions, provide reasons and list the corrective actions undertaken.
- Describe any *significant* changes relevant to the conditions in the SV instrument(s) since it was issued.

Supporting documents could include extracts from annual reports (or webpage hyperlinks to them) or any other publications in which compliance with the terms of the SV has been reported to ratepayers.

IPART has approved four (4) Special Variations and one (1) Additional Special Variation for Muswellbrook Shire Council, as follows:

- In 2011, IPART approved a temporary 6.8% SV for one year, commencing from 1 July 2011 and expiring on 1 July 2012.
- In 2012, IPART approved a permanent 7.60% SV implemented over one year, commencing from 1 July 2012.

- In 2018, IPART approved a temporary 14.73% SV for one year, from 1 July 2018 and expiring on 1 July 2019.
- In 2019, IPART approved a permanent 15.13% SV implemented over one year, commencing from 1 July 2019.
- In 2022, IPART approved a 2.50% ASV, which was 1.8% over the announced rate peg of 0.7% for the 2022-23 Financial Year.

Attachments required:

- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument(s).
- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument(s). For example, extracts from annual reports or any other publications in which compliance with the conditions of the SV instrument has been reported to ratepayers.
- If applicable, supporting documents providing evidence of the corrective actions undertaken in the event of a failure to comply with the conditions in the SV instrument(s).

Question 8: Does the council have deferred general income increases available to it?

Complete the question box below if the council has decided not to apply the full percentage increases to general income available to it in one or more previous years under sections 506, 508(2) or 508A of the LG Act.

| | |
|--|-----|
| Does the council have deferred general income increases available to it from one or more previous years under section 511 of the LG Act? | No |
| If Yes, has the collection of this additional income been included in the Council's Long Term Financial Plan (LTFP)? | n/a |

In the text boxes also explain:

a. The quantum, rationale and timing of any deferred increases in general income.

n/a

b. When council plans to catch up on the deferred general income through the catch-up provisions and whether this been included in the LTFP.

n/a

c. How does this deferred income impact on the council's need for the SV and its cumulative impact on ratepayers' capacity to pay? The council may also wish to further expand on this question in Table 6 in the OLG Criterion 1 section below.

n/a

3 OLG SV Criterion 1 – Financial need

Refer to the [OLG SV Guidelines](#) as needed, and section 3 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing consultation strategy and material for completing this section.

In Table 6 below, please explain how the council met each component of Criterion 1. Please also provide a reference to evidence in the IP&R documents.

The [Part A](#) application form also collects information for this criterion in Worksheets 9 (WS 9 - Financial), 10 (WS 10 - LTFP) and 11 (WS 11 - Ratios).

Table 6 OLG Criterion 1 components

| Criteria | Evidence of meeting this criterion from the council's IP&R documents | Reference to IP&R documents |
|---|---|---|
| The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the SV) is clearly articulated and identified in the council's IP&R documents | <p>Council's 2025-35 Community Strategic Plan (CSP) identifies and considers Council's response to the key strategic challenges of Coal Mining closures in the LGA.</p> <p>"Muswellbrook has a strong proud history as a leader in energy generation and coal mining, but as our economy changes, one of our biggest challenges, and opportunity, is to prepare our community and business for new possibilities to prosper. This plan marks the start of an exciting new chapter in the history of Muswellbrook Shire." (p4).</p> <p>"Through our recent community engagement, you told us that attracting new businesses, supporting business growth, and planning for the future are top priorities." (p5)</p> <p>The level of reliance on mining in the LGA is demonstrated on page 9 of the CSP (and page 11 of the Delivery Program).</p> <p>"Muswellbrook has long been economically reliant on coal mining, with major industries such as coal extraction and power generation driving much of the local economy. With the global shift toward renewable energy and the closure of coal-fired power stations like Liddell, our region faces the challenge of diversifying its economy."</p> | <p>2025-35 Community Strategic Plan</p> <p>2025-29 Delivery Program</p> <p>2026-36 LTFP</p> <p>2025-26 Operational Plan</p> |

| Criteria | Evidence of meeting this criterion from the council's IP&R documents | Reference to IP&R documents |
|----------|--|-----------------------------|
| | <p>Coal mining plays a crucial role in our region's history and economy, providing employment and driving infrastructure development. Mining is a significant employer in Muswellbrook and the Hunter region, providing jobs directly in the mines as well as supporting industries such as transport, engineering and services. Council will keep planning for the shift to renewable energy, as well as agriculture and tourism, to ensure long-term economic sustainability. We will also put strategies in place to retrain workers and attract new industries that create job opportunities." (p.10 CSP)</p> <p>The key strategies outlined in the CSP to support this identified key strategic challenge include</p> <ul style="list-style-type: none"> • Lead the diversification of the local economy, including attracting new industry and businesses (p29) • Collaborate with key stakeholders and government to secure investment and long-term employment (p29) • Plan for reuse of former mining and energy generation land for employment, recreation and environmental purposes (p29) • Ensure Council has long-term financial sustainability (p37) <p>From these CSP strategic objectives, Council's 2025-29 Delivery Program reinforces the challenge and outlines the following principal activities:</p> <ul style="list-style-type: none"> • Retain our workforce and grow employment opportunities by attracting new industry and investment (p25) • Work with industry and government to fast-track land use planning and infrastructure to support future industry uses (p25) • Deliver improved economic outcomes on mining and energy impacted lands (p25) • Support financial sustainability through planning, budget management and accurate reporting to the community (p29) • Ensure Council's rate structure and revenue streams address Council's long term financial challenges (p29) <p>With the 2025-26 Operational Plan identifying several immediate actions including investigating a Special Rate Variation (Action 5.4.2.1, p49).</p> <p>Council's 2026-36 Long Term Financial Plan (LTFP) outlines the imminent issues that will be caused by the closures of coal mines in the LGA and articulates Council's proposed response to the challenge, which includes the proposed SV. The LTFP models the impacts if Council does and does not seek the proposed SV.</p> <p>Muswellbrook Shire's first mine closure occurred in 2023, with the BHP Mt Arthur Mine and Glencore Mangoola Mine Closing in 2030, no mine approval exists beyond 2048 and modifications to existing approvals are increasingly difficult. Muswellbrook is geographically surrounded by mines, limiting the town's ability to grow and accommodate alternative industry uses.</p> | |

| Criteria | Evidence of meeting this criterion from the council's IP&R documents | Reference to IP&R documents |
|---|---|---|
| In establishing need for the SV, the relevant IP&R documents should canvass alternatives to the rate rise. | Council's LTFP looks at the alternatives to the rate rise, noting that while it has already established strategies to manage the transition from coal mining, including the already established Future Fund, these will not be sufficient to ensure Council's ongoing sustainability. Council's main alternative is to wait until the mines close and seek a special variation at that time levied against all ratepayers to address the revenue gaps left by the departure of the mines. This is not specifically modelled in the LTFP, as the timeline for this extends beyond the current LTFP 10-year forecast. However, as the Capacity to Pay analysis indicates, this option is less desirable, as residential ratepayers have significantly less capacity to pay, while the impact of this proposed SV on mining ratepayers is demonstrably reasonable. The analysis provided in the Capacity to pay is based on the current (2021) Socio-Economic Indicators for Australia (SEIFA) from the Australian Bureau of Statistics (ABS). It is anticipated that without investment in attraction of alternative industry into the area, which would be funded by the proposed SV, the area's SEIFA rankings are likely to further decline as the mining industry departs the region. The proposed SV is considered the optimal alternative as it enables Council to fund activities to attract alternative industry, maintaining socio-economic conditions and increasing business ratepayers, as well as continuing to build Council's future fund, reducing reliance on rates as a revenue stream in the future. | 2026-36 LTFP Capacity to Pay Analysis SRV Background Paper |
| In demonstrating this need, councils must indicate the financial impact in their LTFP by applying the baseline and special variation scenarios. | The 2026-36 LTFP models a baseline and the special variation scenario. The LTFP outlines the assumptions and impacts of each scenario, including comparison of the impacts on operating performance and Council's unrestricted cash position. | 2026-36 LTFP |
| Evidence of community need/desire for service levels/projects and limited council resourcing alternatives. | This SV application is seeking to address long term strategic challenges that Council will face as coal mines inevitably close. It does not seek to change the level of services provided to the community. | n/a |
| Evidence could also include the analysis of the council's financial sustainability conducted by Government agencies | There is a variety of NSW and Commonwealth Government analysis, strategies and policies that address the impact of coal mine closures. These are also supported by a significant body of literature from academic and industrial sources (some samples have been provided here). The transition from coal has moved much faster than was anticipated 10 years ago. The NSW Government has established the Future Jobs and Investment Authority to partner with coal-producing regions to guide future economic development. The Australian Government also has Regional Workforce Transition Officers in place to help local business, industry and communities navigate and adjust to the transition to net zero. This SV application enables Council to be an effective partner of the NSW Government by ensuring its ongoing financial sustainability as well as supporting its communities and businesses through this disruptive change. | Parliamentary Briefing Paper (2021) - Transitioning Communities Dependent on Coal Mining in NSW Wright S (2022) Empowering Coal Regions in Australia, Winston Churchill Foundation NSW Government Future Job and Investment Authority: https://www.nsw.gov.au/regional-and-primary-industries/future-jobs-and-investment-authority#toc-funding-for-coal-producing-communities |

| Criteria | Evidence of meeting this criterion from the council's IP&R documents | Reference to IP&R documents |
|---|--|---|
| | | Australian Government Supporting worker transition through energy system change - https://www.dewr.gov.au/supporting-worker-transition-through-energy-system-changes |
| If applicable, has the council not applied the full percentage increases available to it in one or more previous years under section 511 of the Local Government Act? If a council has a large amount of revenue yet to be caught up over the next several years, it should explain in its application how that impacts on its need for the SV. | n/a – all permissible rates revenue has been levied. | n/a |

3.1 Additional information required for councils with an existing SV applying for an additional percentage increase

If the council has **an existing SV**, then explain the need for **a variation to that SV** to increase the annual percentage increases.

n/a

3.2 Any other factors that demonstrate the council's financial need (optional)

In the text box please give a brief explanation of any other factors not already mentioned that may be relevant to demonstrate the council's need.

For instance, the council may wish to discuss the impact of **non-rateable** properties.

This SV application is unique in that it allows Council to proactively act to address known future reductions in permissible rates from imminent mine closures. The rates revenue assumptions in the LTFP are based on the following key assumptions:

- Mine closure timeframes are based on currently published closure dates from mining operators.
- The land valuation of a mining assessment will reduce before the mine closes.
- Reduced valuations from mine closure will be treated under the supplementary process, resulting in reduced total permissible mining rates.

Evidence supporting these assumptions and the impact on Council's rates revenue resulting from this is provided in the confidential attachment Rates Analysis. This attachment is provided to IPART as a confidential attachment as it includes details on individual rate assessments. This analysis forms the basis for the LTFP assumptions for future rates revenue as well as the data provided in Part A of this application.

Valuations of mine

Under s 14F(4) of the Valuation of Land Act 1916, the amount that the coal mine increases the land value is recorded separately in the Register of Land Values. Therefore, all mine assessments have a base land value, which represents the value of the land if there was no mining operation, and a coal adjustment that represents the value that the coal mine adds to the land value. For Muswellbrook's operational mines, the coal adjustment can represent between 92% and 99% of the total land value.

As Council has experienced with other closed mines in the LGA, the coal adjustment component of the land value starts to reduce in the years leading up to closure of the mines. As a result, rates levied for each of these mine assessments will decline 2-3 years prior to the closure of the mine.

Supplementary valuations

The NSW Valuer General undertakes periodic valuations of land that determines how rates will be levied. This process does not impact total permissible rates; it simply changes the distribution of the rates burden across the LGA.

However, when a revaluation is undertaken separately to this, it can be treated as a supplementary valuation, under s49 of the Valuation of Land Act 1916. In these instances, total permissible rates revenue does change when valuations are changed through the supplementary assessments process.

Muswellbrook Council has already experienced this in relation to coal mine closures, where the declining value of the mine has been treated as a supplementary and has reduced Council's total permissible rates. As this has been the basis for mine revaluations in the past, Council has assumed that this will also be the case for future revaluations of coal mines and has modelled the impact of declining rates revenue that results. Examples of previous mines supplementary valuations reducing total permissible rates is also provided in the confidential attachment Rates Analysis.

Worksheet 12 (WS 12) in the [Part A](#) Excel application form can also be used to provide additional data.

4 OLG SV Criterion 2 – Community awareness and engagement


Refer to the [OLG SV Guidelines](#) as needed, and section 4 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing consultation strategy and materials for completing this section. Please also note that section 4 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) is the IPART fact sheet referred to in the OLG SV Guidelines under Criterion 2 that provides guidance to councils on the community awareness and engagement criterion for special variations.

4.1 How did the council engage with the community about the proposed special variation?

In Table 7 please provide evidence as to how the councils community engagement met Criterion 2.

Table 7 Evidence of the council's community engagement demonstrating Criterion 2

| Criteria | Evidence of meeting this criterion | Reference to application supporting documents |
|---|---|--|
| Evidence that the community is aware of the need for and extent of a rate rise. | <p>Council undertook consultation on the SRV from 3 December 2025 to 12 January 2026, which included:</p> <ul style="list-style-type: none"> • A dedicated webpage • Survey • Six media releases, leading to 113 mentions across radio, online, print, TV and social media • Local newspaper advertisement • Mayoral interviews with local radio • Factsheets and information displays • Six drop-in sessions in Muswellbrook and Denman • Social media posts • A letter to all ratepayers • A letter to all mines • Face to face meetings with mine operators • Letters to local businesses, community organisations, sporting groups, health services and other key organisations in the LGA. <p>As a result of this engagement Council received 337 survey responses and a further seven (7) written submissions.</p> <p>88% of the survey respondents advised that they were aware of the proposed SRV.</p> | Community Engagement Outcomes Report |

| | <div>Are you aware that Muswellbrook Shire Council is applying for a permanent increase to Council's permissible rates through a Special Rate Variation that applies only to mining land?</div> <div><table><thead><tr><th>Response</th><th>Percentage</th></tr></thead><tbody><tr><td>Yes</td><td>88%</td></tr><tr><td>No</td><td>10%</td></tr><tr><td>Other</td><td>2%</td></tr></tbody></table></div> <div>P13 of Community Engagement Outcomes Report</div> | Response | Percentage | Yes | 88% | No | 10% | Other | 2% | | | | | | | | | | | | | | | | | | |
|--|--|--|--|---|--|--|-------------|-------|---------|---------|------|----------|---------|---------|---------|------|----------|---------|---------|---------|------|--------|-------------|-------------|-------------|-------|--|
| Response | Percentage | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Yes | 88% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No | 10% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | 2% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The council need to communicate the full cumulative increase of the proposed SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category. | <div>Council communicated the full cumulative increase of the proposed SV in percentage and total dollar terms as well as for the average ratepayer by rating category in its consultation material. See the below snapshot from the SRV engagement webpage.</div> <div><div>What Council is proposing</div><div>Council is proposing a permanent increase to the total permissible rates of 29% through an SRV.</div><div><ul style="list-style-type: none">The SRV will only be applied to the mining rate category.The total 29% increase represents the rate peg set by IPART of 3.1% and the proposed SRV of 25.9%.The application of the SRV and rate peg will mean the mining rate category will contribute approximately an additional \$6 million to Muswellbrook Shire in 2026/27.</div><div>Residential and other rate categories will adjust in 2026/27 to the standard rate peg set by IPART of 3.1%. The SRV does not apply to residential or other rate categories. Council is working to keep rates low for residential and other rate categories because we want Muswellbrook Shire to be a desirable place to live.</div><div>Council has decided to consider an SRV to address the decline in revenue now, while the mines are still operating.</div><div>Impact on average rates</div><table><thead><tr><th>Rates category</th><th>2025-26 average rate</th><th>2026-27 average rate (no SRV – rate peg only)</th><th>2026-27 average rate (with proposed SRV)</th><th>Percentage increase in rates under the SRV</th></tr></thead><tbody><tr><td>Residential</td><td>\$988</td><td>\$1,019</td><td>\$1,019</td><td>3.1%</td></tr><tr><td>Business</td><td>\$3,693</td><td>\$3,807</td><td>\$3,807</td><td>3.1%</td></tr><tr><td>Farmland</td><td>\$3,468</td><td>\$3,575</td><td>\$3,575</td><td>3.1%</td></tr><tr><td>Mining</td><td>\$1,225,438</td><td>\$1,263,427</td><td>\$1,834,446</td><td>49.7%</td></tr></tbody></table></div> <td>Council's engagement webpage for the proposed SV - https://www.muswellbrook.nsw.gov.au/srv/</td> | Rates category | 2025-26 average rate | 2026-27 average rate (no SRV – rate peg only) | 2026-27 average rate (with proposed SRV) | Percentage increase in rates under the SRV | Residential | \$988 | \$1,019 | \$1,019 | 3.1% | Business | \$3,693 | \$3,807 | \$3,807 | 3.1% | Farmland | \$3,468 | \$3,575 | \$3,575 | 3.1% | Mining | \$1,225,438 | \$1,263,427 | \$1,834,446 | 49.7% | Council's engagement webpage for the proposed SV - https://www.muswellbrook.nsw.gov.au/srv/ |
| Rates category | 2025-26 average rate | 2026-27 average rate (no SRV – rate peg only) | 2026-27 average rate (with proposed SRV) | Percentage increase in rates under the SRV | | | | | | | | | | | | | | | | | | | | | | | |
| Residential | \$988 | \$1,019 | \$1,019 | 3.1% | | | | | | | | | | | | | | | | | | | | | | | |
| Business | \$3,693 | \$3,807 | \$3,807 | 3.1% | | | | | | | | | | | | | | | | | | | | | | | |
| Farmland | \$3,468 | \$3,575 | \$3,575 | 3.1% | | | | | | | | | | | | | | | | | | | | | | | |
| Mining | \$1,225,438 | \$1,263,427 | \$1,834,446 | 49.7% | | | | | | | | | | | | | | | | | | | | | | | |
| The Delivery Program and LTFP should clearly set out the extent of the General Fund rate rise under the SV, for the average ratepayer, by rating category. | <div>The LTFP sets out the extent of the rate rise under the SRV as follows:</div> <div>This proposed scenario assumes implementation of an SRV applied exclusively to the mining rate category, safeguarding the Shire's future and ensuring our residents don't bear the cost of mine closures. As the mines close and the adverse impacts on the local economy materialise, residents' and businesses' capacity to pay will reduce further, therefore it is critical that the impact on the local community is minimised. The SRV represents a total rate increase of 29%, composed of the Rate Peg of 3.1% set by the Independent Pricing and Regulatory Tribunal (IPART) and the proposed SRV of 25.9%. The application of the SRV and Rate Peg will mean the mining rate category will contribute an additional \$6 million to Muswellbrook Shire in 2026/27. (p.14 2026-36 LTFP)</div> | 2026-2036 LTFP | | | | | | | | | | | | | | | | | | | | | | | | | |
| Council should include an overview of its ongoing efficiency measures and briefly discuss its progress against these measures, in its explanation of the need for the proposed SV. | <div>In its consultation, Council outlined what it is already doing to reduce costs and improve efficiency of the Council. See the below snapshot from its engagement webpage.</div> <div><div>What is Council already doing to reduce costs and plan for the future?</div><div>Council has implemented several actions to reduce costs and plan for the future including:</div><div><ul style="list-style-type: none">The establishment of the Future Fund to generate an additional long term revenue streamBuilding of internally allocated cash reserves to ensure renewal and replacement of assets, and contingencyA program of continual improvement including making changes to Council's procurement practices, consolidating vacant positions, and improved asset management to reduce downtimeDeployment of new software, cyber security measures and IT purchasing practicesBringing new industry and investment to the Shire including the Post Mining and Beneficial Land Use Pilot Project</div></div> | Council's engagement webpage for the proposed SV - https://www.muswellbrook.nsw.gov.au/srv/ | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | |
|---|---|---|
| The council's community engagement strategy for the SV must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur. | <p>Council's engagement plan is appended to the Community Engagement Outcomes report and included a variety of engagement methods, including:</p> <ul style="list-style-type: none"> • A dedicated webpage • Survey • Media releases • Mayoral interviews with local radio • Factsheets and information displays • Drop-in sessions in Muswellbrook and Denman • Social media posts • A letter to all ratepayers • A letter to all mines • Face to face meetings with mine operators • Letters to local businesses, community organisations, sporting groups, health services, and other key organisations in the LGA. | Community Engagement Outcomes Report – Appendix A |
| Explain the action, if any, the council took in response to feedback from the community | <p>As a result of feedback from the community, Council extended its consultation period by one week. It was originally due to close on 7 January and was extended to 12 January 2026.</p> <p>There was little other feedback for Council to respond to.</p> | Community Engagement Outcomes Report |

In the text box below, provide any other details about the council's consultation strategy, timing or materials that were not captured in Table 7.

While the Council held individual face to face meetings with all mining ratepayers during the course of the community engagement, it has also engaged with the mines on the potential for an SV prior to engagement, these meetings are outlined on pages 9 and 10 of the Community Engagement Outcomes report. In the appendices of the report, the full written submissions are provided (only redacted for confidentiality of personal information).

The Community Engagement Outcomes report attached to this application provides a full summary of the planned and executed engagement activities, as well as samples of materials, and analysis of survey responses, written submissions and the key themes that came through in all the feedback.

4.2 Proposed average rates outlined in the council's community consultation materials

| | |
|--|----------------------------------|
| Are the average rates provided in the council's community consultation materials the same as what has been inputted into Table 7.2, Worksheet 7 (WS 7) of the Part A application form? | Yes |
| If no, please explain why. | Click or tap here to enter text. |

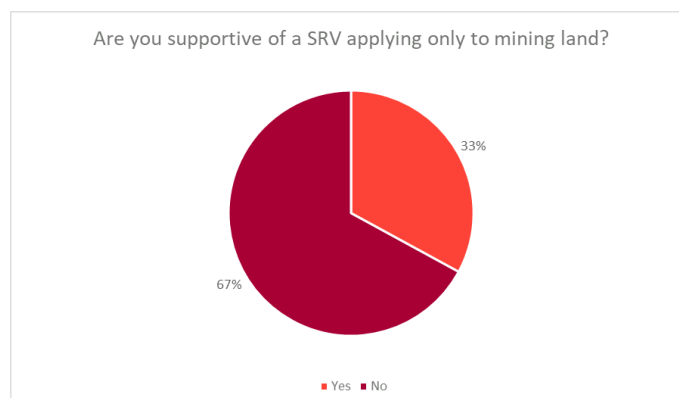
4.3 Additional information (optional)

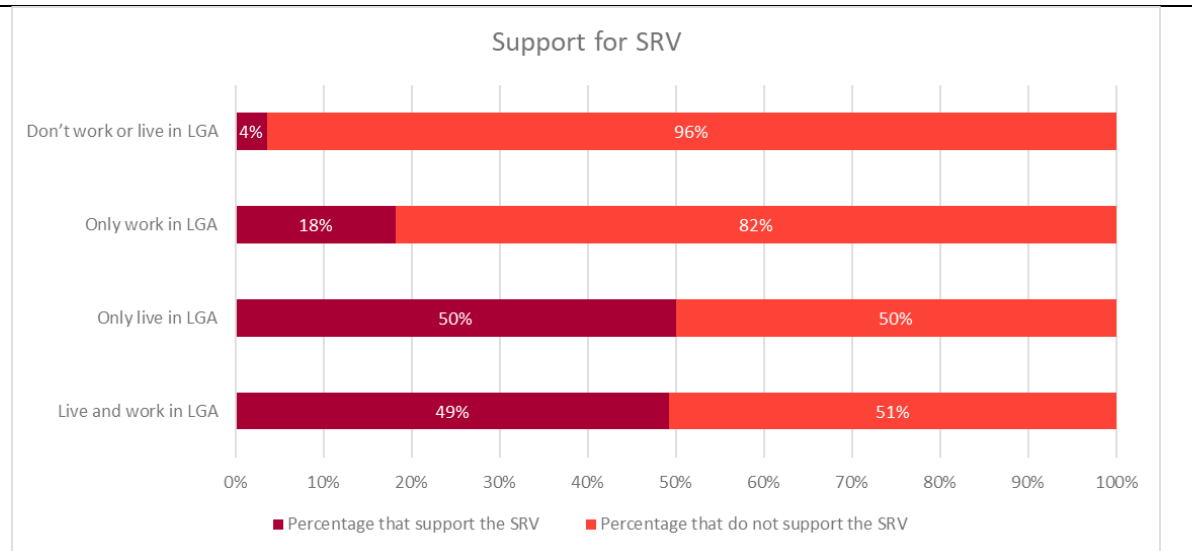
In the text box below, please provide any other details about the community's involvement in, engagement with or support of or opposition to the proposed SV not captured in Table 7.

In its survey, Council asked whether the community supported the proposed SV, even though this is not a specific assessment criterion for the SV application, as the proposed SV is not proposing to increase services or service levels or implement new projects.

A third of all respondents stated that they supported the SV and 67% stated that they did not support the SV. Respondents were asked about their relationship to the LGA, where they could select any or all of the following – they lived in the LGA, they worked in the LGA, and they studied in the LGA. Everyone who indicated that they studied in the LGA also either worked and/or lived in the LGA.

When looking at the level of support for the proposed SV, this was markedly higher for respondents that lived in the LGA at around 50%, whereas those who only worked in the LGA were more likely not to support the proposed SV (18% supported, and 82% did not support). Interestingly, the level of support for the proposed SV was the lowest for the 28 respondents who indicated that they didn't live or work in the LGA, with 4% supporting and 96% not supporting.





Source: pp. 13-14 of Community Engagement Outcomes report.

Council was aware that some mining operators corresponded with their suppliers, staff and other parties on the proposal and encouraged them to respond to the survey on the proposed SV. This may account for the skewed levels of support based on respondents' relationship to the LGA. See the confidential attachment – Correspondence on SRV.

Please list out any other attachments in Table 8 that the council has relied on to respond to Criterion 2 that was not otherwise outlined in Table 7.

Table 8 Other Criterion 2 attachments

| Attachment number | Name of document | Page references |
|-------------------|-----------------------|-----------------|
| CONF02 | Correspondence on SRV | All |
| | | |
| | | |
| | | |
| | | |
| | | |

5 OLG SV Criterion 3 – Impact on ratepayers

Refer to the [OLG SV Guidelines](#) as needed, and section 5 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing consultation strategy and material for completing this section. The [Part A](#) application form also collects information for this criterion in Worksheet 7 (WS 7 - Impact on Rates).

5.1 How did the council clearly show the impact of any rate rises on the community?

Please articulate in the text box below how the council demonstrated this question.

In your response, please include references to the Delivery Program, LTFP and relevant community consultation materials to support the council's claims.

This proposed SV is only to be levied on mining assessments, with residential, business and farming ratepayers only experiencing increases in line with the approved rate peg, as would have been the case if this SV was not sought. Below is a snapshot from the consultation website that demonstrates how this was articulated in consultation materials. For more details refer to the Community Engagement Outcomes Report and the SRV Background Paper, which formed the basis for developing consultation materials.

Why is Council considering an SRV?

Council is responsible for planning for the long-term financial sustainability of the Shire.

Council currently raises more than half (approximately 56%) of its rate income from mining rates. This rate revenue is projected to significantly decrease as mines move towards closure. As a result of these closures, Council expects to have \$5 million less in mining rates per year, with the mining rates revenue gap widening to \$18 million by 2044-45.

At the same time, the cost of delivering essential services – roads, waste, parks, libraries, community facilities – continues to rise.

Council is applying for a Special Rate Variation (SRV) to maintain vital infrastructure and services for the community into the future, and to limit the impact of mine closures on residents and the community.

Council is proposing a permanent increase to the total permissible rates of 29% through an SRV. The SRV will only be applied to the mining rate category and the total increase of 29% is made up of the rate peg set by IPART of 3.1% and the proposed SRV of 25.9%.

Will residential rates go up?



Residential and other rate categories **will not be impacted** by the SRV.

IPART sets the annual rate peg for Councils, which is the maximum amount that a Council is permitted to raise rates.

Muswellbrook's rate peg is 3.1% in 2026/27, which will be applied to residential and other rate categories as in previous years. The rate peg of 3.1% is the lowest in the Hunter.

Who pays the SRV?



The SRV increase will apply to the mining rate category only. There are currently 11 parcels of land in the mining rate category.

Council has undertaken a Capacity to Pay analysis which is provided as an attachment to this application. This has informed the information provided during consultation. The below snapshot from the engagement website demonstrates how this was articulated in the community engagement materials.

Why does the SRV only apply to mining?



As mines move towards closure, the rate revenue collected from mines will also decline. Council currently raises approximately 56% of its rates income from mining, which is \$13.2M in 2025/26.

As a result of these closures, Council expects to experience a reduction of \$5 million in mining rates from 2031, with the mining rates revenue gap continuing to widen to \$18 million by 2044-45.

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.

5.2 How has the council considered affordability and the community's capacity and willingness to pay?

Please articulate in the text box below how the council demonstrated this question.

In your response, please provide references to the Delivery Program, LTFP and community consultation materials where the council has considered the affordability and the community's capacity and willingness to pay.

As the Capacity to Pay report attached provides, Council has considered the affordability and capacity of mining operators to fund the proposed rate increase versus the ability for the community to fund the gap either now or in the future. On average, a mining ratepayer will pay \$571 thousand more in rates in 2026-27, with the average rate under the proposal being \$1.8 million versus \$1.2 million if the rate peg only applied. To put this into context, Council looked at this both in terms of mine output and reported profits of mine operators, focusing on the information that was publicly available.

In both cases, it was clear that there was a strong capacity for mining ratepayer to afford the proposed increase, with the increase representing an average 0.08% (8/10,000^{ths}) of the mines expected annual output revenue.

In terms of profit:

- BHP, the owner of the Mt Arthur mine, reported 2025 profit from operations of US\$19.5 billion (AU\$29.2 billion), and;
- New Hope (owner of the Bengalla mine) reported 2025 net profit after tax of \$439 million.

These figures collectively demonstrate that the proposed increase in mining rates is a very small fraction of the revenue and profit for these companies and the impact of the increase would be very low.

| Mining Rates Impact | | | | | | | | |
|---------------------|--------------------------|------|---------------------------|----------------------------------|----------------------------|------------------|-----------------------------------|--|
| Mine | Saleable coal production | \$/t | Total Revenue (Estimated) | Total Rates Increase - All Mines | Percentage of Mining Rates | \$ Increase | Increase as Percentage of Revenue | |
| Bengalla | 10,100,000 | 165 | 1,666,500,000 | 6,700,000 | 27% | 1,830,440 | 0.11% | |
| Mangoola | 9,277,000 | 165 | 1,530,705,000 | 6,700,000 | 13% | 891,770 | 0.06% | |
| Mt Arthur | 15,367,907 | 165 | 2,535,704,655 | 6,700,000 | 27% | 1,819,050 | 0.07% | |
| Mt Pleasant | 7,990,000 | 165 | 1,318,350,000 | 6,700,000 | 22% | 1,451,890 | 0.11% | |
| | 42,734,907 | | 7,051,259,655 | | 89% | 5,993,150 | 0.08% | |

Source: p.6 of Capacity to Pay report

Conversely, the capacity for residents to fund the revenue gap left by mine closures is very low. The 2021 Australian Bureau of Statistics' (ABS) socio-economic index for Australia (SEIFA) ranks LGAs in Australia in terms of an Index of Relative Socio-Economic Disadvantage (IRSD) and an Index of Relative Socio-Economic Advantage and Disadvantage (IRSAD) on both these rankings the Muswellbrook LGA scores significantly lower than the Australian, NSW and Regional NSW averages. It is the 24th most disadvantaged LGA of the 128 LGAs in NSW and the 15th lowest ranked LGA in NSW when looking at advantage and disadvantage combined.

| Area | SEIFA IRSD | Percentile | SEIFA IRSAD | Percentile |
|----------------------------|------------|------------|-------------|------------|
| Muswellbrook Shire Council | 937 | 23 | 908 | 20 |
| Australia | 1,001 | 42 | 990 | 52 |
| New South Wales | 1,000 | 42 | 989 | 52 |
| Regional NSW | 982 | 32 | 962 | 36 |

Source: p.7 of Capacity to Pay report

For further details of this analysis refer to the attached Capacity to Pay report.

5.3 How has the council addressed (or intend to address) concerns about affordability?

| | |
|--|-----|
| Does the council have a hardship policy? | Yes |
| If yes, is an interest charge applied to late rate payments? | Yes |

To inform our assessment, Worksheet 12 (WS 12) in the [Part A](#) application form also collects data on overdue notices, rates and annual charges outstanding/collectable, pensioner concessions and ratepayers subject to hardship provisions.

Please provide the council's response in the text boxes below.

a. Explain the measures the council proposes to use to reduce the impact of the proposed SV on vulnerable ratepayers, or alternatively, explain why no measures are proposed.

Council has specifically focussed the burden of this proposed SV on mining ratepayers so as to reduce the future burden of rates as the mines close being shifted to more vulnerable ratepayer categories such as residential, business and farming, at a time where they will experience the adverse economic effects of mine closures.

b. Indicate whether the hardship policy or other measures are referenced in the council's IP&R documents (with relevant page reference or extract provided).

Council does not specifically reference its hardship policy in its IP&R documents.

c. Please explain how the council makes its hardship policy or other measures known to ratepayers.

Council's Hardship Policy is readily accessible on its website - <https://www.muswellbrook.nsw.gov.au/wp-content/uploads/2025/05/Hardship-Policy-MS15E.pdf>

5.4 Are there any other factors that may influence the impact of the council's proposed rate rise on ratepayers (optional)?

Describe the impact of any other anticipated changes in the rating structure (e.g. receipt of new valuations), or any changes to other annual ratepayer charges such as for domestic waste management services.

You may also explain how the number of **non-rateable properties** may impact the council's average rates, if relevant to your council.

You can provide additional data using Worksheet 12 (WS 12) in the [Part A](#) Excel application form. For instance, providing the number of non-rateable versus rateable properties.

In section 3.2 of this document, the impact of supplementary valuations has been outlined, this means that the burden on mining ratepayers of the increases proposed by this SV will decline as will Council's total permissible rates revenue as mines are revalued as a result of reduced capacity as they approach closure. Therefore, mining rates burden stays aligned with the output capacity of each of the mines as they close.

6 OLG SV Criterion 4 – Exhibition and adoption of IP&R documents

Refer to the [OLG SV Guidelines](#) as needed, and section 6 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing consultation strategy and material for completing this section.

Table 9 seeks information which demonstrates that the council has met the formal requirements (where applicable) for the preparation, exhibition, adoption and publication of the current IP&R documents.

Table 9 IP&R documents

| IP&R Document | Exhibition dates | Link to council minutes that outlines the resolution to publicly exhibit | Adoption date | Link to council minutes that outlines the resolution to adopt | Link to the adopted IP&R document on the council's website |
|--|----------------------------|---|---------------|---|---|
| Community Strategic Plan | 26 Mar 2025 – 5 May 2025 | https://www.muswellbrook.nsw.gov.au/wp-content/uploads/2024/10/20250325-Ordinary-Council-Meeting-Minutes-1.pdf | 27 May 2025 | https://www.muswellbrook.nsw.gov.au/wp-content/uploads/2024/10/MINUTES-Ordinary-Council-Meeting-27052025.pdf | https://www.muswellbrook.nsw.gov.au/community-strategic-plan/ |
| Delivery Program | 23 April 2025– 21 May 2025 | https://www.muswellbrook.nsw.gov.au/wp-content/uploads/2024/10/20250422-Ordinary-Council-Meeting-Minutes.pdf | 24 June 2025 | https://www.muswellbrook.nsw.gov.au/wp-content/uploads/2025/04/20250624-Ordinary-Council-Meeting-Minutes.pdf | https://www.muswellbrook.nsw.gov.au/delivery-program/ |
| Long Term Financial Plan | 3 Dec 2025 – 12 Jan 2026 | https://www.muswellbrook.nsw.gov.au/wp-content/uploads/2025/11/20251202-Extra-Ordinary-Council-Meeting-Minutes.pdf | 27 Jan 2026 | https://www.muswellbrook.nsw.gov.au/wp-content/uploads/2025/12/20260127-Ordinary-Council-Meeting-Minutes.pdf | https://www.muswellbrook.nsw.gov.au/wp-content/uploads/2026/01/LTFP-2026-2036-Incl-Tables-Adopted.pdf |
| Asset Management Plan (which contains long-term projections of asset maintenance, rehabilitation and replace, including forecast costs). | 23 April 2025– 21 May 2025 | https://www.muswellbrook.nsw.gov.au/wp-content/uploads/2024/10/20250422-Ordinary-Council-Meeting-Minutes.pdf | 24 June 2025 | https://www.muswellbrook.nsw.gov.au/wp-content/uploads/2025/04/20250624-Ordinary-Council-Meeting-Minutes.pdf | https://www.muswellbrook.nsw.gov.au/resourcing-strategy/ |

Note: The exhibition and adoption dates must match the dates recorded in the council resolution.




7 OLG SV Criterion 5 – Productivity improvements and cost-containment

Refer to the [OLG SV Guidelines](#) as needed, and section 7 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing for and completing this section.

7.1 What is the council's strategic approach to improving productivity in its operations and asset management?

Please provide the council's response in the text box below.

Built into Council's Community Strategic Plan and Delivery Program are the key objectives and activities to continually improve processes, systems and asset management. Council actively promotes continuous improvement and innovation within the organisation and in the community. Council is committed to maximising efficiency and optimising service delivery to the community.

| Community Strategic Plan Aspiration | Delivery Plan Objective | Primary Responsibility |
|---|--|---|
| 5.5 Improve efficiency of Council systems  | 5.5.1 Support the continual innovation of Council processes and technologies to enhance efficiency and productivity  | Office of the General Manager / Community and Economy |
| | 5.5.2 Use technology to make it easy for customers to engage with Council and access information  | Community and Economy / Environment and Planning |

Source: p.29, 2025-2029 Delivery Program

7.2 What outcomes has the council achieved from productivity improvements and cost containment strategies in past years?

Please provide the council's responses to the questions in in the text boxes below.

a. Explain initiatives undertaken and/or processes put in place in the past few years to improve productivity and contain costs.

Across recent years, Council has taken concerted and tangible measures to reduce costs, minimise future costs and increase overall productivity. Key initiatives are listed below.

These initiatives include both measurable financial savings and non-financial improvements that reduce risk, improve service delivery or avoid future costs. Where benefits can be reliably quantified, the figures are reported below. Other initiatives are described qualitatively due to the nature of the benefit:

| Productivity Area | Work Effort Days / Year Saved | Annual Savings / Cost Avoidance |
|--|-------------------------------------|------------------------------------|
| Energy Efficiency | | \$360,000 |
| Electricity - optimised procurement and contracts; 100% renewable energy; large-scale solar installations; significant savings achieved; Streetlights converted to LEDs (38% reduction in energy consumption); other LED and energy-efficient appliance rollouts across assets | | \$360,000 |
| Water tanks and water-efficient devices installed at various sites - reduce overall water consumption and reliance on water network | | |
| Finance | 310 | \$880,000 |
| Automated and streamlined processes for data extraction, transformation, reporting and analysis. | 210 | |
| Future Fund - to help offset future reduction in Mining rates revenue | | |
| Procurement process and risk management improvements | | \$600,000 |
| Refining procurement authorisation processes; automated payments | 100 | |
| Review of Fees and Charges - more equitable, user pays, cost recovery | | \$280,000 |
| People | 290 | \$1,853,000 |
| Agreements with other Councils for shared resources | | \$50,000 |
| Consolidation of executive roles | | \$250,000 |
| Council actively encourages innovation to help improve service delivery and efficiency; Annual Innovation challenge | | |
| Flexible work arrangements - attract and retain staff whilst increasing productivity and efficiency; reduced travel costs | | \$48,000 |
| Increase utilisation of trainees and cadets; leveraging grant funding | | \$400,000 |
| Intermittent recruitment freezes | | \$200,000 |
| Minimise downtime – lost time injury | | \$80,000 |
| Onboarding process improvements | 200 | |
| Periodic organisational structure reviews to ensure efficiency and effectiveness | 290 | |

| | |
|---|--------------------|
| Project-based employment contracts; ensure resources are directed to priority areas without structural cost commitments | \$700,000 |
| Works – 4-day work week, to reduce overtime, increase efficiency and plant utilisation | \$125,000 |
| Water & Sewer | |
| Review of Water & Sewer tariffs and annual charges to more appropriately reflect cost of services | |
| Infrastructure & Assets | \$1,363,000 |
| Covering waste | \$53,000 |
| Crime prevention through urban design initiatives | \$67,000 |
| Improving efficiency of plant and pumping stations; generators at critical stations to ensure continuity of services when power outages occur; energy efficient pumps. | \$48,000 |
| FOGO implemented reducing the life of the waste void and minimising future emissions costs | |
| Increasing efficiency in wastewater network; reduced overflows | \$60,000 |
| Maximise cost recovery of wastewater | \$365,000 |
| Replacing plant at the optimal time to reduce maintenance cost | \$200,000 |
| Reviewing the structures of teams to have multiskilled employees | |
| Switching pump and water stations off at peak, reducing chemical and power use | \$225,000 |
| Utilisation of GIS for efficiencies and data accuracy; data validation and cleansing; Sustainable building designs | \$45,000 |
| Valve replacement program to reducing water wastage and repairs | \$300,000 |
| Roads & Parks | \$950,000 |
| Heavy patching and maintenance grading - utilising recycled material and minimising waste disposal costs | \$300,000 |
| Mine affected roads contributions plans; Thomas Mitchell Drive contributions plan to portion cost due to volume of traffic | |
| Park Specifications Manual - developed level of service and optimising resource utilisation; Reduced travel time and optimising plant utilisation through informed work scheduling; use of mulching to reduce maintenance costs | \$50,000 |

| | | |
|--|--------------|--------------------|
| Progressively increasing contract work for Transport NSW; associated increase in income | | |
| Reclassification from local to state roads | | \$500,000 |
| Timber bridges have been replaced with concrete bridges | | \$100,000 |
| Information and Communication Technology | 1,710 | \$274,000 |
| Asset data management process improvements realised | | \$60,000 |
| Credit card payments at external facilities | | \$62,400 |
| Electronic timesheets | 390 | |
| Encouraging transition to e-notices, more efficient for Council and rate payers; also reduces costs and saves paper | 70 | \$9,600 |
| Integration of AI into processes to increase efficiency | | \$50,000 |
| Optimising processes and use of technology to reduce paper usage, reduced number of printing devices, reduced waste | | \$20,000 |
| Server and back-up upgrades; reduced down time and safeguard against cyber threats | | |
| Tablets utilised in field work; templates integrate with software and uploaded automatically | | |
| Telemetry improvements to treatment plants for monitoring and reducing overtime | 100 | \$72,000 |
| ICT service request management process improvement; implementation of remote support capabilities - significantly reduced response and resolution time | 50 | |
| Cloud, network and collaboration tools - significant increases in productivity | 860 | |
| Enhanced network connectivity at various work sites | 170 | |
| Digital membership applications, management and payments | 70 | |
| Total | 2,310 | \$5,680,000 |
| b. Outline the outcomes which have been achieved, including providing quantitative data where possible. | | |
| Please see part 'a' above. | | |

7.3 What productivity improvements and cost containment strategies are planned for future years?

The council should provide information that details initiatives planned for the next two years when requesting a one-year section 508(2) SV or match the duration of the proposed SV.

The response should, wherever possible:

- estimate the financial impact of strategies intended to be implemented in the future
- present these as a percentage of operating expenditure
- indicate whether the proposed initiatives have been factored into the council's Long Term Financial Plan.

In the text boxes below:

a. Explain the initiatives which the council intends to implement and their financial impact.

Council has identified several improvement initiatives which are incorporated into its LTFP and include:

- developing and implementing a digital transformation aimed at improving software and systems. This will enable Council to save approximately \$3.2 million in efficiency savings of the next 10 years as well as improving customer service and service delivery outcomes.
- Implementing an asset management improvement plan (which includes improvements available as a result of the digital transformation) saving an additional \$1.8 million in cost avoidance and efficiency gains over the next 10 years.
- Implementing further energy, water, plant and fleet management efficiencies saving \$653 thousand over the next 10 years.

The confidential attachment Improvement Initiatives provides a detailed outline of all the improvement and economic development initiatives related to Council's SV application.

In addition, Council's proposed economic development activities, aimed at attracting new, alternative industry to the LGA, will also improve Council's financial position with new business ratepayers. The LTFP assumes that business rates will grow as a result by 5% from 2027-28.

b. Indicate whether these have been incorporated in the council's Long Term Financial Plan, if not, explain why.

The costs and savings of the all the improvement initiatives identified have been incorporated in the Council's adopted LTFP, including the assumed growth in business rates.

7.4 How has the council's levels of productivity and efficiency changed over time, and compared to similar councils?

In the text box, summarise data which demonstrates how the council has improved productivity and indicate its performance against that of comparable councils.

As a regional council competing with the mining industry for local resources, Council has needed to maintain consistently strong levels of efficiency and productivity to be able to deliver services to the community, as the below measures of population per FTE and Operating Expenditure per capita demonstrates.

| Efficiency measures | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Operating Expenditure per capita | \$ 2,373.90 | \$ 2,481.78 | \$ 2,819.76 | \$ 2,758.59 | \$ 3,106.96 |
| Population per 1 FTE staff | 103 | 105 | 103 | 98 | 98 |

As a large rural Council in OLG Group 11, Muswellbrook demonstrates that it is already quite efficient in terms of its operations. 2023-24 OLG time series data shows that Muswellbrook is the 3rd most efficient council in the group when looking at the population served by 1 full time equivalent staff member and the 6th most efficient when looking at operating expenditure per capita, as the table below shows.

| Column1 | Population for 1 FTE of staffing | Rank of Group 11 (Staff per cap) | Operating Expenditure per capita | Rank of Group 11 (Expenditure per cap) |
|-------------------------------|----------------------------------|----------------------------------|----------------------------------|--|
| Bellingen | 95.88 | 4 | \$3,191 | 4 |
| Cabonne | 73.83 | 11 | \$4,023 | 10 |
| Cootamundra-Gundagai Regional | 78.25 | 9 | \$5,452 | 15 |
| Cowra | 69.94 | 13 | \$3,846 | 8 |
| Federation | 79.38 | 7 | \$4,007 | 9 |
| Greater Hume | 64.66 | 14 | \$4,063 | 11 |
| Gunnedah | 57.49 | 16 | \$4,432 | 13 |
| Hilltops | 86.73 | 6 | \$3,812 | 7 |
| Inverell | 93.57 | 5 | \$2,720 | 3 |
| Leeton | 78.29 | 8 | \$3,355 | 5 |
| Murray River | 70.88 | 12 | \$5,486 | 17 |
| Muswellbrook | 98.12 | 3 | \$3,558 | 6 |
| Nambucca Valley | 153.88 | 1 | \$2,389 | 1 |
| Parkes | 63.64 | 15 | \$5,460 | 16 |
| Snowy Valleys | 74.30 | 10 | \$4,376 | 12 |
| Upper Hunter | 56.01 | 17 | \$4,655 | 14 |
| Yass Valley | 114.98 | 2 | \$2,543 | 2 |

Table 10 Criterion 5 attachments

| Attachment number | Name of document | Page references |
|-------------------|-------------------------|-----------------|
| CONF03 | Improvement Initiatives | All |
| | | |
| | | |
| | | |

8 Council certification and contact information

Councils must submit a declaration in the specified form. It should be completed by the General Manager and the Responsible Accounting Officer.

8.1 Certification of application and declaration

Prepare a document in the form indicated below. Please sign (electronic signature is also acceptable), scan and submit it with your application.

This is to be completed by General Manager and Responsible Accounting Officer.

| | |
|-----------------------------|----------------------------|
| Name of the council: | Muswellbrook Shire Council |
|-----------------------------|----------------------------|

We certify that to the best of our knowledge the information provided in the Part A application form and this SV Part B application form is correct and complete. We have completed the checklist for the Part A and B application forms and also provided all relevant attachments as requested (see Table 11, Table 12 and Table 13).

| | |
|---|---|
| General Manager (name): | Derek Finnigan |
| Signature and Date: |  30/01/2026 |
| Responsible Accounting Officer (name): | Josh Hogan |
| Signature and Date: |  30/01/2026 |

Note: These signatures will be redacted before publication of the application.

8.2 Council contact information

IPART's formal contact with the council will be with the General Manager.

During the assessment period, IPART officers are likely to contact the council with detailed queries about the application and supporting documents. Councils should provide direct contact details of the primary contact for such inquiries where this person is a council officer who is not the General Manager. Council officer direct contact details will be redacted before publication of this application.

General Manager

| | |
|--------------------------------------|------------|
| General Manager contact phone | [REDACTED] |
| General Manager contact email | [REDACTED] |

Note: These contact details will be redacted before publication of the application.

Primary council contact

| | |
|---|----------------------------|
| Council contact phone | Josh Hogan |
| Council contact email | [REDACTED] |
| Council email for inquiries about the SV application | [REDACTED] |

Note: These contact details will be redacted before publication of the application.

Secondary council contact

| | |
|---|----------------------------------|
| Council contact phone | Shaelee Richards |
| Council contact email | [REDACTED] |
| Council email for inquiries about the SV application | [REDACTED] |

Note: These contact details will be redacted before publication of the application.

9 List of required attachments

To complete (adding rows as necessary):

- Name each document.
- Check the box to indicate that the document is being submitted with the application.

Table 11 Required attachments checklist

| Name of attachment | The document is included | The document is not applicable |
|---|-------------------------------------|-------------------------------------|
| Mandatory forms/attachments: | | |
| Application Form Part A (Excel spreadsheet) | <input checked="" type="checkbox"/> | NA |
| Application Form Part B (this Word document) | <input checked="" type="checkbox"/> | NA |
| Council resolution to apply for the special variation | <input checked="" type="checkbox"/> | NA |
| Completed certification and declaration (see 8.1) | <input checked="" type="checkbox"/> | NA |
| If applicable, to support the responses provided in Question 5 of Description and Context (see section 2) provide: | | |
| Instrument for expiring special variation/s | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| OLG advice confirming calculation of amount to be removed from the council's general income | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If applicable, to support the responses provided in Questions 6 AND/OR 7 of Description and Context (see section 2) provide: | | |
| Declaration of compliance with conditions in past instruments (if applicable) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Evidence of compliance with conditions in past instruments (if applicable) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Mandatory public supporting material (i.e. to be published on IPART's website): | | |
| Community Strategic Plan | <input checked="" type="checkbox"/> | NA |
| Delivery Program | <input checked="" type="checkbox"/> | NA |
| Long Term Financial Plan | <input checked="" type="checkbox"/> | NA |
| Asset Management Plan(s) (required if a key purpose of the SV is related to assets and capital expenditure) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Consultation materials, e.g. copies of media releases, notices of public meetings, newspaper articles, fact sheets used to consult on rate increase and proposed special variation (combined into one document) | <input checked="" type="checkbox"/> | NA |

| Name of attachment | The document is included | The document is not applicable |
|---|---|-------------------------------------|
| Community feedback (including surveys and results). Confidential information should be redacted, or the entire document marked as confidential. | <input checked="" type="checkbox"/> | NA |
| Willingness to pay study (if applicable) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Hardship policy | <input checked="" type="checkbox"/> | NA |
| Other public supporting materials: | | |
| Government agency's report on financial sustainability e.g. NSW Treasury Corporation (if applicable) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Community Engagement Outcomes Report | Analysis of the feedback from community engagement on the SV, including the engagement plan, examples of engagement materials and written submissions received. | |
| Capacity to Pay Report | Analysis of the affected ratepayers' capacity to pay for the proposed increase under the SV. | |
| SRV Background Paper | Outline of the key elements of the proposed SV which served as the basis for the content of the community engagement materials | |
| Parliamentary Briefing Paper (2021) - Transitioning Communities Dependent on Coal Mining in NSW | NSW Government Analysis on the economic impact of coal mining closures in NSW regions, include the Hunter region of which Muswellbrook is a part. | |
| Wright S (2022) Empowering Coal Regions in Australia, Winston Churchill Foundation | An example of the academic analysis on the economic impact of coal mining closures in NSW regions, including the Hunter region of which Muswellbrook is a part. | |
| Confidential supporting material (i.e. not to be published on IPART's website): | | |
| Rates impact analysis | Detailed analysis and supporting evidence on the impact of mining closures on rates which supports the assumptions in the LTFP | |
| Correspondence on the SRV | Further correspondence with affected ratepayers on the SRV proposal | |
| Improvement Initiatives | Detailed costings for proposed improvement and economic development initiatives | |

10 Checklists

We provide these checklists to ensure that submitted applications meet a minimum standard.

Meeting the requirements of these checklists **does not** guarantee a council will be approved for the SV it has applied for.

Table 12 Part A Application Form Checklist

| Checklist items | Please indicate whether the items have been actioned |
|---|--|
| Data provided in Part A application (i.e. proposed SV%, rates amount etc) are consistent with those contained in Part B application. | <input checked="" type="checkbox"/> |
| Table 1.2 of "WS1-Application" lists all the tables in worksheets 1 -12 that council must complete, based on the nature of council's application. Please confirm that all the data requirements, as listed in table 1.2, have been completed. | <input checked="" type="checkbox"/> |
| All completed tables (values and units – i.e. \$ or \$'000) have been completed correctly and verified to source. Please pay attention to the units specified for each table in each worksheet. | <input checked="" type="checkbox"/> |
| WS 10 - LTFP agrees to the council's provided (adopted) LTFP. | <input checked="" type="checkbox"/> |
| Dollar numbers provided in "WS10 – LTFP" are in dollars (\$) not thousands (\$'000) or millions (\$M) | <input checked="" type="checkbox"/> |
| If the council has an expiring or existing SV, it has incorporated this when filling out WS 2. | <input checked="" type="checkbox"/> |
| Annual and cumulative percentages are rounded to 1 decimal place. | <input checked="" type="checkbox"/> |
| Ensure that figures provided in WS 9 – Financials, WS 10 – LTFP and WS 11 – Ratios are at the General Fund level and <i>not</i> consolidated. | <input checked="" type="checkbox"/> |
| If the council proposes an SV with both permanent and temporary components, the council has discussed the relevant data and modelling requirements with IPART prior to submission. | <input type="checkbox"/> |
| Indication whether optional tables in WS 12 has been completed. | <input type="checkbox"/> |

Table 13 SV Part B Application Form Checklist

| Checklist items | Please indicate whether the items have been actioned |
|---|--|
| All required text boxes and tables have been completed. | <input checked="" type="checkbox"/> |
| All applicable documents per the List of Attachments (Table 11) have been provided. | <input checked="" type="checkbox"/> |
| The council has declared all SVs (including ASVs) approved since 2011-12 and provided annual reports that show compliance with the instrument reporting conditions, or explaining divergences. | <input checked="" type="checkbox"/> |
| The council's LTFP includes both the baseline (no-SV) and the SV scenario it is applying for. | <input checked="" type="checkbox"/> |
| The proposed SV annual and cumulative percentages agree to those used in community consultation, or if they differ, the reason has been explained. | <input checked="" type="checkbox"/> |
| If applying for a multi-year SV, the council has correctly calculated the cumulative percentage and dollar impact of the proposed SV using compounding. | <input type="checkbox"/> |
| The council has referenced community consultation materials that <i>at minimum</i> show the cumulative percentage of the SV and average total dollar increase (cumulative) per rating category. | <input checked="" type="checkbox"/> |
| Figures presented in Application Form Part B are consistent, as relevant, with those in Application Form Part A. | <input checked="" type="checkbox"/> |
| The council has submitted a Minimum Rates Part B Application Form, if required. | <input checked="" type="checkbox"/> |
| For OLG Criterion 5 (section 7), the council has provided concrete evidence and plans for past and future cost-containment and productivity strategies, as far as practicable. | <input checked="" type="checkbox"/> |

Important information

Submitting online

Applications must be submitted through IPART's [LG Portal](#) by 05:00pm on Monday, 2 February 2026. Councils should note a file size limit of 150MB applies to any individual document uploaded in the portal.

Confidential content

IPART will publish all applications (excluding confidential content) on our website. Examples of confidential content are those parts of a document which disclose the personal identity or other personal information pertaining to a member of the public, a document such as a council working document that does not have formal status, or document which includes commercial-in-confidence content.

Councils should ensure supporting documents are redacted to remove confidential content where possible, or clearly marked as **CONFIDENTIAL**.

Publishing the council's application

Councils should also publish their application on their own website for the community to access.