

IPART DETERMINES SPECIAL RATE VARIATION APPLICATION BY MUSWELLBROOK SHIRE COUNCIL

Embargoed until 10.00am 4 June 2012

The Independent Pricing and Regulatory Tribunal (IPART) today announced its decision on Muswellbrook Shire Council's application to increase its general income (mainly rate income) in 2012/13 by more than the rate peg amount of 3.6%.

The council applied for an increase of 4.0% above the rate peg to be applied to the mining category of ratepayers. This will continue an existing special variation approved by IPART in 2011/12 which was due to expire. Muswellbrook Council sought to have the special variation retained in the rates base permanently. The special variation will be used for works on Thomas Mitchell Drive.

"After assessing the application against the NSW Government's published criteria, IPART has decided to approve the special variation," said IPART Chairman, Dr Peter Boxall, "We have allowed a single increase in 2012/13 of 7.6%, which will be permanently retained in rates base. The reason for this decision is that the council has demonstrated that it has met all the criteria for the increase."

The increase above the rate peg will be applied exclusively to mining ratepayers. Based on the council's application, we estimate that the average mining rate will increase by \$9,074 in 2012/13 compared with the rate paid in 2011/12.

Residential, business and farmland ratepayers will not be affected by the increase above the rate peg. The council estimated in its application that average residential rates would increase by \$27 in 2012/13 compared with the rates paid in 2011/12.

IPART has attached conditions to our approval so that the additional council income will help pay for maintenance and renewal works for Thomas Mitchell Drive. The council is required to report in its Annual Report from 2012/13 to 2021/22 on the use of the additional funds and the outcomes achieved.

"Before IPART approved the special rate variation we examined a number of factors", said Dr Boxall, "including demonstrated need for the increase, affordability of the increase for ratepayers concerned and whether the council had demonstrated productivity savings."

"We also considered submissions received directly from mining ratepayers in the Shire. We placed particular emphasis on whether the council had consulted adequately with the mining community and had clearly communicated the impact of the increase on mining ratepayers."

“We found that the increase above the rate peg only affected mining ratepayers and that the impact was reasonable. Our approval means that mining ratepayers will continue to pay the increase approved last year, the rate-peg and the catch-up amount from uncollected rates from 2011/12.”

This year, IPART received fewer applications for special variations than in 2011. Of the 152 councils in NSW, IPART received applications for special variations from 14 councils. Seven applications were approved in full, 6 were approved for a lower amount or for fewer years than the council requested. The decision on the 1 remaining application will be made later in June (Blayney Shire Council).

Reports on our decisions are available on the IPART website.

See: http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt

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