

Media release

Tuesday, 9 May 2017

MUSWELLBROOK SPECIAL RATE VARIATION NOT APPROVED

The Independent Pricing and Regulatory Tribunal (IPART) has not approved Muswellbrook Shire Council's application to increase its general income by a cumulative 20.39% over the next four years.

Rate increases from 1 July 2017 will now be limited to the 1.5% rate peg as a result of IPART's assessment that the community was not made sufficiently aware of the size or extent of the increase being sought.

IPART Chair Dr Peter Boxall said the application was assessed against the NSW Government's published criteria, which require the council to make the community aware of the proposed increase and to consider the community's capacity and willingness to pay the requested increase.

"Special variations are designed to give councils the flexibility to generate additional income above the rate peg to meet their specific needs, with an independent process to assess the increase," Dr Boxall said.

"In the case of Muswellbrook Shire Council, we are not satisfied the community was aware of the extent of the proposed increase based on the information provided by the council."

The council's consultation used rate increase figures that did not include the rate peg. This meant the rate increases the community were consulted on were significantly below the actual increase that would occur under the special variation.

"By subtracting the rate peg from figures quoted to the community, the council has consulted the community on a 10% increase that is half of the actual 20% increase it applied for to IPART," Dr Boxall said.

"As such the community cannot be said to be aware of the size and extent of the special variation increase and the council has not satisfied this criterion."

The council had proposed the special variation to repay long term loans that would be used to fund three future projects – the Muswellbrook Regional Aquatic Centre upgrade, the implementation of the Denman Town Centre Master Plan and the development of Muswellbrook Regional Convention and Performance Centre.

Dr Boxall said the loan repayments would not begin until 2019-20, providing council with sufficient time to reapply to IPART for a special variation in future years if required.

Muswellbrook Shire Council is among 8 councils across NSW (of a total of 128) to make a special variation application to increase rates for 2017-18. IPART approved 4 applications in full, declined 2 applications and 2 applications were partially approved.

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More information is available at ipart.nsw.gov.au

The full reports on the councils' applications are available on IPART's website <<http://www.ipart.nsw.gov.au>>.