



## Special Variation Application Form Part B

Enter name of the council here

# Application Form

2026-27

Local Government »

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## **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.

<b>Council name</b>	Cessnock City Council
<b>Date submitted to IPART</b>	29 January 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

<b>What type of SV is this application for?</b>	<input checked="" type="checkbox"/> Section 508(2)	<input type="checkbox"/> Section 508A	
<b>Are you applying for Permanent or Temporary?</b>	<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	39.9%						
Rate peg	3.8%						



	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Cumulative percentage increase over the SV period for s 508A	N/A						
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.	<p>For the LTFP period from 2027–28 onwards, Council did not adopt the default OLG assumed rate peg of 2.5%. Instead, Council relied on independent expert advice provided by Professors Drew, Miyazaki and Kim, as documented in the Long Term Financial Plan.</p> <p>The assumed rate pegs were informed by prevailing and forecast macro-economic conditions (including the Reserve Bank of Australia Monetary Policy Board statement of 9 December 2025), together with population growth projections reflecting both approved development and forecast dwelling supply. These factors are directly relevant to the rate peg methodology, particularly the population growth component.</p> <p>Cessnock City Council is experiencing sustained and above-average development activity, which is expected to result in a higher population factor relative to many councils. This materially affects future rate peg outcomes.</p> <p>In addition, Council noted that the assumed 2.5% rate peg has not occurred in any year over the past 20 years, and therefore considered it prudent to adopt assumptions that better reflect observed outcomes and current economic conditions rather than relying on a long-term default assumption.</p>

## 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?	X.X%



What is the dollar (\$) value for the CLA?	\$Click to enter amount
Who was the prior owner of the Crown Land?	Click or tap here to enter text.
Briefly outline the reason for the land becoming rateable.	Click or tap here to enter text.

### 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 primary purpose of the proposed Special Variation is to restore and maintain Council's long-term financial sustainability while protecting core service delivery and addressing critical infrastructure renewal needs.

The Special Variation will provide a sustainable revenue base to:

- stabilise Council's General Fund financial position
- address the growing infrastructure renewal backlog and improve asset condition outcomes
- maintain existing service levels in the face of rising costs and population growth
- reduce reliance on short-term deferral, asset consumption and increased borrowing, and
- support a financially sustainable delivery program aligned with Council's adopted IP&R documents.

The proposed variation enables Council to transition from a structurally unsustainable financial position to a stable long-term funding model, ensuring intergenerational equity and the continued provision of essential local services and infrastructure to the community.

### 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?	Click or tap here to enter text.
b. What is the percentage to be removed from the council's general income?	Click or tap here to enter text.
c. What is the dollar amount to be removed from the council's general income?	Click or tap here to enter text.
Has OLG confirmed the calculation of the amount to be removed?	Choose an item.

**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
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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.

Click here to enter text.

**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.

2011/12: 2 year temporary 9.06%

2013/14: 1 year temporary 9.45%

2014/15: 1 year permanent 9.55%

2022/23: Additional Special Variation: 2.5%

Refer to attachment: Cessnock City Council Annual Report Extracts

#### 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?	<a href="#">No</a>
If Yes, has the collection of this additional income been included in the Council's Long Term Financial Plan (LTFP)?	<a href="#">Choose an item.</a>

In the text boxes also explain:

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

[Click here to enter text.](#)

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.

[Click here to enter text.](#)

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.

[Click here to enter text.](#)





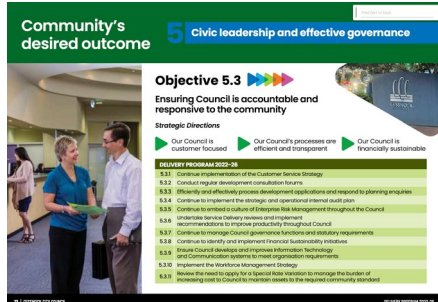
### 3 OLG SV Criterion 1 – Financial need

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>The need for and purpose of a different revenue path for the council's General Fund was clearly identified in the 2026-35 LTFP exhibited from 21/11/2025 to 19/12/2025 and adopted by council on 14/01/2026.</p> <p>Reference is also made in IP&amp;R documentation for the need for additional revenue in Delivery Program from 2022-26 onwards.</p>	<p><a href="https://www.cessnock.nsw.gov.au/Council/Forms-and-documents/Plans-and-strategies/Delivery-Program-incorporating-Annual-Operational-Plan-DPOP">https://www.cessnock.nsw.gov.au/Council/Forms-and-documents/Plans-and-strategies/Delivery-Program-incorporating-Annual-Operational-Plan-DPOP</a> pages 56-57</p> <p><a href="https://www.cessnock.nsw.gov.au/Council/Forms-and-documents/Plans-and-strategies/Long-Term-Financial-Plan">https://www.cessnock.nsw.gov.au/Council/Forms-and-documents/Plans-and-strategies/Long-Term-Financial-Plan</a> refer to Executive Summary commencing page 6 to 93.</p> 

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
		Extract: p 73 2022-26 Delivery Program. Refer to 5.3.11
In establishing need for the SV, the relevant IP&R documents should canvass alternatives to the rate rise.	<p>Several alternate proposals were canvassed in the aforementioned LTFP adopted 14/01/2026. A subset of three of these scenarios were detailed in the Fact Sheet and surveys.</p> <p>Three of the LTFP Scenarios were also presented as alternatives in both Survey 1 and Survey 2 (see the Community Engagement Report). The Base Case, scenarios, 3 and 4, were also discussed in the Community Engagement Events.</p>	<p><a href="https://www.cessnock.nsw.gov.au/Council/Forms-and-documents/Plans-and-strategies/Long-Term-Financial-Plan">https://www.cessnock.nsw.gov.au/Council/Forms-and-documents/Plans-and-strategies/Long-Term-Financial-Plan</a> The Executive Summary references this between pages 6 to 93.</p> <p>Further to that the Base Case scenario shows how Council would operate within the current rate peg. This commences on page 103.</p> <p>Productivity and Cost Containment Report</p>
In demonstrating this need, councils must indicate the financial impact in their LTFP by applying the baseline and special variation scenarios.	The adopted LTFP has 5 scenarios. The base case while SV scenarios 2 and 3 are also included. Scenario 3 is the preferred SV scenario.	<p><a href="#">Base Case page 103 LTFP</a>  <a href="#">Scenario 2 page 160 LTFP</a>  <a href="#">Scenario 3 page 184 LTFP</a></p> <p>The complete extracts of Income Statements, Balance Sheets and Ratios can be found from page 248 of the LTFP.</p>
Evidence of community need/desire for service levels/projects and limited council resourcing alternatives.	<p>In Survey 1 we asked the community to provide us with information regarding their satisfaction with infrastructure. Two-thirds of the residents who chose to complete the survey told us that they were either 'satisfied' or 'very dissatisfied' with hard assets. This is consistent with previous advice that residents had earlier provided to us via the IP&amp;R process (reference to docs required here) as well as the AMP.</p> <p>The condition of roads and bridges was also frequently commented on in both Survey 1 and 2, as well as during the Question &amp; Answer sessions.</p>	<p><a href="#">Refer to attached documents, Micromex Community Survey,</a></p> <p>Refer to Report on Community Engagement completed by Professor Joseph Drew Pty Limited.</p>

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<p>It is clear that the community has a very strong desire to urgently redress the infrastructure shortfalls. Responses from Survey 2 suggest that up to 77% of residents support the proposed SV – usually with this needed expenditure firmly in their minds.</p>	
<p>Evidence could also include the analysis of the council's financial sustainability conducted by Government agencies</p>	<p>The University of Newcastle conducted a thorough review of Financial Sustainability on the 20<sup>th</sup> of March , 2025 which diagnosed 'a community [that was] clearly struggling with financial sustainability challenges that have emerged over many years' (p. 3). Commencing 21<sup>st</sup> of August, 2025 Professors Drew, Miyazaki, Ferreira and Kim conducted thorough reviews particularly focussed on Capacity to Pay, Efficiency, and Liability Capacity that we have appended with our submission. Moreover, in April 2025 TCorp made the following response to a loan request by Cessnock City Council:</p> <p>'Consequently to provide a loan, TCorp would require Council to address the financial sustainability of the Council and substantially increase recurrent revenue.' (pers comm).</p> <p>In its <i>Local Government 2025</i> report, the Audit Office of NSW identified Cessnock City Council as having heightened financial sustainability risk, noting:</p> <p><i>"Insufficient revenue to cover expenses, causing a decline in available cash balances. Unrestricted current ratio was less than 1 and has low levels of own source revenue."</i></p> <p>This finding is significant because it confirms, through statutory independent review, that Council's financial challenge is driven by revenue inadequacy rather than operational inefficiency or governance failure.</p>	<p>University of Newcastle Sustainability Report</p> <p>Cessnock City Council Financial Statements 2024-25 Refer Note C2-3 Footnote 2</p> <p>Audit Office of NSW Tabling Report Local Government 2025</p>

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<p>Importantly, the same report confirms that Cessnock received an unmodified audit opinion, demonstrating sound financial management and controls.</p> <p>The Audit Office's findings align with independent modelling by Professors Drew, Miyazaki and Kim, which demonstrates that Council is already operating at or above peer efficiency levels, and that further efficiency gains are insufficient to resolve the structural funding gap without unacceptable service reductions or asset deterioration.</p>	
<p>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.</p>	<p>N/A</p>	<p>N/A</p>

### 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.

One of the single biggest factors driving Council need for additional revenue is the pace of development that has occurred in the area over recent years.

Because of the nexus rule not all of the costs associated with development can usually be recovered from developers. Moreover, the developer cap had been insufficient for many years as indicated by applications and approvals by the Minister for cap changes:

Bellbird North (3,500 current lots; remaining yield 1,592): Application made 20<sup>th</sup> December 2019, approved by the Minister 18<sup>th</sup> December 2020.

Huntlee Stage 2 (2,200 current lots; remaining yield 2,200). Application made 3<sup>rd</sup> September 2024, approved 4<sup>th</sup> July, 2025.

Loxford (1,485 current lots; remaining yield 2,200). Application made made 3<sup>rd</sup> September 2024, approved 4<sup>th</sup> July, 2025.

We note all applications were successful and all took some time to be approved. In each case the cap was increased from \$20,000 to \$30,000. Such a large increase in the size of the approved cap suggests that it is likely to have been insufficient for some time. In the interim development would have had to take place at the expense of Cessnock City Council's financial sustainability.

Cessnock plays a disproportionate role in mitigating the housing crisis relative to its existing population and rate base. In order to be able to fund our part of various development agreements we would be relying on approval of the SV. It is unclear how we could provide acceptable levels of infrastructure as well as disproportionately contribute to alleviating the housing crisis plaguing the nation without securing additional monies.

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>The community has been aware of the need for additional revenue since at least the 2022-26 Delivery Program.</p> <p>Moreover, the University of Newcastle report – available to the public since 1st May, 2025 made the both the financial predicament facing Cessnock, as well as the need for additional revenue, abundantly clear.</p> <p>We note that major media have picked up on this information – for instance the Newcastle Herald (3<sup>rd</sup> July, 2025) and Australian Broadcasting Corporation (16<sup>th</sup> of April, 2025). Council has been uploading videos to its' website since the 4<sup>th</sup> September 2025 which have been viewed a combined 1,336 times.</p> <p>Furthermore, Council has made 32 social media posts, two Mayoral columns, and there have also been 22 local and regional media stories as well as four eNewsletter articles on the matter.</p> <p>The community has been aware of the need for additional revenue since at least the 2022-26 Delivery Program.</p>	<p><a href="#">19.12.25 Report on Community Engagement</a></p> <p>Cessnock City Council Communications and Engagement Supplementary Report</p> <p>2025_Special Variation_Newsletter</p>



	<p>Moreover, the University of Newcastle report – available to the public since 1st May, 2025 made the both the financial predicament facing Cessnock, as well as the need for additional revenue, abundantly clear.</p> <p>We note that major media have picked up on this information – for instance the Newcastle Herald (3<sup>rd</sup> July, 2025) and Australian Broadcasting Corporation (16<sup>th</sup> of April, 2025).</p> <p>Council has been uploading videos to its' website since the 4<sup>th</sup> September 2025 which have been viewed a combined 1,336 times.</p> <p>Furthermore, Council has made 32 social media posts, two Mayoral columns, and there have also been 22 local and regional media stories as well as four eNewsletter articles on the matter.</p> <p>From the period 29<sup>th</sup> October through to 12<sup>th</sup> November Council engaged AdPost Group to deliver some 29,245 Fact Sheets and Survey 1 documents. We also conducted five in-person community meetings and one online meeting as per the information provided on the Fact Sheets.</p> <p>Many of these matters are detailed in the Report on Community Engagement appended to our application (post-engagement communications can be found in the Communications and Engagement Supplementary Report).</p>	
<p>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.</p>	<p>Council clearly communicated the cumulative increase, its time frame and permanency on all relevant communications. We also provided average rate data in both dollar terms and as a percentage in the precise format prescribed in the OLG Guidelines and in a fashion consistent with recent SV applications which IPART had deemed to have satisfied the communications criteria.</p>	<p><a href="#">2025_Special Variation_Newsletter</a></p> <p>2025 Special Variation_Newsletter_Mining</p>

<p>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.</p>	<p>The Delivery Program clearly identifies the need for a different revenue path for Council's General Fund, including the requirement to increase the revenue base to maintain services and address asset renewal and financial sustainability challenges. This need is explicitly outlined in the Delivery Program's Special Rate Variation section, which notes that existing revenue is insufficient to meet Council's obligations and community expectations without additional income.</p> <p>The extent of the proposed General Fund rate increase under the Special Variation, including impacts on the average ratepayer by rating category, is set out in the Long Term Financial Plan (LTFP) through the modelled scenarios. These scenarios compare a base case (no SV) with multiple Special Variation scenarios 2, 3 and 4, including the preferred scenario 3, and clearly demonstrate the different revenue paths and long-term outcomes.</p> <p>The average per rating category was published on Council's website and newsletters as distributed through the LGA as per the engagement reports</p>	<p><a href="#">2025 Delivery Program pages 56-57</a></p> <p><a href="#">Base Case page 103 LTFP</a> Scenario 2 page 160 LTFP Scenario 3 page 184 LTFP</p> <p>The complete extracts of Income Statements, Balance Sheets and Ratios can be found from page 248 of the LTFP.</p> <p><a href="https://www.cessnock.nsw.gov.au/Council/About-Council/Financial-sustainability">https://www.cessnock.nsw.gov.au/Council/About-Council/Financial-sustainability</a></p> <p><a href="#">2025_Special Variation_Newsletter</a></p> <p>2025 Special Variation_Newsletter_Mining</p>
<p>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.</p>	<p>Council has implemented ongoing efficiency and productivity measures over many years, and these have materially improved Council's cost base and delayed the need for additional rate revenue. These measures include service rationalisation, process redesign, procurement reform, asset delivery efficiencies, and strengthened financial governance and controls, all of which are documented and tracked through Council's Productivity &amp; Cost Containment Program.</p>	
<p>The Efficiency Report prepared by Professors Drew, Miyazaki, Kim and Ferreira provides independent evidence of Council's progress and current efficiency position. The report demonstrates that Council's unit operating costs (staff, materials and contracts) have been consistently among the lowest in its peer group for each of the past four financial years, and that more advanced efficiency analysis (including Data Envelopment Analysis and Full Disposal Hull modelling) shows Council operating at above-average efficiency relative to comparable NSW urban councils, with performance improving over time.</p>		

<p>The report also identifies and assures a further set of achievable efficiencies, which have been independently reviewed and incorporated into forward planning. Importantly, the independent experts conclude that, given Council's already strong efficiency position, only marginal further efficiencies are realistically available, and that efficiency improvements alone cannot address the structural funding gap facing Council.</p>	<p><a href="#">Cessnock Efficiency Report</a></p> <p>Productivity and Cost Containment Report</p>
<p>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>	<p>Council implemented a comprehensive community engagement strategy for the proposed Special Variation that used a wide range of engagement methods to ensure broad community awareness and meaningful opportunities for input.</p> <p>Direct mail-outs were delivered to all households and businesses across the LGA to ensure wide coverage and accessibility. These mail-outs included an independently prepared Fact Sheet and paper survey, supported by a digital survey option to maximise participation across different demographics. Additional targeted mail-outs were undertaken where feedback identified gaps in receipt.</p> <p>Council conducted seven public meetings (five in-person and two online), supported by ten pop-up listening posts across multiple localities to provide face-to-face engagement opportunities. Each public meeting included extensive question-and-answer sessions, often exceeding one hour in duration, enabling detailed community discussion and feedback.</p> <p>Digital and media-based engagement complemented in-person activities, including:</p> <ul style="list-style-type: none"> <li>• a dedicated financial sustainability engagement website,</li> <li>• more than twenty independent expert videos (viewed over 1,300 times),</li> <li>• regular social media posts,</li> <li>• mayoral columns,</li> <li>• eNewsletters, and</li> <li>• local and regional media coverage.</li> </ul> <p>Engagement did not conclude at the end of the formal exhibition period. Community feedback received through surveys, public meetings, listening posts and digital engagement directly influenced Council decisions and subsequent actions.</p> <p>In response to concerns about clarity, affordability and transparency, Council updated and republished the Long Term Financial Plan and the Financial Hardship Policy, with changes communicated publicly in December 2025.</p> <p>Feedback regarding access barriers resulted in additional letterbox distribution in the Wollombi Valley and the scheduling of an extra public meeting in Laguna to ensure equitable participation.</p>

Affordability and capacity-to-pay concerns were a consistent theme in community feedback. In response, Council considered independent modelling undertaken by Professor Drew, which examined the equity and capacity-to-pay impacts of different rating structure options, including base rate settings. While the Long Term Financial Plan does not prescribe a final base rate outcome, Council has committed to considering this modelling as part of its Revenue Policy review during the 2025–26 financial year, ensuring that base rate decisions are informed by community feedback and independent evidence before implementation. This commitment was communicated to the community following engagement to demonstrate how affordability concerns are being addressed beyond the Special Variation decision itself.

Common questions and issues raised by the community were published and answered openly, and additional explanatory materials were developed, including updated FAQs and independent expert videos addressing affordability, use of funds, and alternative options. Council also committed to keeping engagement channels live throughout the IPART assessment period to ensure continued access to information and updates.

	<p><a href="#">Report on Community Engagement</a></p> <p>Cessnock City Council Communications and Engagement Supplementary Report</p> <p><a href="https://www.cessnock.nsw.gov.au/Council/About-Council/Financial-sustainability">https://www.cessnock.nsw.gov.au/Council/About-Council/Financial-sustainability</a></p>	
Explain the action, if any, the council took in response to feedback from the community	<p>Community feedback received during engagement directly informed a number of actions and decisions taken by Council.</p> <p>Prior to formal engagement, Councillors had explored issues of distributive equity with Professor Drew during workshops, where it was identified that the existing base rate structure may produce regressive outcomes in a community with highly variable land values. These concerns were subsequently confirmed through survey responses and extensive discussion during public meetings, particularly regarding capacity-to-pay impacts on lower-value properties.</p> <p>In response to this feedback, Councillors were presented on 17 December 2025 with preliminary modelling prepared by staff, under instruction, illustrating the indicative impacts of a significantly reduced base rate (approximately \$152) on lower-value properties. This modelling, informed by community feedback and independent advice, was published in the Community Engagement Report and is being used to inform Council's forthcoming Revenue Policy review. A final decision on base rate settings will be made as part of that process.</p> <p>Community feedback also highlighted strong concern about broader distributive equity issues beyond base rate design. In response, Councillors resolved on 14 January 2026 to undertake a comprehensive review of distributive equity in the rate structure, including extensive community consultation in accordance with the Local Government Act 1993 (NSW). This review is scheduled for completion by the end of the 2026 calendar year, with potential implementation from the 2027–28 financial year.</p> <p>In addition, Council had identified prior to engagement the need to strengthen its Financial Hardship Policy, which was revised and adopted on 19 November 2025. During engagement, community members requested additional clarity regarding access and eligibility, which Council addressed by providing expanded guidance and explanatory material, and by improving staff and Councillor awareness of hardship provisions following the engagement period.</p>	<p><a href="#">Report on Community Engagement</a></p> <p>Resolution: Distributive Equity</p> <p>Financial Hardship Policy</p> <p><a href="https://www.cessnock.nsw.gov.au/Council/About-Council/Financial-sustainability">https://www.cessnock.nsw.gov.au/Council/About-Council/Financial-sustainability</a></p>

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.

The timing and delivery of Council's consultation strategy were influenced by several external constraints.

Engagement commenced on 21 August following the completion of required university and independent review processes, and needed to be concluded in time to meet regulatory submission deadlines in early February. Council also deliberately scheduled engagement activities to ensure the community was informed well before the commencement of the festive season, recognising potential capacity-to-pay considerations for households.

The availability of the independent expert was also constrained for part of the engagement period due to unforeseen hospitalisation, requiring Council to adjust scheduling while maintaining access to expert information through recorded materials and supporting documentation.

In addition, public meetings were supported by security personnel to ensure the safety and wellbeing of community members, councillors and staff, and to comply with Council's health and safety obligations, while still enabling open and respectful discussion.

Despite these constraints, Council delivered a comprehensive and accessible consultation program using a wide range of engagement methods and materials to support informed community participation.

## 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?	No
If no, please explain why.	Recent modelling has been completed which accounts for changes in the the number of assessments across each category. Therefore, the average calculation is different.

## 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.

Please note that a new land valuation will take effect for the 2026-27 financial year. This would clearly have an effect on actual average rates in the event that a SV is approved and implemented..

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

## 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.

Council demonstrated the impact of the proposed rate rise on the community in accordance with the Office of Local Government Special Variation Guidelines, using multiple complementary documents and engagement materials.

The Long Term Financial Plan (LTFP) was the primary statutory document used to demonstrate impact, modelling a base case (no SV) and multiple Special Variation scenarios over the long term. The LTFP shows the effect of each scenario on financial sustainability, service delivery and infrastructure outcomes, including impacts on the average residential ratepayer.

The Delivery Program reinforced this information by articulating the need for a different revenue path, the risks associated with maintaining a rate-peg-only approach, and the service and asset outcomes linked to each scenario. While specific rates could not be finalised prior to IPART determination, the Delivery Program provides clear narrative explanation of community impacts.

To support community understanding at a household level, Council issued a Special Variation newsletter / fact sheet to all ratepayers, which translated technical modelling into plain-language explanations. The newsletter:

- explained the purpose of the Special Variation,
- stated the cumulative one-year impact of the proposed SV (39.9%),
- included tables showing the average dollar and percentage impacts for residential, farmland and business ratepayers, as required by the Guidelines, and
- noted that individual impacts would vary based on land valuation, to avoid misleading outcomes



The newsletter was supported by public meetings, listening posts, videos, FAQs and surveys, allowing residents to test, question and better understand the impacts. Council did not publish an online rates calculator because forthcoming land revaluations and future Revenue Policy decisions would materially affect outcomes and risk misleading residents.

Post-engagement, Council published additional explanatory material and provided further clarification on capacity-to-pay considerations and rating structure options through Professor Drew's report and follow-up communications.

## 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.

Affordability was considered in great detail in the Capacity to Pay report. This report clearly shows that the community did have capacity to pay the total permissible income proposed in the (SV) with recourse to revenue effort calculations (drawing on ABS and audited financial data of Cessnock and the peer group) and also sophisticated econometric work. We note that the SV process and Guidelines focuses on total permissible income and that this is what the instruments typically state.

However, the Capacity to Pay report was very critical of extant distributive equity at Cessnock. This assessment seemed to be echoed by many of the comments in surveys and during the Q&A of the community engagement sessions.

The professors urged a change to the base rate in the Capacity to Pay report arguing that if kept it should be founded on good reasons. In the Community Engagement report that presented preliminary work demonstrating how a radical reduction to the base rate (calculated as overheads of council divided equally amongst all ratepayers) would significantly improve outcomes for ratepayers at the middle and lower ends of the distribution. They also repeated their call for a thorough review of distributive equity that they suggested would likely take twelve months or more to accomplish.

With respect to willingness to pay, residents told us clearly that their willingness was contingent on the money being spent according to the LTFP scenario discussed at meetings and on display. Furthermore, they stated that they wanted improved communication from council moving forward, better transparency and accountability. Indeed, several discussed the importance of providing short accessible updates on which roads were being worked on, why and the cost of doing so. Many residents told us that it couldn't be business as usual and that they expected the new money to be spent on redressing infrastructure shortfalls.

Council responded to these comments around willingness to pay by doing the following:

- publishing indicative base-rate modelling in Professor Drew's report to demonstrate how alternative rating structures could improve equity and capacity-to-pay outcomes, and committing to consider these options as part of the forthcoming Revenue Policy review;
- revising and adopting an enhanced Financial Hardship Policy (19 November 2025), and improving staff and Councillor awareness of hardship provisions to ensure support is available for ratepayers experiencing genuine financial difficulty; and
- resolving on 14 January 2026 to undertake a comprehensive distributive equity review of the rating structure, including further community consultation, to address longer-term affordability concerns beyond the Special Variation decision.

### 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 implemented targeted measures to reduce the impact of the proposed Special Variation on vulnerable ratepayers, informed directly by issues raised during community engagement and formalised through Council resolutions and policy updates.

Community engagement identified strong concerns about affordability for pensioners, low-income households and ratepayers experiencing sudden valuation-driven increases (Community Engagement Report, Sections 3.1 and 4.2). In response, Council comprehensively reviewed and adopted an enhanced Financial Hardship Policy on 19 November 2025 (Council Report CC80/2025), explicitly as part of the SV program.

The revised policy provides multiple, legislated support mechanisms, including:

- Flexible payment arrangements and interest relief for ratepayers experiencing genuine hardship (Financial Hardship Policy, Sections 3–5)

- Temporary valuation-related hardship relief where revaluations result in material increases in ordinary rates (Financial Hardship Policy, Section 6), directly addressing concerns raised during engagement about sudden affordability shocks
- Rate deferral for aged pensioners experiencing ongoing hardship (Financial Hardship Policy, Section 7), responding to feedback from fixed-income residents during public meetings and surveys; and
- A new Rates Assistance Program for non-pensioners facing temporary financial stress (Financial Hardship Policy, Section 8), introduced to address gaps identified during community engagement for households not eligible for statutory concessions

These measures were explicitly adopted to strengthen affordability protections under the Special Variation program and are referenced in Council's SV engagement materials and post-engagement communications (Special Variation Newsletter; Community Engagement Report – Post Engagement Actions). Together, they provide practical, proportionate and transparent mechanisms to mitigate the impact of the proposed SV on vulnerable ratepayers.

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 has implemented a suite of measures to reduce the impact of the proposed Special Variation on vulnerable ratepayers, with these measures embedded within Council's adopted IP&R framework and supporting governance documents.

The Delivery Program 2025–2029 commits Council to being “*accountable and responsive to our community*” and to “*supporting an accessible and inclusive community*” under Outcome 5 – Lead, including through systems, processes and policies that remove barriers and provide assistance to residents experiencing financial stress (Delivery Program, pp. 30–31 and 196–204)

The Long Term Financial Plan 2026–2035 reinforces this approach by stating that Council's financial strategy must “*balance long-term sustainability with community capacity to pay*” and that revenue decisions, including a Special Variation, must be supported by appropriate affordability and hardship mechanisms within Council's governance framework (LTFP, Executive Summary and Financial Sustainability Principles, pp. 6–7; Governance Framework, pp. 26–31)

These commitments are operationalised through the Financial Hardship Policy adopted on 19 November 2025, which forms part of Council's supporting policy framework under the IP&R system. The policy provides targeted assistance for vulnerable ratepayers, including flexible payment arrangements, interest and charge relief, temporary valuation-related hardship assistance, pensioner deferrals, and a rates assistance program for non-pensioners experiencing temporary financial stress.

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

During community engagement, ratepayers requested clearer and more visible communication about the availability of hardship support, as recorded in the Community Engagement Report. This feedback was considered by Council's leadership team and the independent expert and informed post-engagement communication activity.

Council makes its Financial Hardship Policy and related support measures known to ratepayers through multiple, ongoing channels, including:

- Social media communications highlighting the availability of hardship assistance, with examples provided in the post-engagement supplementary engagement report (pp. 82 and 109);
- Direct links to the Financial Hardship Policy in eNewsletters, enabling ratepayers to easily access the policy online (example at p. 110 of the supplementary engagement report);
- Council media releases and news stories encouraging ratepayers experiencing difficulty to seek assistance (example at p. 111 of the supplementary engagement report);
- Ongoing publication of hardship information on Council's Financial Sustainability webpage (<https://www.cessnock.nsw.gov.au/Council/About-Council/Financial-sustainability>), which acts as the central source of SV-related information;
- Prominent, standing reference to hardship assistance on rates notices issued to all ratepayers, advising residents experiencing financial difficulty to contact Council and outlining available assistance and payment options (Rates Notice Template, p. 2); and
- Information provided on Council's "Paying Your Rates" webpage (<https://www.cessnock.nsw.gov.au/Residents/Rates/Paying-your-rates>), ensuring ratepayers are informed of hardship support at the point of payment.

These channels operate continuously and ensure that ratepayers are made aware of hardship assistance both at the time of billing and throughout the year.

Council also promotes the availability of the **Payble® payment platform** as a free self-management tool for ratepayers to manage affordability. Information about Payble is included on rates notices, Council's website and digital communications, enabling ratepayers to establish flexible instalments, receive reminders and manage payments without contacting Council. This supports early intervention and reduces the risk of arrears, particularly for households managing cash-flow pressures, and complements Council's formal hardship policy.

## 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 addition to the proposed Special Variation, new land valuations will take effect from the 2026–27 financial year. These valuations may result in individual rate increases or decreases that are independent of the Special Variation, particularly in areas experiencing significant development activity and land value change.

These valuation-driven effects are outside the scope of the Special Variation and will occur regardless of the SV outcome. As a result, individual ratepayer impacts in 2026–27 may reflect a combination of valuation movements and the proposed rate increase, rather than the SV alone.

## 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 council's website
Community Strategic Plan	17 April 2025 – 30 May 2025	<a href="https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas?dlv_OC%20CL%20Public%20Meetings=(pageindex=2)">https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas?dlv_OC%20CL%20Public%20Meetings=(pageindex=2)</a> Meeting date: 16 April 2025	18 June 2025	<a href="https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas">https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas</a> Meeting date: 18 June 2025	<a href="https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas">https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas</a> and-documents/Plans-and-strategies/Community-Strategic-Plan
Delivery Program	17 April 2025 – 30 May 2025	<a href="https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas?dlv_OC%20CL%20Public%20Meetings=(pageindex=2)">https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas?dlv_OC%20CL%20Public%20Meetings=(pageindex=2)</a> Meeting date: 16 April 2025	18 June 2025	<a href="https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas">https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas</a> Meeting date: 18 June 2025	<a href="https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas">https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas</a> and-documents/Plans-and-strategies/Delivery-Program-incorporating-Annual-Operative-DPOP
Long Term Financial Plan	21 November 2025 – 19 December 2025	<a href="https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas">https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas</a> Meeting date: 19 November 2025	14 January 2026	<a href="https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas">https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas</a> Meeting date: 14 January 2026	<a href="https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas">https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas</a> and-documents/Plans-and-strategies/Long-Term-Financial-Plan

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

Asset Management Plan (which contain long-term projections of asset maintenance, rehabilitation and replace, including forecast costs).	N/A	N/A	10 December 2025	<a href="https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas">https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas</a> Meeting date: 10 December 2025	Asset Management Strategy: <a href="https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas/Plans-and-strategies/Asset-Management-Strategy">https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas/Plans-and-strategies/Asset-Management-Strategy</a>  Asset Management Plans: <a href="https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas/Plans-and-strategies/Asset-Management-Plans">https://www.cessnock.nsw.gov.au/Council/Council-meetings/Minutes-and-agendas/Plans-and-strategies/Asset-Management-Plans</a>
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**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.

Council has adopted a **long-term, organisation-wide and asset-focused productivity strategy** embedded across its IP&R framework and consistent with the **OLG SV Guidelines and Section 7 of IPART's Guidance Booklet**, which require councils to demonstrate sustained, quantified efficiency improvements incorporated into the Long Term Financial Plan (LTFP), rather than one-off cost-cutting measures.

#### 1. Organisation-wide productivity and cost containment

Council has implemented a structured Productivity & Cost Containment Program that identifies, quantifies and tracks efficiency initiatives across all directorates, consistent with IPART's requirement that councils demonstrate "strategies and activities adopted in the past, and robust data quantifying the efficiency gains achieved".

These initiatives are reflected in the Delivery Program 2025–2029, which commits Council to continuous improvement, service reviews, procurement reform, digital transformation and improved workforce productivity under Outcome 5 – Lead (Strong leadership and effective governance), with actions assigned to responsible directorates and monitored through annual reporting.

The Productivity & Cost Containment Program documents:

- \$10.3m in recurring efficiency benefits and \$10.3m in one-off benefits already realised, and
- \$7.1m in additional recurring benefits identified for future years, representing total recurring efficiency improvements equivalent to 12.6% of total operating expenditure when combined with existing measures (Productivity & Cost Containment Report, Executive Summary and Benefits Recap).

#### 2. Asset-management-led productivity improvements

Consistent with IPART guidance that productivity improvements must extend to asset management and service delivery, Council has focused productivity efforts on infrastructure, which represents its largest cost base.

The Asset Management Strategy and Asset Management Plans (AMPs) have been updated and integrated with the LTFP to improve lifecycle efficiency, prioritisation and whole-of-life cost outcomes. Each AMP (by asset class) defines optimal maintenance, renewal and acquisition programs, with funding levels adjusted iteratively to balance affordability, risk and service levels.

Key asset productivity initiatives include:

- strategic property rationalisation and improved returns on retained assets;
- improved maintenance planning to reduce reactive works and premature asset failure;
- bundling and prioritisation of works programs to achieve scale efficiencies; and
- alignment of renewal timing with available funding to reduce long-term costs.

These initiatives are explicitly incorporated into the LTFP scenarios, which apply 100% maintenance requirements even under funding-constrained scenarios, ensuring that short-term savings do not create higher long-term costs (LTFP, Asset Management Integration and Scenario Modelling sections).

### 3. Embedding productivity in financial planning and governance

In line with IPART's expectations, all realised and future productivity improvements are embedded in the LTFP base case and alternative scenarios, ensuring the remaining funding gap is assessed after efficiency measures have been exhausted (LTFP, Financial Sustainability Objectives and Scenarios).

The LTFP explicitly states that efficiency benefits are quantified, confirmed as recurring where applicable, and applied to the model to support sustainability decisions, and that it is fully integrated with the Delivery Program and Asset Management Plans to ensure consistent and achievable implementation (LTFP, Objectives and Modelling Approach).

## 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.

Over multiple years, Council has deliberately implemented a structured and sustained program of productivity improvements and cost containment initiatives across operations, procurement, asset management and financial governance. These initiatives are documented, quantified and tracked in Council's Productivity & Cost Containment Program and incorporated into long-term financial planning.

### 1. Service rationalisation and process redesign

Council has undertaken targeted service and process reviews to identify duplication, manual effort and low-value activities. This has resulted in:

- automation of finance and procurement transactions,
- digitisation of customer requests and internal approvals,
- consolidation of administrative support functions, and
- removal or redesign of non-core services.

These initiatives reduced processing time, administrative overhead and error rates, delivering recurring savings embedded in the base position (Productivity & Cost Containment Program – Service Reviews and Digital Enablement).

## **2. Procurement reform and contract optimisation**

Council has implemented a procurement reform program including:

- aggregation of like contracts,
- retendering of major service and works contracts,
- improved specifications and scope control,
- use of panel and standing offer arrangements, and
- strengthened contract management practices.

These changes delivered ongoing reductions in unit costs across materials, plant hire, professional services and construction works (Productivity & Cost Containment Program – Procurement and Contract Reform).

## **3. Asset management and works delivery reform**

Council has shifted to lifecycle-based asset management and productivity-focused works delivery, including:

- prioritisation of renewal over reactive maintenance,
- bundling of works programs to achieve scale efficiencies,
- standardisation of designs and specifications,
- improved project scheduling and contractor management, and
- better integration of asset data into capital programming.

These initiatives reduced whole-of-life costs, improved outputs per dollar spent and delayed the growth of the renewal backlog (Productivity & Cost Containment Program – Asset Management and Works Optimisation).

## **4. Financial governance, controls and discipline**

Council has implemented financial governance and control improvements that strengthened productivity by reducing rework, inefficiency and cost escalation. These initiatives include:

- strengthened budget governance and internal challenge processes;
- improved business case and project approval requirements;
- tighter financial delegations and contract controls;
- improved financial reporting timeliness and quality; and
- integration of productivity and cost-discipline expectations into executive and management accountability frameworks.

These reforms embed cost discipline into core operational decision-making and reduce structural cost growth (Productivity & Cost Containment Program – Governance and Controls).

b. Outline the outcomes which have been achieved, including providing quantitative data where possible.

Council's sustained productivity and cost containment program has delivered material, measurable outcomes that are now embedded in the base financial position and reflected in long-term financial modelling.

Key outcomes achieved include:

- More than \$10 million per annum in recurring productivity and cost containment benefits, embedded in Council's base operating position and maintained over multiple years;
- More than \$10 million in one-off savings, achieved through service redesign, contract optimisation, asset delivery efficiencies and governance improvements;
- Reduced growth in operating expenditure, with cost increases constrained below historical trends despite population growth, service demand pressures and external cost escalation;
- Improved asset delivery efficiency, with higher outputs per dollar spent, reduced reactive maintenance, and improved lifecycle outcomes through bundling, standardisation and prioritisation of works programs;
- Strengthened financial governance and cost discipline, reducing rework, scope creep and unplanned cost escalation through improved budget challenge processes, business case requirements and contract controls; and
- Deferral of the need for a Special Variation, with efficiency gains materially delaying the requirement for additional rate revenue while maintaining service levels.

All quantitative outcomes reported above are drawn from Council's Productivity & Cost Containment Program, which records, validates and tracks efficiency initiatives and associated financial benefits over time and forms part of the evidence base for Council's Long Term Financial Plan.

## 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 a defined set of productivity improvements and cost containment strategies to be implemented over the forward years, aligned with the proposed Special Variation period. These strategies comprise quantified efficiencies, supported by additional unquantified initiatives that will further improve Council's financial sustainability.

### **Quantified productivity improvements**

Planned productivity improvements are drawn from the independently assured efficiency program and from management-identified workforce productivity measures.

#### Independently assured efficiencies

The Appendix to the Efficiency Report prepared by Professors Drew, Miyazaki and Ferreira identifies a schedule of efficiencies that were independently reviewed and assured for plausibility and deliverability. These efficiencies include operating cost reductions and improvements in non-rate revenue collection and total:

- \$1.52 million per annum in operating cost savings, and
- \$0.89 million per annum in additional non-rate revenue, representing a combined productivity benefit of \$2.41 million per annum, equivalent to approximately 2.0% of operating expenditure.

#### Management workforce productivity measures

In addition, Council has identified workforce productivity measures focused on staffing restraint, vacancy management, role redesign and workforce planning. These measures are expected to deliver approximately \$2.5 million per annum in cost moderation once fully implemented, representing approximately 2.1% of operating expenditure.

#### Unquantified productivity initiatives

Council is also pursuing additional productivity initiatives that are not quantified due to timing uncertainty or market dependence and are therefore not relied upon to support the SV. These include:

- strategic asset rationalisation and property sales to reduce holding costs and redirect capital to priority assets;
- ongoing service redesign and continuous improvement initiatives across operational areas; and
- further asset management and project delivery efficiencies that provide incremental benefits over time.

These initiatives demonstrate that Council continues to pursue productivity improvements beyond those quantified, while maintaining a conservative approach to financial planning by not relying on uncertain savings.

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

All quantified productivity improvements and cost containment strategies outlined above have been incorporated into Council's Long Term Financial Plan (LTFP) and reflected in both the base case and Special Variation scenarios. Only those efficiencies that are evidenced, deliverable and either independently assured or supported by management implementation plans have been included in the financial model.

Unquantified initiatives, such as asset rationalisation and other market-dependent or timing-uncertain measures, have not been incorporated into the LTFP to ensure conservative and prudent financial planning, consistent with IPART guidance.

## 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.

Council's productivity and efficiency performance has been independently assessed through detailed empirical analysis undertaken as part of the Efficiency Report prepared by Professors Drew, Miyazaki and Ferreira. This analysis demonstrates that Cessnock City Council has operated at a consistently high level of efficiency over recent years and has continued to improve relative to comparable councils.

For each of the past four financial years, Council's operational expenditure per unit has been an extreme low outlier relative to its peer group, indicating that Council delivers services at significantly lower cost per unit than comparable councils. Staff unit expenditure was also the lowest in the peer group for each of these years, demonstrating sustained workforce productivity. Materials and contracts unit costs were similarly the lowest in the peer group across all four years. The only expense category not ranking lowest was "other expenses", which the report attributes primarily to unavoidable state government levies rather than operational inefficiency.

More advanced efficiency analysis, including Data Envelopment Analysis (DEA) and Full Disposal Hull (FDH) modelling across the full cohort of urban NSW councils, shows that Council's efficiency performance has been above the NSW urban average and improving since the 2021 financial year. Second-stage regression analysis further demonstrates that Council's measured efficiency is achieved despite a relatively disadvantaged operating environment, including growth pressures and cost factors outside Council's control.

Independent experts concluded that, with the additional efficiencies already identified and incorporated into forward planning, Council's efficiency position is expected to improve further and move to slightly above the median performance level of comparable councils in coming years.

Taken together, the evidence shows that Council has already exhausted a significant portion of achievable efficiency gains, has improved productivity over time, and continues to perform strongly relative to similar councils, reinforcing that the proposed Special Variation is not a substitute for efficiency but a response to structural funding constraints identified through independent analysis.

Table 10 Criterion 5 attachments

Attachment number	Name of document	Page references
1	Professor Drew Pty Limited Efficiency Report	Pp13-25; Appendix
2	Long Term Financial Plan	Pp13-14; pp 59-62
3	Cessnock City Council Productivity Improvements and Cost Containment Report	PP 6-8; p34; pp63-67;

## 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.

<b>Name of the council:</b>	Cessnock City Council
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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).

<b>General Manager (name):</b>	
<b>Signature and Date:</b>	 28/01/2026
<b>Responsible Accounting Officer (name):</b>	
<b>Signature and Date:</b>	 28/1/2026

**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

<b>General Manager contact phone</b>	[REDACTED]
<b>General Manager contact email</b>	[REDACTED]

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

### Primary council contact

<b>Council contact phone</b>	[REDACTED]
<b>Council contact email</b>	[REDACTED]
<b>Council email for inquiries about the SV application</b>	[REDACTED]

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

### Secondary council contact

<b>Council contact phone</b>	[REDACTED]
<b>Council contact email</b>	[REDACTED]
<b>Council email for inquiries about the SV application</b>	[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
<b>Mandatory forms/attachments:</b>		
Application Form <a href="#">Part A</a> (Excel spreadsheet)	<input 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
<b>If applicable, to support the responses provided in Question 5 of Description and Context (see section 2) provide:</b>		
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"/>
<b>If applicable, to support the responses provided in Questions 6 AND/OR 7 of Description and Context (see section 2) provide:</b>		
Declaration of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>	<input type="checkbox"/>
Evidence of compliance with conditions in past instruments (if applicable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Mandatory public supporting material (i.e. to be published on IPART's website):</b>		
Community Strategic Plan	<input checked="" type="checkbox"/>	NA
Delivery Program	<input checked="" type="checkbox"/>	NA
Long Term Financial Plan	<input type="checkbox"/>	NA
Asset Management Plan(s) (required if a key purpose of the SV is related to assets and capital expenditure)	<input checked="" type="checkbox"/>	<input 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
Community feedback (including surveys and results). Confidential information should be redacted, or the entire document marked as confidential.	<input checked="" type="checkbox"/>	NA

Name of attachment	The document is included	The document is not applicable
Willingness to pay study (if applicable)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hardship policy	<input checked="" type="checkbox"/>	NA
<b>Other public supporting materials:</b>		
Government agency's report on financial sustainability e.g. NSW Treasury Corporation (if applicable)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
University of Newcastle – Financial Sustainability Review		
Professor Joseph Drew Pty Limited Capacity to Pay Report		
Professor Joseph Drew Pty Limited Cessnock Liabilities Report		
Professor Joseph Drew Pty Limited Cessnock Efficiency Report		
Professor Joseph Drew Pty Limited Report on Community Engagement		
Cessnock City Council Communications and Engagement Supplementary Report		
Cessnock City Council Productivity Improvements & Cost Containment (Criterion 5)		
Asset Management Plans x 5		
Micromex Survey Results Presentation		
Cessnock Rates Notice Template		
Audit Office of NSW Tabling Report – Local Government 2025		
Special Variation Newsletter - Digital		
Special Variation Newsletter - Mining		
SRV Letter of Support Stephen Hughes USU		
<b>Confidential supporting material (i.e. not to be published on IPART's website):</b>		
(List the documents)		

## 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 checked="" type="checkbox"/>
Indication whether optional tables in WS 12 has been completed.	<input checked="" 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 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.